

FLORIDA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2012

JEFF ATWATER | CHIEF FINANCIAL OFFICER
FLORIDA DEPARTMENT OF FINANCIAL SERVICES

ACKNOWLEDGEMENTS

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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.

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STATE OF FLORIDA

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

Fiscal Year Ended June 30, 2012



Rick Scott
GOVERNOR

Jeff Atwater
CHIEF FINANCIAL OFFICER

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012**

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INTRODUCTORY SECTION



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

February 6, 2013

Citizens of the State of Florida
The Honorable Rick Scott, Governor
The Honorable Don Gaetz, President of the Senate
The Honorable Will Weatherford, Speaker of the House of Representatives

To the Citizens of Florida, Governor Scott, President Gaetz, and Speaker Weatherford:

I am pleased to submit the State of Florida's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012, 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, 2012. 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 marked its third year of positive growth in general fund collections in June 2012. This milestone followed three consecutive years of declines during the Great Recession and indicated that the state was finally on a stable recovery path. The state's Economic Estimating Conference confirmed in November that Florida's economy is improving as expected—with the

strong caveat that the strength of future growth will be largely contingent on both the national economy's ability to deal with any adverse effects stemming from the fiscal cliff and the impact of the final agreement on Florida. In addition, the Conference noted that any worsening of conditions in the Eurozone will be of potential concern. If these threats are held in abeyance, the recent growth will continue—allowing more normal patterns to emerge sometime during the 2015-16 fiscal year.

Meanwhile, Florida's population growth and other key indicators continue to improve. Florida's real Gross Domestic Product in 2011 showed that the state had increased its ranking among all states to 37th in the nation with a gain of 0.5 percent over the prior year. On a more real-time measure, the results are similar: Florida was 35th in the nation in the third quarter of the 2012 calendar year with quarterly personal income growth of 0.4 percent, putting the state slightly below the national growth rate of 0.5 percent. For fiscal year 2012-2013, Florida's personal income is expected to reach \$795.1 billion, exhibiting 4.0 percent growth over the prior year. Moreover, vehicle registrations and tourist visits continue to contribute positively to Florida's economic recovery. In response to all of this, the state's revenue collections are continuing to grow over the prior year.

The level of employment in Florida continues to improve from the low levels of the Great Recession. For the third quarter of the 2012 calendar year, total non-farm employment stood at 7.35 million jobs. This nearly matches the estimate of 7.341 million jobs made in July. The forecast indicates that non-farm employment will add approximately 92 thousand jobs during the 2012-13 fiscal year, representing a 1.3 percent increase over the prior fiscal year. However, across-the-board strengthening has yet to occur—and the unemployment rate, while dropping, remains stubbornly higher than the nation's rate. To date, the rate's improvement has largely been related to changes in labor force participation rather than real economic gains. Typical economic recoveries are led by increases in lending and housing construction. Since the housing and credit markets are still sluggish, Florida's earliest phase of employment recovery is coming from sectors other than the construction-related areas.

While it is building from very low levels, the construction sector is performing modestly better than expected. Total private housing starts ended the third quarter of the 2012 calendar year at an annual rate of 65 thousand units. This was better than the July estimate of 58 thousand units. There will be continuing improvement in starts over the forecast, reaching annual rates of 87 thousand units in state fiscal year 2013-14 and 113 thousand units in state fiscal year 2014-15. However, the peak year for starts was 2005-06 at nearly 272 thousand units.

The Florida Legislature's Office of Economic and Demographic Research (EDR) feels the long-lasting housing market correction, historic levels of foreclosure activity, and still sluggish credit conditions for mortgages will remain the predominant drags on Florida's economy in the near-term. All of these factors will continue to slow the pace of recovery, regardless of what happens in the Eurozone and with the "Fiscal Cliff." EDR expects that it will take years to fully regain the losses experienced in America's worst recession since the Great Depression—construction doesn't recover its prior peak in the long-term forecast until after 2020-21. In this regard, improvement in several vital areas will lag well behind the rest of Florida's economic recovery.

As updated by EDR for recent conferences, the constitutionally required Long-Range Financial Outlook indicates that a budget gap is unlikely in the upcoming budget year, meaning that projected revenues are sufficient to address anticipated expenditures—but this finding assumes the state impacts from the "Fiscal Cliff" and Eurozone problems are manageable within the current forecasts. The Long-Range Financial Outlook also identifies potential obligations of the Florida Hurricane Catastrophe Fund and Citizens Property Insurance Corporation as significant risks to the forecast. Refer to Note 14 to the financial statements for additional information related to the state's insurance enterprises.

ACKNOWLEDGEMENTS

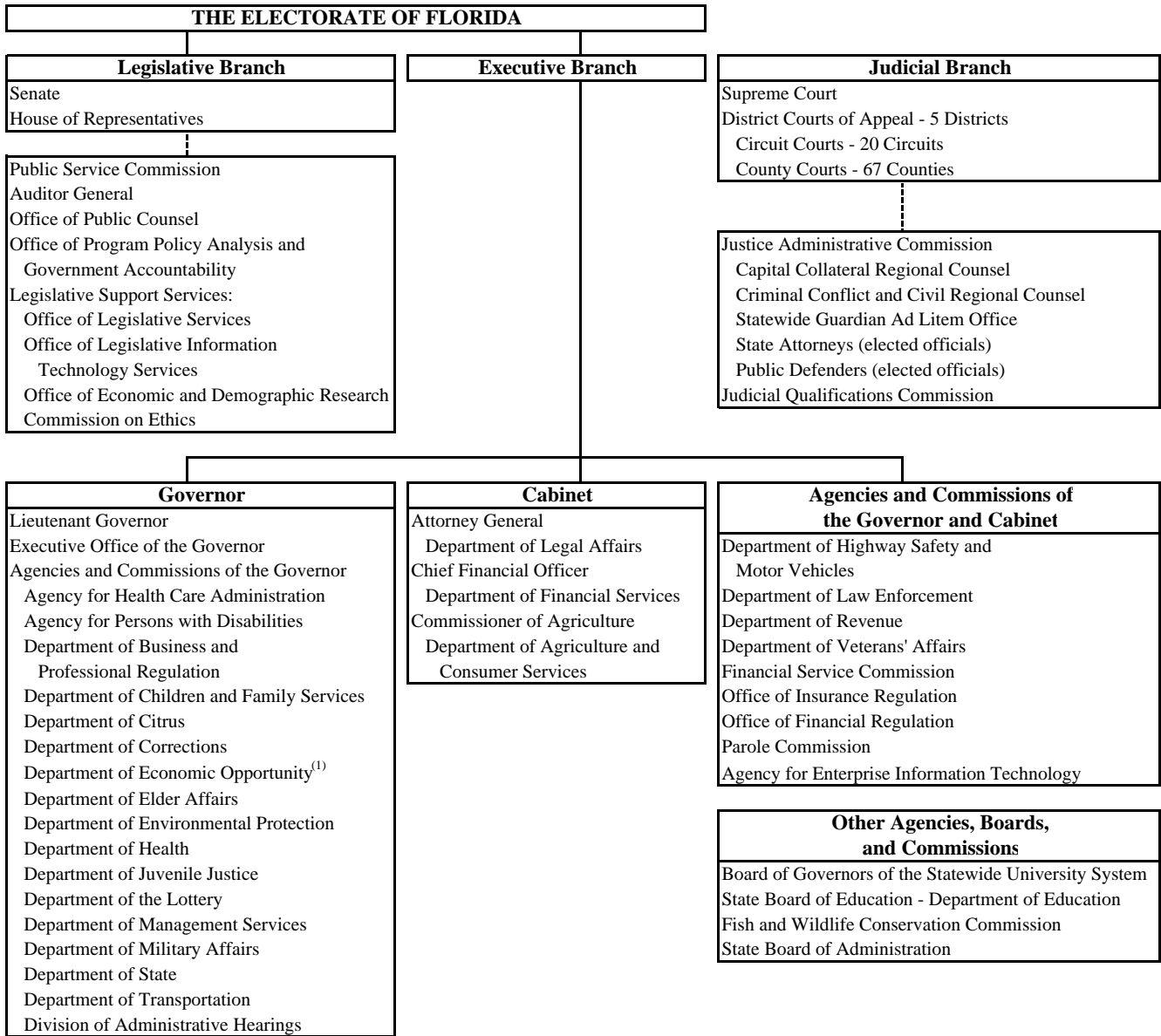
Preparation of the CAFR requires a significant investment of time and resources of fiscal and accounting personnel throughout the state. We appreciate all the contributions made to this effort.

Sincerely,



Jeff Atwater
Chief Financial Officer

ORGANIZATION AT JUNE 30, 2012



⁽¹⁾ Chapter 2011-142, Laws of Florida, created the Department of Economic Opportunity, consolidating several functions of the Agency for Workforce Innovation, the Department of Community Affairs, and the Office of Tourism, Trade, and Economic Development. The consolidation was completed on October 1, 2011.

PRINCIPAL OFFICIALS AT JUNE 30, 2012

Legislative Branch

Senate
Don Gaetz, President
House of Representatives
Will Weatherford, Speaker

Executive Branch

Rick Scott, Governor
Jennifer Carroll, Lieutenant Governor
Cabinet
Pam Bondi, Attorney General
Jeff Atwater, Chief Financial Officer
Adam Putnam, Commissioner of Agriculture

Judicial Branch

Charles T. Canady, Chief Justice

**FINANCIAL
SECTION**



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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida as of and for the year ended June 30, 2012, 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 37 percent and 14 percent, respectively, of the assets and revenues of the business-type activities.
- ◆ The Florida Turnpike System, which represents 94 percent and 90 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 32 percent and 13 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 87 percent of the assets and 9 percent of the revenues/additions of the aggregate remaining fund information.
- ◆ 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 68 percent and 43 percent, respectively, of the assets and revenues of the discretely presented component units.

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

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

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

of June 30, 2012, 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 6, 2013, 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 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 titled *State of Florida, Compliance and Internal Controls Over Financial Reporting and Federal Awards*.

Accounting principles generally accepted in the United States of America require that 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 146 through 157, be presented to supplement the basic financial statements. Such information, although not a 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 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 and the other auditors obtained during the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Florida's basic financial statements. The supplementary information - introductory section on pages 6 through 8, combining statements and individual fund statements and budget schedules on pages 161 through 237, and the statistical section on pages 241 through 271, 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 basic financial statements. The combining statements and individual nonmajor fund statements and budget 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 basic financial statements or to the basic 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, the procedures performed as described previously, and the reports of other auditors, the combining statements and individual nonmajor fund statements and budget 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 do not express an opinion or provide any assurance on them.

Respectfully submitted,



David W. Martin, CPA
February 6, 2013

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, 2012 (fiscal year 2011-12). 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.

	Government-wide Financial Statements	Fund Financial Statements		
		<i>Governmental Funds</i>	<i>Proprietary Funds</i>	<i>Fiduciary Funds</i>
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, 2012, and 2011, derived from the government-wide Statement of Net Assets. The assets of the state exceeded its liabilities (net assets) at the close of the fiscal year by \$52.8 billion for governmental activities and by \$13.4 billion for business-type activities, for a combined total of \$66.2 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 \$63.8 billion as of June 30, 2012, 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 \$15.2 billion as of June 30, 2012. 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 \$13.4 billion at June 30, 2012. 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 \$617 million at June 30, 2012. 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	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 22,010	\$ 21,953	\$ 29,613	\$ 26,390	\$ 51,623	\$ 48,343
Capital assets, net	64,503	61,357	8,328	8,179	72,831	69,536
Total assets	<u>86,513</u>	<u>83,310</u>	<u>37,941</u>	<u>34,569</u>	<u>124,454</u>	<u>117,879</u>
Other liabilities	7,397	8,138	9,067	5,535	16,464	13,673
Noncurrent liabilities	26,340	24,710	15,483	18,566	41,823	43,276
Total liabilities	<u>33,737</u>	<u>32,848</u>	<u>24,550</u>	<u>24,101</u>	<u>58,287</u>	<u>56,949</u>
Net assets:						
Invested in capital assets, net of related debt	58,404	57,100	5,366	5,256	63,770	62,356
Restricted	7,807	8,479	7,408	4,663	15,215	13,142
Unrestricted	<u>(13,435)</u>	<u>(15,117)</u>	<u>617</u>	<u>549</u>	<u>(12,818)</u>	<u>(14,568)</u>
Total net assets	<u>\$ 52,776</u>	<u>\$ 50,462</u>	<u>\$ 13,391</u>	<u>\$ 10,468</u>	<u>\$ 66,167</u>	<u>\$ 60,930</u>

Statement of Activities

Table 3 presents the state's Condensed Statement of Activities for fiscal year 2011-12 and fiscal year 2010-11, 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 \$5.2 billion. The net assets of governmental activities increased by \$2.3 billion and the net assets of business-type activities increased by \$2.9 billion. The majority of the decrease in total program expenses for governmental activities relates to a \$2.7 billion decrease in Education expenses, while the largest decline in business-type activities expenses is the \$2.3 billion decrease in Unemployment Compensation expenses. Refer to the Major Fund Analysis section for information regarding the overall decrease 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	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues						
Charges for services	\$ 8,430	\$ 7,382	\$ 11,146	\$ 8,988	\$ 19,576	\$ 16,370
Operating grants and contributions	23,925	27,921	2,165	3,864	26,090	31,785
Capital grants and contributions	2,036	2,059	.....	.....	2,036	2,059
Total program revenues	34,391	37,362	13,311	12,852	47,702	50,214
General revenues and payments						
Sales and use tax	18,633	17,822	.....	.....	18,633	17,822
Other taxes	11,839	11,569	.....	.....	11,839	11,569
Investment earnings (loss)	288	369	5	4	293	373
Emergency assessments	.....	.....	457	387	457	387
Miscellaneous	.....	.....	1	.....	1	.....
Total general revenues and payments	30,760	29,760	463	391	31,223	30,151
Total revenues	65,151	67,122	13,774	13,243	78,925	80,365
Program expenses						
General government	6,343	6,830	.....	.....	6,343	6,830
Education	17,696	20,424	.....	.....	17,696	20,424
Human services	29,650	29,041	.....	.....	29,650	29,041
Criminal justice and corrections	4,246	4,535	.....	.....	4,246	4,535
Natural resources and environment	2,266	2,339	.....	.....	2,266	2,339
Transportation	3,614	3,614	422	386	4,036	4,000
State courts	409	435	.....	.....	409	435
Lottery	.....	.....	3,188	2,865	3,188	2,865
Hurricane Catastrophe Fund	.....	.....	114	236	114	236
Prepaid College Program	.....	.....	2,010	692	2,010	692
Unemployment Compensation	.....	.....	3,407	5,743	3,407	5,743
Nonmajor enterprise funds	.....	.....	257	269	257	269
Indirect interest on long-term debt	6	7	.....	.....	6	7
Total program expenses	64,230	67,225	9,398	10,191	73,628	77,416
Excess (deficiency) before gain (loss) and transfers	921	(103)	4,376	3,052	5,297	2,949
Gain (loss) on sale of capital assets	(21)	(3)	(1)	(3)	(22)	(6)
Transfers	1,453	1,318	(1,452)	(1,318)	1	.....
Change in net assets	2,353	1,212	2,923	1,731	5,276	2,943
Beginning net assets	50,462	49,250	10,468	8,737	60,930	57,987
Prior period adjustments	(39)	.....	.....	.....	(39)	.....
Ending net assets	\$ 52,776	\$ 50,462	\$ 13,391	\$ 10,468	\$ 66,167	\$ 60,930

Major Fund Analysis

Governmental Funds

The state's governmental funds report combined ending fund balance of \$13.9 billion at June 30, 2012, a \$64 million or 0.5 percent increase from the prior year. Revenues decreased by \$2.4 billion or 3.6 percent, other financing sources and uses increased by \$165 million or 7.2 percent and expenditures decreased by \$2.1 billion or 3.0 percent. Overall decreases in revenue, as well as expenditures, were primarily attributable to the reduction of federal grants that came with the September 2011 project period ending for American Recovery and Reinvestment Act (ARRA) funding. Information is provided below regarding major funds with significant variances relative to the prior year.

General Fund – Fund balance at June 30, 2012, totaled \$4.8 billion, an increase of \$1.2 billion or 32.4 percent. Revenues and other financing sources increased \$1.3 billion or 4.5 percent predominantly due to an increase in sales and use taxes. Conditions surrounding this increase are discussed further in the Economic Factors Section that follows. Expenditures and other financing uses decreased \$455 million or 1.6 percent from the prior year. Significant expenditure decreases were made in the following areas: criminal justice and corrections - \$303 million and education - \$250 million.

Health and Family Services – Fund balance at June 30, 2012, totaled \$1.2 billion, a decrease of \$1.1 billion or 48.5 percent. Revenues and other financing sources decreased \$1.7 billion or 6.9 percent primarily due to fewer grants and donations revenues as a result of the conclusion of ARRA funding. Expenditures and other financing uses increased \$327 million or 1.4 percent primarily due to continued increases in current expenditures for health care and supplemental nutrition assistance issuance.

Proprietary Funds

The state's proprietary funds report combined ending net assets of \$13.4 billion at June 30, 2012, of which \$5.4 billion is invested in capital assets, net of related debt, and \$7.4 billion is restricted for specific purposes. The remaining \$617 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.

Unemployment Compensation – This fund reports deficit net assets of \$100 million at June 30, 2012, an increase of \$958 million. Revenues and other financing sources decreased by \$1.2 billion or 21.8 percent while expenses decreased by \$2.3 billion or 40.7 percent. Revenues decreased as a result of a reduction of federal funds to cover the Federal Extended Unemployment Compensation program during the fiscal year. The decrease in expenses is due to a significant decrease 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 9 to the financial statements for information on federal funding received.

Hurricane Catastrophe Fund – Net assets at June 30, 2012, totaled \$6.4 billion, an increase of approximately \$1.7 billion or 35.8 percent. The increase in net assets remained consistent with the increase in prior year as year-over-year results of operations were consistent at \$1.3 billion of operating income. Net premium revenues and other operating revenues remained consistent with the prior year and the fund did not incur any hurricane losses. See Note 14 to the financial statements for additional information on this fund.

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 \$327 million decrease between the original and final estimated revenues. Final budgeted total expenditures increased by \$91 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, 2012, the state reported \$64.5 billion in net capital assets for governmental activities and \$8.3 billion in net capital assets for business-type activities. Net capital assets for governmental and business-type activities increased from fiscal year 2010-11 to fiscal year 2011-12 by approximately five percent. Consistent with prior years, the increase is 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 work in progress of approximately \$1.7 billion was added in the fiscal year 2011-12 to account for current and prior years' costs incurred on Public-Private Partnership agreements for the construction of the Interstate 595 Corridor and the Port of Miami Tunnel. Refer

to Notes 1(J), 9, and 10 to the financial statements for further detail. Construction commitments by the Florida Department of Transportation were approximately \$7.4 billion. Construction commitments by other state agencies for major projects including office buildings and correctional facilities decreased by \$50 million compared to the prior year. 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 decreased by \$1.2 billion, or approximately 4 percent, from the prior fiscal year to a total of \$28.9 billion at June 30, 2012. The majority of the outstanding debt serves to finance educational facilities (\$15.7 billion), the Florida Hurricane Catastrophe Fund (\$5.1 billion) and transportation infrastructure (\$5.1 billion). New and refinanced bonded debt issues for 2012 totaled \$3.3 billion. Annual debt service payments on net tax-supported debt totaled \$2.2 billion for 2012, which is approximately the same as the prior year. Annual debt service requirements are projected to remain at approximately \$2.2 billion for fiscal year 2013, but are expected to decline by over \$200 million in fiscal year 2014 due to reduced debt service from the retirement of bonds financing the Preservation 2000 program.

Other long-term liabilities increased by over \$3.4 billion to \$22.4 billion or approximately 15 percent. This was due to a \$1.7 billion increase in the tuition and housing benefits payable (\$11.6 billion) liability and a \$1.6 billion increase due to public-private partnership agreements between the Department of Transportation and other private entities to build and maintain transportation infrastructure.

The state maintained its credit ratings during the past year. During the fiscal year ended June 30, 2012, the three major rating agencies, Standard & Poor's Rating Services, Fitch Ratings, and Moody's Investors Service each affirmed the State's AAA, AAA, and Aa1 general obligation ratings, respectively. Fitch maintained its negative outlook on the rating while Moody's and Standard & Poor's Rating Services affirmed the State's stable outlook. The State's benchmark debt ratio of debt service to revenues available to pay debt service improved to 7.14 percent in fiscal year 2012 from 7.46 percent in fiscal year 2011. The improvement is directly related to the increased revenue available to pay debt service. For the first time in five years, the benchmark debt ratio is projected to fall slightly below the 7 percent policy cap in fiscal year 2013, one year earlier than previously projected.

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 2012 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 2011-12 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 past 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 revised 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, 2012, were 4.5 percent higher than the prior fiscal year. This increase is slightly lower than the growth between state fiscal years 2010-11 and 2009-10, but continues the steady improvement seen since the end of the Great Recession. As was true last year, the growth came from gains in virtually all of the major sources supporting the general fund. Most importantly, total sales tax revenue—the state's primary source of general

revenue—grew 4.8 percent from Fiscal Year 2010-11 to Fiscal Year 2011-12. While the economic recovery was gradual with relatively modest gains in employment and personal income, signs of strengthening were clearly underway by the end of the fiscal year. However, general fund collection levels were still only 87.2 percent of the 2005-06 peak collection year.

Several revenue sources have closely tracked the ebb and flow of the state’s overall economic conditions. Among them, documentary stamp and intangibles tax collections predominantly rely on activity in the state’s real estate market. Since the end of the housing boom in 2005-06, Florida’s large inventory of unsold homes and looming foreclosures have delayed meaningful recovery in the real-estate market. Six years since the boom’s height, this continues to be true although there are some indications of improvement. For statewide existing home sales and the median sales price for existing homes, the direction changed from negative to positive with both sources exhibiting minor gains over the low levels of the prior year, registering 2 percent and 3.7 percent growth respectively. The picture has also improved for private housing starts and refinancing, allowing total documentary stamp taxes to grow 11.9 percent. This growth brought documentary stamp taxes to 31.1 percent of their prior peak. The intangibles tax, which entirely benefits the general fund, followed a similar pattern, posting a 16.3 percent gain over the prior year’s suppressed level.

Almost divorced from an economy still struggling to find strength in its recovery, national corporate profits continued to be in record-breaking territory in Fiscal Year 2011-12, and the state’s corporate income tax collections have followed this direction if not the magnitude. While still considerably below peak total receipts, Florida’s corporate income tax collections grew 8.6 percent over the prior year.

Pari-mutuel taxes were among the smaller sources that contributed to the general fund growth, resulting in a 5.7 percent increase. Other notable increases were in sources continuing to benefit from legislative changes enacted in prior years: highway safety licenses and fees which are still benefitting from 2009 legislative actions to increase and redirect fees into the general fund, and Article V Fees and Transfers which have experienced several changes including new revenues from red light cameras.

At the end of the 2011-12 state fiscal year, overall general fund collections were \$407.1 million above the estimate made by the state’s Revenue Estimating Conference in January 2012, as modified by legislation passed during the 2012 Session —leading to the 4.5 percent annual growth rate described above. In this regard, the general fund significantly outperformed the class of total revenue for the state. Total revenue declined by 3.6 percent over this period; however, this figure also includes federal dollars.

When the Conference met in December 2012, monthly collections for the 2012-13 state fiscal year were above the estimates made in August 2012 by \$267.5 million. However, the reasons for the gains experienced by the various sources were mixed, with many sources benefitting from one-time events rather than exhibiting underlying strength. In addition, the newly adopted national and Florida economic outlooks were similar to the ones adopted in the summer, with continuing significant downside risks in the near term. Weighing both sets of factors, the Conference increased expected revenues by \$236 million—or about one percent above the earlier forecast—to recognize only the more persistent gains and the unanticipated transfer of an additional \$40 million in civil penalties from the National Mortgage Foreclosure Settlement Agreement. State Economists are projecting that final general revenue collections will be \$1.2 billion higher than last year to produce a 5.3 percent growth rate for the 2012-13 fiscal year.

As a buffer against any further financial shocks or ill effects from the resolution of the “fiscal cliff”, the latest General Revenue Outlook shows that there will be over \$2.1 billion in unallocated general revenue remaining at the end of the current fiscal year. The state’s major reserve for emergencies, the Budget Stabilization Fund, has a planned balance of at least \$708.3 million on June 30, 2013, and should increase to at least \$922.8 million by June 30, 2014. The anticipated increases are related to the scheduled second and third of five repayments of the funds previously transferred to the general fund in state fiscal year 2008-09 (\$1.07 billion in total). Refer to Note 1K., for additional information on the Budget Stabilization Fund. The other source most frequently mentioned as part of the state’s informal reserve system is the Lawton Chiles Endowment Fund which is expected to have \$458.9 million at year’s end, bringing the total of all reserves to just over \$3.3 billion or 13.3 percent of the state’s general fund collections. According to the state’s Long-Range Financial Outlook adopted in September 2012, the state is not anticipating a budget gap for the upcoming fiscal year, meaning the projected revenues should meet all anticipated needs.

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 Financial Reporting
Statewide Financial Reporting Section
200 East Gaines Street
Tallahassee, Florida 32399-0364
(850) 413-5511

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**FINANCIAL
SECTION:
BASIC FINANCIAL
STATEMENTS**

2012 STATE OF FLORIDA CAFR

STATEMENT OF NET ASSETS

JUNE 30, 2012

(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
ASSETS				
Cash and cash equivalents	\$ 135,889	\$ 38,158	\$ 174,047	\$ 3,044,344
Pooled investments with State Treasury	11,396,965	1,229,141	12,626,106	3,021,392
Other investments	1,651,159	23,774,505	25,425,664	18,281,999
Receivables, net	4,353,273	1,472,968	5,826,241	2,067,825
Internal balances	393,240	(393,240)	.....	.....
Due from component units/primary	2,372	1,614	3,986	510,244
Inventories	69,285	5,220	74,505	67,585
Restricted cash and cash equivalents	.....	85,734	85,734	468,137
Restricted pooled investments with State Treasury	.....	89,359	89,359	634,960
Restricted investments	1	1,468,789	1,468,790	4,538,768
Advances to other entities	916,000	.....	916,000	.....
Loans and notes receivable, net	3,082,973	1,801,593	4,884,566	3,386,477
Other assets	8,538	39,626	48,164	996,808
Capital assets, net	64,503,144	8,327,912	72,831,056	22,129,124
Total assets	<u>86,512,839</u>	<u>37,941,379</u>	<u>124,454,218</u>	<u>59,147,663</u>
LIABILITIES				
Accounts payable and accrued liabilities	1,828,420	1,340,529	3,168,949	2,781,638
Due to other governments	17	12,937	12,954	.....
Due to component units/primary	38,026	553	38,579	193,695
Deferred revenue	.....	44,028	44,028	514,454
Obligations under security lending agreements	1,597,361	2,151,297	3,748,658	.....
Long-term liabilities				
Due within one year	3,932,975	5,517,931	9,450,906	2,773,226
Due in more than one year	26,340,068	15,482,596	41,822,664	14,504,520
Total liabilities	<u>33,736,867</u>	<u>24,549,871</u>	<u>58,286,738</u>	<u>20,767,533</u>
NET ASSETS				
Invested in capital assets, net of related debt	58,403,581	5,365,538	63,769,119	18,443,773
Restricted for				
Environment, Recreation and Conservation	2,409,211	.....	2,409,211	.....
Public Education	593,657	.....	593,657	.....
Health and Family Services	1,042,253	.....	1,042,253	.....
Transportation	1,706,083	283,979	1,990,062	.....
Nonmajor governmental funds	1,195,232	.....	1,195,232	.....
Debt service	289,922	.....	289,922	74,880
Lottery	.....	135,245	135,245	.....
Prepaid College Program	.....	565,037	565,037	.....
Hurricane Catastrophe Fund	.....	6,424,436	6,424,436	.....
Other	571,203	90	571,293	5,805,091
Funds held for permanent endowment				
Expendable	.....	.....	.....	498,602
Nonexpendable	.....	.....	.....	3,203,276
Unrestricted	(13,435,170)	617,183	(12,817,987)	10,354,508
Total net assets	<u>\$ 52,775,972</u>	<u>\$ 13,391,508</u>	<u>\$ 66,167,480</u>	<u>\$ 38,380,130</u>

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

2012 STATE OF FLORIDA CAFR

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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	\$ 6,342,471	\$ 4,680,250	\$ 1,228,504	\$ 289	\$ (433,428)
Education	17,695,809	156,917	2,793,646	230	(14,745,016)
Human services	29,650,274	1,901,175	18,617,601	1,013	(9,130,485)
Criminal justice and corrections	4,245,923	729,837	117,995	734	(3,397,357)
Natural resources and environment	2,265,464	352,007	1,110,547	59,390	(743,520)
Transportation	3,614,062	361,627	54,813	1,974,808	(1,222,814)
State courts	409,441	247,645	1,896	.....	(159,900)
Indirect interest on long-term debt	6,257	.....	.....	.....	(6,257)
Total governmental activities	64,229,701	8,429,458	23,925,002	2,036,464	(29,838,777)
Business-type activities:					
Transportation	421,724	715,835	.....	289	294,400
Lottery	3,188,011	4,524,446	.....	.....	1,336,435
Hurricane Catastrophe Fund	113,808	1,362,133	.....	.....	1,248,325
Prepaid College Program	2,010,300	1,983,897	.....	.....	(26,403)
Unemployment Compensation	3,407,135	2,200,841	2,165,072	.....	958,778
Nonmajor enterprise funds	256,936	358,972	42	.....	102,078
Total business-type activities	9,397,914	11,146,124	2,165,114	289	3,913,613
Total primary government	\$ 73,627,615	\$ 19,575,582	\$ 26,090,116	\$ 2,036,753	\$ (25,925,164)
Component units					
Florida Housing Finance Corporation	\$ 452,177	\$ 296,482	\$	\$	\$ (155,695)
University of Florida	4,761,128	2,742,287	1,351,614	22,010	(645,217)
Citizens Property Insurance Corporation	1,981,303	2,308,672	.....	.....	327,369
Nonmajor component units	10,780,129	2,981,401	3,711,328	432,553	(3,654,847)
Total component units	\$ 17,974,737	\$ 8,328,842	\$ 5,062,942	\$ 454,563	\$ (4,128,390)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net (expense) revenue	\$ (29,838,777)	\$ 3,913,613	\$ (25,925,164)	\$ (4,128,390)
General revenues:				
Taxes				
Sales and use tax	18,632,812	.....	18,632,812	.....
Fuel taxes	2,515,654	.....	2,515,654	.....
Corporate income tax	2,042,537	.....	2,042,537	.....
Documentary stamp tax	1,289,321	.....	1,289,321	.....
Intangible personal property tax	190,247	.....	190,247	.....
Communications service tax	1,389,752	.....	1,389,752	.....
Beverage and tobacco taxes	1,847,468	.....	1,847,468	.....
Insurance premium tax	884,180	.....	884,180	.....
Gross receipts utilities tax	611,534	.....	611,534	.....
Property taxes	.....	.....	.....	694,322
Other taxes	1,068,535	.....	1,068,535	.....
Investment earning (loss)	288,425	5,148	293,573	361,992
Gain (loss) on sale of capital assets	(21,408)	(717)	(22,125)	(44,011)
Payments from the State of Florida	.....	.....	.....	3,059,955
Emergency assessments	.....	456,797	456,797	.....
Miscellaneous	.....	1,056	1,056	841,310
Transfers	1,452,437	(1,452,437)	.....	.....
Contributions to permanent funds	.....	.....	.....	63,483
Total general revenues, transfers and contributions	32,191,494	(990,153)	31,201,341	4,977,051
Changes in net assets				
Net assets - beginning	50,461,755	10,468,048	60,929,803	37,531,260
Adjustments to increase (decrease) beginning net assets	(38,500)	.....	(38,500)	209
Net assets - ending	\$ 52,775,972	\$ 13,391,508	\$ 66,167,480	\$ 38,380,130

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

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Funds

GENERAL FUND

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

ENVIRONMENT, RECREATION AND CONSERVATION

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

PUBLIC EDUCATION

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

HEALTH AND FAMILY SERVICES

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

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 161.

2012 STATE OF FLORIDA CAFR

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$ 16,472	\$ 1,069	\$	\$ 29,917
Pooled investments with State Treasury	4,376,971	1,265,478	804,524	1,365,560
Other investments	1,017,455	360	.....	.....
Receivables, net	1,500,217	165,860	64,056	1,255,584
Due from other funds	212,236	9,952	55,569	142,957
Due from component units/primary	954	272	.....	196
Inventories	9,087	647	.....	46,994
Other	344	.....	.....	.....
Total current assets	7,133,736	1,443,638	924,149	2,841,208
<u>Noncurrent assets</u>				
Restricted investments	.....	.....	.....	.....
Long-term investments	2,955	.....	.....	.....
Advances to other funds	2,603	.....	.....	.....
Advances to other entities	20,687	56,461	838,852	.....
Other loans and notes receivable, net	135,729	1,119,741	.....	37,533
Other	.....	.....	.....	.....
Total noncurrent assets	161,974	1,176,202	838,852	37,533
Total assets	\$ 7,295,710	\$ 2,619,840	\$ 1,763,001	\$ 2,878,741
LIABILITIES AND FUND BALANCES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	\$ 408,550	\$ 39,366	\$ 15,510	\$ 241,873
Due to other funds	217,283	21,972	2,128	29,497
Due to component units/primary	7,659	16,582	296	10,379
Compensated absences	15,862	806	33	1,377
Claims payable	369,531	.....	.....	1,056,868
Deposits	8,335	11,259	50	3,579
Deferred revenues	200,729	624	10,849	298,597
Obligations under security lending agreements	1,131,926	115,400	76,573	15,677
Total current liabilities	2,359,875	206,009	105,439	1,657,847
<u>Noncurrent liabilities</u>				
Advances from other funds	100	.....	755,925	.....
Deposits	.....	.....	.....	27,292
Deferred revenues	135,126	512	.....	37,533
Other	.....	.....	.....	.....
Total noncurrent liabilities	135,226	512	755,925	64,825
Total liabilities	2,495,101	206,521	861,364	1,722,672
<u>Fund balances</u>				
Nonspendable	33,323	647	.....	46,994
Restricted	49,739	1,785,757	672,125	113,924
Committed	982,189	626,915	229,512	995,151
Unassigned	3,735,358	.....	.....	.....
Total fund balances	4,800,609	2,413,319	901,637	1,156,069
Total liabilities and fund balances	\$ 7,295,710	\$ 2,619,840	\$ 1,763,001	\$ 2,878,741

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

2012 STATE OF FLORIDA CAFR

Transportation	Nonmajor Governmental Funds	Totals 6/30/12
\$ 1,829	\$ 38,918	\$ 88,205
1,638,158	1,444,930	10,895,621
.....	333,641	1,351,456
273,125	376,131	3,634,973
178,125	54,677	653,516
.....	.....	1,422
10,863	1,694	69,285
126	1,074	1,544
<u>2,102,226</u>	<u>2,251,065</u>	<u>16,696,022</u>
1	.....	1
.....	234,879	237,834
221,427	.....	224,030
.....	.....	916,000
756,019	1,033,951	3,082,973
6,994	.....	6,994
<u>984,441</u>	<u>1,268,830</u>	<u>4,467,832</u>
<u>\$ 3,086,667</u>	<u>\$ 3,519,895</u>	<u>\$ 21,163,854</u>
\$ 366,825	\$ 231,570	\$ 1,303,694
38,950	131,203	441,033
17	2,955	37,888
6,047	2,447	26,572
.....	11,950	1,438,349
276,391	84,362	383,976
12,750	7,894	531,443
121,279	89,769	1,550,624
<u>822,259</u>	<u>562,150</u>	<u>5,713,579</u>
.....	625	756,650
114,660	.....	141,952
443,664	16,285	633,120
.....	3,055	3,055
<u>558,324</u>	<u>19,965</u>	<u>1,534,777</u>
<u>1,380,583</u>	<u>582,115</u>	<u>7,248,356</u>
10,863	15,756	107,583
25,209	2,054,199	4,700,953
1,670,012	867,825	5,371,604
.....	3,735,358
<u>1,706,084</u>	<u>2,937,780</u>	<u>13,915,498</u>
<u>\$ 3,086,667</u>	<u>\$ 3,519,895</u>	<u>\$ 21,163,854</u>

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2012 STATE OF FLORIDA CAFR

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS
JUNE 30, 2012
(in thousands)**

Total fund balances for governmental funds		\$ 13,915,498
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	17,193,588	
Nondepreciable infrastructure	36,217,618	
Buildings, equipment and other depreciable assets	6,162,666	
Accumulated depreciation	(3,606,837)	
Construction work in progress	7,383,940	
		63,350,975
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(752,283)	
Installment purchases/capital leases/public-private partnership agreements	(1,696,552)	
Claims payable	(2,436,614)	
Bonds payable	(20,472,940)	
Certificates of participation payable	(115,380)	
Net other post employment benefits	(663,837)	
Other	(462,800)	
		(26,600,406)
Accrued interest payable on bonds that is not recognized on the fund statements but is recognized on the Statement of Net Assets.		
		(57,871)
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.		
		1,723,996
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.		
		443,780
Net assets of governmental activities		\$ 52,775,972

2012 STATE OF FLORIDA CAFR

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services
REVENUES				
Taxes	\$ 25,861,116	\$ 272,302	\$ 1,028,995	\$ 859,351
Licenses and permits	437,256	46,797	.....	37,206
Fees and charges	1,882,851	146,704	44,237	1,673,488
Grants and donations	17,078	217,745	2,617,537	18,774,156
Investment earnings	197,392	54,620	75,710	8,194
Fines, forfeits, settlements and judgments	152,443	4,300	58,830	44,012
Other	6,068	2,568	3,388	13,362
Total revenues	<u>28,554,204</u>	<u>745,036</u>	<u>3,828,697</u>	<u>21,409,769</u>
EXPENDITURES				
Current:				
General government	3,733,402	19,619	.....	168,562
Education	12,016,024	.....	4,763,362	.....
Human services	5,522,308	.....	.....	23,698,037
Criminal justice and corrections	3,123,038	.....	.....	.....
Natural resources and environment	267,602	769,453	.....	23,173
Transportation	5,088	.....	.....	.....
State courts	44,830	.....	.....	.....
Capital outlay	55,476	31,432	6,390	27,095
Debt service:				
Principal retirement	8,943	.....	.....	5,694
Interest and fiscal charges	5,236	.....	.....	1,004
Total expenditures	<u>24,781,947</u>	<u>820,504</u>	<u>4,769,752</u>	<u>23,923,565</u>
Excess (deficiency) of revenues over expenditures	<u>3,772,257</u>	<u>(75,468)</u>	<u>(941,055)</u>	<u>(2,513,796)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of bond issues	5,166	.....	193,278	.....
Proceeds of refunding bonds	.....	.....	.....	.....
Proceeds of financing agreements	14,447	.....	.....	.....
Operating transfers in	619,221	733,529	2,041,271	1,906,161
Operating transfers out	(3,237,650)	(607,852)	(1,500,185)	(481,461)
Payments to refunded bond agent	.....	.....	.....	.....
Total other financing sources (uses)	<u>(2,598,816)</u>	<u>125,677</u>	<u>734,364</u>	<u>1,424,700</u>
Net change in fund balances	1,173,441	50,209	(206,691)	(1,089,096)
Fund balances - beginning	3,627,168	2,363,110	1,108,328	2,245,165
Fund balances - ending	<u>\$ 4,800,609</u>	<u>\$ 2,413,319</u>	<u>\$ 901,637</u>	<u>\$ 1,156,069</u>

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

2012 STATE OF FLORIDA CAFR

Transportation	Nonmajor Governmental Funds	Totals 6/30/12
\$ 2,238,171	\$ 220,524	\$ 30,480,459
9,315	988,682	1,519,256
439,208	1,050,062	5,236,550
1,992,930	2,272,047	25,891,493
40,466	84,961	461,343
2,531	971,892	1,234,008
4,827	141,653	171,866
<u>4,727,448</u>	<u>5,729,821</u>	<u>64,994,975</u>
176,801	2,264,793	6,363,177
.....	181,386	16,960,772
.....	443,648	29,663,993
.....	983,362	4,106,400
.....	1,034,814	2,095,042
3,178,568	.....	3,183,656
.....	356,386	401,216
2,106,628	49,446	2,276,467
238	1,296,083	1,310,958
10	1,013,176	1,019,426
<u>5,462,245</u>	<u>7,623,094</u>	<u>67,381,107</u>
<u>(734,797)</u>	<u>(1,893,273)</u>	<u>(2,386,132)</u>
106,327	13,165	317,936
.....	2,799,911	2,799,911
648,106	.....	662,553
958,373	3,353,055	9,611,610
(712,067)	(1,602,659)	(8,141,874)
.....	(2,799,911)	(2,799,911)
<u>1,000,739</u>	<u>1,763,561</u>	<u>2,450,225</u>
265,942	(129,712)	64,093
<u>1,440,142</u>	<u>3,067,492</u>	<u>13,851,405</u>
<u>\$ 1,706,084</u>	<u>\$ 2,937,780</u>	<u>\$ 13,915,498</u>

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2012 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, 2012
(in thousands)**

Net change in fund balance - total governmental funds	\$	64,093
<p>Internal service funds are used by management to charge the costs of goods or services to other funds and agencies within the state. Therefore, the net revenue (expense) of the internal service funds is reported with governmental activities.</p>		
		89,682
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over the estimated useful lives of the assets and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation in the current period.</p>		
Capital outlay expenditures	2,384,251	
Depreciation expense	<u>(304,233)</u>	2,080,018
<p>In the Statement of Activities, the gain or (loss) on the sale of assets is reported whereas in the governmental funds only the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the assets sold.</p>		
		(18,606)
<p>In the Statement of Activities, some revenues are recognized that do not provide current financial resources and are not recognized as revenues in the governmental funds until available, i.e., deferred revenues.</p>		
		108,157
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Decrease in compensated absences	28,559	
Decrease in accrued interest	3,308	
Decrease in claims payable	134,211	
Increase in net other post employment benefits	(214,808)	
Increase in other liabilities	<u>(339,407)</u>	(388,137)
<p>The incurrence of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Bond proceeds	(317,936)	
Refunding bond proceeds	(2,799,911)	
Financing agreement proceeds	(662,553)	
Repayment of bonds	1,292,584	
Repayment of capital leases/installment purchase contracts	21,784	
Payment to refunded bond escrow agent	2,799,911	
Amortization of bond premium	158,089	
Amortization of deferred amount on refunding	(14,994)	
Accrued interest payable at refunding	<u>(59,464)</u>	<u>417,510</u>
Change in net assets of governmental activities	\$	<u><u>2,352,717</u></u>

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PROPRIETARY FUND FINANCIAL STATEMENTS

Major Funds

TRANSPORTATION

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

LOTTERY

This fund accounts for 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 Florida Prepaid College Program contracts, 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 197.

Internal Service Funds

Internal service funds are presented on page 203.

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012
(in thousands)

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Unemployment Compensation
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 20,715	\$ 398	\$ 167	\$ 14,056	\$ 1,269
Pooled investments with State Treasury	796,751	138,294	.....	.....	23,302
Other investments	.....	.....	10,796,352	2,225,241	.....
Receivables, net	12,745	38,343	129,213	543,950	687,383
Due from other funds	50,028	4	.....	.....	3,084
Due from component units/primary	.....	.....	.....	.....	1,603
Inventories	4,077	1,143	.....	.....	.....
Other	61	2,073	.....	.....	.....
Total current assets	884,377	180,255	10,925,732	2,783,247	716,641
<u>Noncurrent assets</u>					
Restricted cash and cash equivalents	85,734	.....	.....	.....	.....
Restricted pooled investments with State Treasury	84,121	5,238	.....	.....	.....
Restricted investments	203,724	1,265,065	.....	.....	.....
Long-term investments	.....	.....	1,068,840	9,614,467	.....
Other loans and notes receivable, net	.....	.....	.....	1,801,593	.....
Capital assets					
Land and other nondepreciable assets	882,623	41	.....	.....	.....
Nondepreciable infrastructure	6,780,931	.....	.....	.....	.....
Buildings, equipment, and other depreciable assets	483,030	13,415	66	38	.....
Accumulated depreciation	(240,233)	(12,100)	(62)	(38)	.....
Construction work in progress	413,667	.....	.....	.....	.....
Other	13,504	19,995	3,903	.....	.....
Total noncurrent assets	8,707,101	1,291,654	1,072,747	11,416,060	.....
Total assets	9,591,478	1,471,909	11,998,479	14,199,307	716,641
LIABILITIES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	120,495	10,014	449,813	651,609	98,227
Accrued prize liability	.....	227,211	.....	.....	.....
Due to other governments	.....	.....	.....	.....	685,520
Due to other funds	116,605	51,685	132	.....	3,162
Due to component units/primary	.....	.....	.....	.....	.....
Compensated absences	.....	785	47	32	.....
Installment purchases/capital leases	.....	.....	.....	.....	.....
Bonds payable	.....	.....	3,796,795	.....	.....
Bonds payable from restricted assets	111,845	.....	.....	.....	.....
Deposits	666	.....	.....	.....	355
Deferred revenues	.....	.....	.....	.....	.....
Obligations under security lending agreements	84,338	618,322	.....	1,427,575	.....
Certificates of participation payable	.....	.....	.....	.....	.....
Tuition and housing benefits payable	.....	.....	.....	703,525	.....
Total current liabilities	433,949	908,017	4,246,787	2,782,741	787,264
<u>Noncurrent liabilities</u>					
Advances from other funds	220,527	.....	.....	.....	.....
Accrued prize liability	.....	422,297	.....	.....	.....
Bonds payable	2,819,936	.....	1,327,133	.....	.....
Certificates of participation payable	.....	.....	.....	.....	.....
Installment purchases/capital leases	.....	.....	.....	.....	.....
Deposits	649	.....	.....	.....	29,844
Compensated absences	.....	2,798	119	88	.....
Tuition and housing benefits payable	.....	.....	.....	10,851,441	.....
Other	1,566	2,196	.....	.....	.....
Total noncurrent liabilities	3,042,678	427,291	1,327,252	10,851,529	29,844
Total liabilities	3,476,627	1,335,308	5,574,039	13,634,270	817,108
NET ASSETS					
Invested in capital assets, net of related debt	5,357,644	1,356	4	.....	.....
Restricted for Lottery	.....	135,245	.....	.....	.....
Restricted for Hurricane Catastrophe Fund	.....	.....	6,424,436	.....	.....
Restricted for Prepaid College Program	.....	.....	.....	565,037	.....
Restricted for Transportation	283,979	.....	.....	.....	.....
Restricted - other	.....	.....	.....	.....	.....
Unrestricted	473,228	.....	.....	.....	(100,467)
Total net assets	\$ 6,114,851	\$ 136,601	\$ 6,424,440	\$ 565,037	\$ (100,467)

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

Nonmajor Enterprise Funds	Totals 6/30/12	Internal Service Funds
\$ 1,553	\$ 38,158	\$ 47,684
270,794	1,229,141	501,344
8,016	13,029,609	61,869
8,850	1,420,484	25,904
3,613	56,729	43,740
11	1,614	950
.....	5,220	.....
90	2,224	.....
<u>292,927</u>	<u>15,783,179</u>	<u>681,491</u>
.....	85,734	.....
.....	89,359	.....
.....	1,468,789	.....
61,589	10,744,896	.....
.....	1,801,593	.....
.....	882,664	325
.....	6,780,931	.....
30,037	526,586	1,392,090
(23,503)	(275,936)	(396,415)
.....	413,667	156,168
.....	37,402	.....
<u>68,123</u>	<u>22,555,685</u>	<u>1,152,168</u>
<u>361,050</u>	<u>38,338,864</u>	<u>1,833,659</u>
9,043	1,339,201	164,149
.....	227,211	.....
.....	685,520	17
6,702	178,286	23,547
553	553	138
4,087	4,951	3,319
.....	.....	1,672
.....	3,796,795	21,435
.....	111,845	.....
.....	1,021	92,522
44,028	44,028	.....
21,062	2,151,297	46,737
.....	.....	35,355
.....	703,525	.....
<u>85,475</u>	<u>9,244,233</u>	<u>388,891</u>
.....	220,527	2,778
.....	422,297	.....
.....	4,147,069	336,847
.....	.....	615,486
.....	.....	10,413
.....	30,493	.....
12,548	15,553	11,480
.....	10,851,441	.....
11,981	15,743	23,984
<u>24,529</u>	<u>15,703,123</u>	<u>1,000,988</u>
<u>110,004</u>	<u>24,947,356</u>	<u>1,389,879</u>
6,534	5,365,538	201,053
.....	135,245	.....
.....	6,424,436	.....
.....	565,037	.....
.....	283,979	.....
90	90	.....
244,422	617,183	242,727
<u>\$ 251,046</u>	<u>\$ 13,391,508</u>	<u>\$ 443,780</u>

2012 STATE OF FLORIDA CAFR

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (in thousands)**

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program
OPERATING REVENUES				
Sales - nonstate	\$ 5,347	\$ 4,455,608	\$ 1,322,305	\$ 547,105
Fees	658,437	.....	.....	2,724
Sales - state	.....	.....	41	.....
Rents and royalties - nonstate	7,169	410	.....	.....
Rents - state	.....	.....	.....	.....
Fines, forfeits, settlements and judgments	12,496	176	.....	.....
Other	.....	.....	.....	.....
Total operating revenues	683,449	4,456,194	1,322,346	549,829
OPERATING EXPENSES				
Benefit payments	.....	.....	.....	.....
Payment of lottery winnings	.....	2,766,119	.....	.....
Commissions on lottery sales	.....	247,690	.....	.....
Contractual services	240,586	102,440	3,347	2,002,625
Insurance claims expense	.....	.....	.....	.....
Personal services	20,999	25,971	1,150	883
Depreciation	32,080	446	3	1
Materials and supplies	3,934	1,042	18	24
Repairs and maintenance	.....	1,424	2	1
Basic services	.....	5,313	138	142
Interest and fiscal charges	.....	.....	33	28
Total operating expenses	297,599	3,150,445	4,691	2,003,704
Operating income (loss)	385,850	1,305,749	1,317,655	(1,453,875)
NONOPERATING REVENUES (EXPENSES)				
Grants and donations	289	.....	.....	.....
Investment earnings	26,316	68,252	39,787	1,434,068
Interest and fiscal charges	(118,505)	(37,566)	(109,117)	(5,304)
Fines, forfeits, judgments and settlements	1,018	.....	.....	38
Property disposition gain (loss)	(665)	(4)	.....	.....
Grant expense and client benefits	.....	.....	.....	.....
Emergency assessment funds received	.....	.....	456,797	.....
Other	450	.....	.....	.....
Total nonoperating revenues (expenses)	(91,097)	30,682	387,467	1,428,802
Income (loss) before transfers and contributions	294,753	1,336,431	1,705,122	(25,073)
Operating transfers in	12,966	.....	.....	.....
Operating transfers out	(13,207)	(1,321,800)	(10,000)	(1,292)
Capital contributions	.....	.....	.....	.....
Change in net assets	294,512	14,631	1,695,122	(26,365)
Total net assets - beginning	5,820,339	121,970	4,729,318	591,402
Total net assets - ending	\$ 6,114,851	\$ 136,601	\$ 6,424,440	\$ 565,037

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

2012 STATE OF FLORIDA CAFR

Unemployment Compensation	Nonmajor Enterprise Funds	Totals 6/30/12	Internal Service Funds
\$	\$ 72,583	\$ 6,402,948	\$ 45,288
2,179,292	235,709	3,076,162	.....
850	23,353	24,244	2,036,273
.....	4	7,583	144
.....	87	87	165,092
.....	17,835	30,507	.....
.....	4	4	16,031
<hr/> 2,180,142	<hr/> 349,575	<hr/> 9,541,535	<hr/> 2,262,828
3,407,122	.....	3,407,122	.....
.....	.....	2,766,119	.....
.....	.....	247,690	.....
13	59,595	2,408,606	800,940
.....	.....	.....	1,185,204
.....	154,574	203,577	99,478
.....	2,005	34,535	24,464
.....	6,259	11,277	17,169
.....	1,439	2,866	6,401
.....	29,226	34,819	14,636
.....	2,593	2,654	167
<hr/> 3,407,135	<hr/> 255,691	<hr/> 9,119,265	<hr/> 2,148,459
<hr/> (1,226,993)	<hr/> 93,884	<hr/> 422,270	<hr/> 114,369
2,165,072	42	2,165,403	.....
20,689	6,526	1,595,638	12,938
.....	(225)	(270,717)	(47,218)
.....	.....	1,056	.....
.....	(48)	(717)	(2,252)
.....	(919)	(919)	.....
.....	.....	456,797	.....
.....	(97)	353	(32)
<hr/> 2,185,761	<hr/> 5,279	<hr/> 3,946,894	<hr/> (36,564)
958,768	99,163	4,369,164	77,805
19,213	17,410	49,589	27,231
(19,577)	(129,438)	(1,495,314)	(18,736)
.....	21	21	3,382
<hr/> 958,404	<hr/> (12,844)	<hr/> 2,923,460	<hr/> 89,682
<hr/> (1,058,871)	<hr/> 263,890	<hr/> 10,468,048	<hr/> 354,098
<hr/> <hr/> \$ (100,467)	<hr/> <hr/> \$ 251,046	<hr/> <hr/> \$ 13,391,508	<hr/> <hr/> \$ 443,780

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)

	Transportation	Lottery	Hurricane Catastrophe Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 686,555	\$ 4,440,153	\$ 1,320,245
Cash paid to vendors	(230,284)	(359,816)	(3,562)
Cash paid to employees	(20,965)	(25,216)	(1,165)
Lottery prizes	.....	(2,763,100)	.....
Cash paid for insurance claims	.....	.....	(245,112)
Unemployment benefits	.....	.....	.....
Net cash provided (used) by operating activities	<u>435,306</u>	<u>1,292,021</u>	<u>1,070,406</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	(11,900)	(1,351,832)	(10,000)
Advances from or repayment from other funds	(17,764)	.....	.....
Advances, grants or loans (to) from or repayment from others	6	.....	.....
Cash received from sale of bonds	108,321	.....	.....
Payment of bonds or loans (principal and interest)	.....	.....	(404,257)
Cash received from noncapital grants or donations	.....	.....	451,597
Emergency assessment funds received	.....	.....	.....
Net cash provided (used) by noncapital financing activities	<u>78,663</u>	<u>(1,351,832)</u>	<u>37,340</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from sale of capital assets	.....	.....	.....
Cash received from capital grants and donations	289	.....	.....
Payment of bond principal	(94,361)	.....	.....
Payment of principal on installment purchase/capital lease	.....	.....	.....
Payment of interest on bonds/installment purchase/capital lease	(117,564)	.....	.....
Purchase or construction of capital assets	(175,774)	(558)	(1)
Net cash provided (used) by capital and related financing activities	<u>(387,410)</u>	<u>(558)</u>	<u>(1)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Security lending	5,145	(29,600)	.....
Proceeds from the sale or maturity of investments	1,013,909	156,135	398,403,777
Cash paid to grand prize winners upon maturity of grand prize investments	.....	(156,135)	.....
Investment earnings	27,347	7,436	20,782
Purchase of investments	(950,584)	.....	(399,532,273)
Net cash provided (used) by investing activities	<u>95,817</u>	<u>(22,164)</u>	<u>(1,107,714)</u>
Net increase (decrease) in cash and cash equivalents	<u>222,376</u>	<u>(82,533)</u>	<u>31</u>
Cash and cash equivalents - beginning	<u>764,945</u>	<u>226,463</u>	<u>136</u>
Cash and cash equivalents - ending	<u>\$ 987,321</u>	<u>\$ 143,930</u>	<u>\$ 167</u>

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

2012 STATE OF FLORIDA CAFR

Prepaid College Program	Unemployment Compensation	Nonmajor Enterprise Funds	Totals 6/30/12	Internal Service Funds
\$ 475,810	\$ 2,116,897	\$ 359,095	\$ 9,398,755	\$ 2,263,942
(420,572)	.....	(97,105)	(1,111,339)	(545,767)
(933)	.....	(149,743)	(198,022)	(96,866)
.....	.....	.....	(2,763,100)	.....
.....	.....	(40)	(245,152)	(1,383,491)
.....	(3,427,140)	(655)	(3,427,795)	.....
54,305	(1,310,243)	111,552	1,653,347	237,818
(1,293)	88	(106,913)	(1,481,850)	4,299
.....	.....	.....	(17,764)	(1,537)
.....	.....	(913)	(907)	.....
.....	.....	.....	108,321	.....
.....	.....	.....	(404,257)	.....
.....	1,288,240	41	1,739,878	.....
.....
(1,293)	1,288,328	(107,785)	(56,579)	2,762
.....	.....	4	4	.....
.....	.....	.....	289	.....
.....	.....	.....	(94,361)	(54,230)
.....	.....	.....	.....	(1,709)
.....	.....	.....	(117,564)	(54,283)
.....	.....	(613)	(176,946)	(74,679)
.....	.....	(609)	(388,578)	(184,901)
1,028	.....	(1,511)	(24,938)	698
11,448,941	.....	120,315	411,143,077	.....
.....	.....	.....	(156,135)	.....
106,779	17,284	6,289	185,917	15,766
(11,648,689)	.....	(117,241)	(412,248,787)	.....
(91,941)	17,284	7,852	(1,100,866)	16,464
(38,929)	(4,631)	11,010	107,324	72,143
52,985	29,202	261,337	1,335,068	476,885
\$ 14,056	\$ 24,571	\$ 272,347	\$ 1,442,392	\$ 549,028

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (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)	\$ 385,850	\$ 1,305,749	\$ 1,317,655
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	32,080	446	3
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(1,827)	(16,005)	(1,580)
(Increase) decrease in due from other funds	6,742	.....	.....
Increase (decrease) in allowance for uncollectibles	.....	(36)	.....
(Increase) decrease in inventories	(21)	(150)	.....
(Increase) decrease in other non-current assets	.....	(4,069)	.....
Increase (decrease) in accounts payable	6,528	(1,758)	(245,663)
Increase (decrease) in compensated absences	.....	32	(9)
Increase (decrease) in due to other funds	9,626	.....	.....
Increase (decrease) in other non-current liability	(2,453)	724	.....
Increase (decrease) in deposits	486	.....	.....
Increase (decrease) in deferred revenue	(1,705)	.....	.....
Increase (decrease) in prize liability	.....	7,088	.....
Net cash provided (used) by operating activities	<u>\$ 435,306</u>	<u>\$ 1,292,021</u>	<u>\$ 1,070,406</u>

Noncash investing, capital, and financing activities

Change in fair value of investments	.....	(38,722)	3,982
Contribution of capital assets	.....	.....	.....

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

2012 STATE OF FLORIDA CAFR

Prepaid College Program	Unemployment Compensation	Nonmajor Enterprise Funds	Totals 6/30/12	Internal Service Funds
\$ (1,453,875)	\$ (1,226,993)	\$ 93,884	\$ 422,270	\$ 114,369
1	.....	2,005	34,535	24,464
(157,962)	(67,631)	(1,577)	(246,582)	(7,364)
.....	310	2,329	9,381	7,165
.....	(1,284)	3,023	1,703	(11)
.....	.....	.....	(171)	.....
.....	.....	.....	(4,069)	.....
1,666,189	(14,608)	2,925	1,413,613	81,189
(48)	.....	28	3	1,179
.....	(37)	(525)	9,064	5,308
.....	.....	3,859	2,130	10,130
.....	.....	(33)	453	.....
.....	5,634	3,929	1,389
.....	7,088
\$ 54,305	\$ (1,310,243)	\$ 111,552	\$ 1,653,347	\$ 237,818

949,854	79	915,193
.....	89	89

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FIDUCIARY FUND FINANCIAL STATEMENTS

PRIVATE-PURPOSE TRUST FUNDS

Individual fund descriptions and financial statements begin on page 211.

PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

Individual fund descriptions and financial statements begin on page 217.

INVESTMENT TRUST FUNDS

Individual fund descriptions and financial statements begin on page 223.

AGENCY FUNDS

Individual fund descriptions and financial statements begin on page 227.

2012 STATE OF FLORIDA CAFR

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2012

(in thousands)

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Agency Funds	Totals 6/30/12
ASSETS					
Cash and cash equivalents	\$ 1,626	\$ 269,335	\$ 537	\$ 20,082	\$ 291,580
Pooled investments with State Treasury	608,631	81,829	1,713,972	1,574,839	3,979,271
Total cash and cash equivalents	610,257	351,164	1,714,509	1,594,921	4,270,851
<u>Investments</u>					
Certificates of deposit	.....	899,769	2,092,427	.....	2,992,196
U.S. government & federally guaranteed obligations	23,328	9,430,834	12,537	96,962	9,563,661
Federal agencies	39,018	9,699,691	.....	12,129	9,750,838
Commercial paper	.....	3,638,372	1,495,446	.....	5,133,818
Repurchase agreements	.....	2,055,000	1,073,895	.....	3,128,895
Bonds and notes	43,316	10,027,113	590,280	.....	10,660,709
International bonds and notes	5,356	3,353,042	45,435	.....	3,403,833
Real estate contracts	.....	8,176,282	.....	.....	8,176,282
Mutual fund investments	2,137	13,353,537	.....	.....	13,355,674
Money market and short-term investments	30,134	1,356,890	441,624	.....	1,828,648
Domestic equity	146,715	33,420,651	.....	.....	33,567,366
Alternative Investments - Domestic	.....	7,832,316	.....	.....	7,832,316
Alternative Investments - International	.....	3,400,754	.....	.....	3,400,754
International equity	1,886	30,179,748	.....	.....	30,181,634
Deferred compensation annuities	.....	35,642	.....	.....	35,642
Other investments	.....	59	.....	.....	59
Total investments	291,890	136,859,700	5,751,644	109,091	143,012,325
<u>Receivables</u>					
Accounts receivable	25,260	20,546	.....	541,880	587,686
State contributions receivable	.....	59,093	.....	.....	59,093
Nonstate contributions receivable	124	251,911	.....	.....	252,035
Interest receivable	1,718	202,996	3,016	3,723	211,453
Dividends receivable	189	161,194	.....	.....	161,383
Pending investment sales	298	1,487,379	.....	13,206	1,500,883
Forward contracts	.....	270,859	.....	.....	270,859
Due from state funds	54	26	.....	74,249	74,329
Due from other governments	15,523	.....	.....	.....	15,523
Total receivables	43,166	2,454,004	3,016	633,058	3,133,244
Security lending collateral	31,309	4,938,460	.....	.....	4,969,769
Advances to other funds	755,925	.....	.....	.....	755,925
Advances to other entities	1,207,832	.....	.....	.....	1,207,832
Capital assets	15,660	879	.....	.....	16,539
Accumulated depreciation	(963)	(516)	.....	.....	(1,479)
Other assets	3,187	6,399	17	.....	9,603
Total assets	2,958,263	144,610,090	7,469,186	2,337,070	157,374,609
LIABILITIES					
Accounts payable and accrued liabilities	17,810	74,442	297	726,774	819,323
Due to other funds	2,991	2,441	28	179,988	185,448
DROP	.....	2,939,924	.....	.....	2,939,924
Pending investment purchases	1,967	5,708,173	.....	.....	5,710,140
Short sell obligations	.....	380,076	.....	.....	380,076
Forward contracts payable	.....	272,261	.....	.....	272,261
Broker rebate fees	2	165	.....	.....	167
Due to other governments	6,413	.....	713	462,089	469,215
Obligations under security lending agreements	88,920	5,043,559	165,144	82,217	5,379,840
Claims payable	3,612	3,292	.....	19,192	26,096
Deposits payable	6,716	8,016	.....	866,810	881,542
Compensated absences	374	987	.....	.....	1,361
Other liabilities	10,634	8,002	.....	.....	18,636
Total liabilities	139,439	14,441,338	166,182	2,337,070	17,084,029
NET ASSETS					
Held in trust for pension benefits and other purposes	\$ 2,818,824	\$ 130,168,752	\$ 7,303,004	\$	\$ 140,290,580

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

2012 STATE OF FLORIDA CAFR

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Totals 6/30/12
ADDITIONS				
<u>Contributions and other deposits</u>				
Pension fund contributions - state	\$	\$ 661,743	\$	\$ 661,743
Pension fund contributions - nonstate	.....	2,125,019	.....	2,125,019
Employer/employee contributions	.....	147,379	.....	147,379
Purchase of time by employees	.....	110,921	.....	110,921
Fees	1,933	1,179	.....	3,112
Grants and contributions	211,960	.....	.....	211,960
Flexible benefits contributions	.....	244,745	.....	244,745
Fines, forfeits, settlements and judgments	866	.....	.....	866
Unclaimed property remittances	377,310	.....	.....	377,310
Receivership assets acquired	55,899	.....	.....	55,899
Transfers in from state funds	1,332	1,008,474	42,766	1,052,572
Total contributions and other deposits	649,300	4,299,460	42,766	4,991,526
<u>Investment income</u>				
Interest income	21,309	1,580,155	69,467	1,670,931
Dividends	2,879	1,958,935	.....	1,961,814
Other investment income	390	14	.....	404
Net increase (decrease) in fair market value	5,227	(3,219,479)	16,374	(3,197,878)
Total investment income	29,805	319,625	85,841	435,271
Investment activity expense	(556)	(358,062)	(3,435)	(362,053)
Net income (loss) from investing activity	29,249	(38,437)	82,406	73,218
<u>Security lending activity</u>				
Security lending income	91	50,100	.....	50,191
Security lending expense	(13)	(9,063)	.....	(9,076)
Net income from security lending	78	41,037	.....	41,115
Total net investment income	29,327	2,600	82,406	114,333
Other additions	5,544	25	.....	5,569
Total additions	684,171	4,302,085	125,172	5,111,428
DEDUCTIONS				
Benefit payments	.....	9,036,747	.....	9,036,747
Insurance claims expense	14,323	62	.....	14,385
Supplemental insurance payments	.....	70,082	.....	70,082
Flexible reimbursement payments	.....	26,777	.....	26,777
Life insurance premium payments	.....	29,774	.....	29,774
Remittances to annuity companies	.....	212,489	.....	212,489
Interest expense	691	2	.....	693
Student loan default payments	187,433	.....	.....	187,433
Payments to unclaimed property claimants	210,603	.....	.....	210,603
Distribution to State School Fund	56,999	.....	.....	56,999
Administrative expense	22,644	46,814	54	69,512
Property disposition gain (loss)	.....	1	.....	1
Transfers out to state funds	3,863	1,038,449	42,766	1,085,078
Other deductions	22,997	24,553	.....	47,550
Total deductions	519,553	10,485,750	42,820	11,048,123
<u>Depositor activity</u>				
Deposits	149,289	.....	14,471,160	14,620,449
Withdrawals	(51,548)	.....	(14,888,718)	(14,940,266)
Excess (deficiency) of deposits over withdrawals	97,741	.....	(417,558)	(319,817)
Change in net assets	262,359	(6,183,665)	(335,206)	(6,256,512)
Net assets - beginning	2,556,465	136,352,417	7,656,094	146,564,976
Adjustments to increase (decrease) beginning net assets	.....	.....	(17,884)	(17,884)
Net assets - beginning, as restated	2,556,465	136,352,417	7,638,210	146,547,092
Net assets - ending	\$ 2,818,824	\$ 130,168,752	\$ 7,303,004	\$ 140,290,580

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

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COMPONENT UNIT FINANCIAL STATEMENTS

Major Component Units

FLORIDA HOUSING FINANCE CORPORATION

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

UNIVERSITY OF FLORIDA

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

CITIZENS PROPERTY INSURANCE CORPORATION

Pursuant to Section 627.351(6), Florida Statutes, this corporation was created to provide certain residential property, non-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 233.

2012 STATE OF FLORIDA CAFR

STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2012
(in thousands)

	Florida Housing Finance Corporation	University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units
ASSETS				
Cash and cash equivalents	\$ 444,158	\$ 152,621	\$ 1,575,852	\$ 871,713
Pooled investments with State Treasury	455,285	1,029,472	.....	1,536,635
Other investments	2,437,621	396,770	11,302,167	4,145,441
Receivables, net	182,264	539,936	370,596	975,029
Due from component units/primary	.....	74,938	.....	435,306
Inventories	.....	27,285	.....	40,300
Restricted cash and cash equivalents	.....	1,500	11,726	454,911
Restricted pooled investments with State Treasury	.....	96,493	.....	538,467
Restricted investments	.....	1,783,524	.....	2,755,244
Other loans and notes receivable, net	2,906,605	37,491	391,354	51,027
Other assets	23,568	373,946	263,459	335,835
Capital assets, net	33	2,868,811	8,834	19,251,446
Total assets	<u>6,449,534</u>	<u>7,382,787</u>	<u>13,923,988</u>	<u>31,391,354</u>
LIABILITIES				
Accounts payable and accrued liabilities	88,373	407,980	1,535,501	749,784
Due to component units/primary	.....	71,378	.....	122,317
Deferred revenues	77,002	110,235	.....	327,217
Long-term liabilities				
Due within one year	311,658	99,293	1,920,155	442,120
Due in more than one year	3,958,382	1,288,813	4,433,540	4,823,785
Total liabilities	<u>4,435,415</u>	<u>1,977,699</u>	<u>7,889,196</u>	<u>6,465,223</u>
NET ASSETS				
Invested in capital assets, net of related debt	33	2,051,563	8,834	16,383,343
Restricted for				
Debt service	.....	5,289	.....	69,591
Other	1,904,144	945,297	.....	2,955,650
Funds held for permanent endowment				
Expendable	.....	226,536	.....	272,066
Nonexpendable	.....	1,127,419	.....	2,075,857
Unrestricted	109,942	1,048,984	6,025,958	3,169,624
Total net assets	<u>\$ 2,014,119</u>	<u>\$ 5,405,088</u>	<u>\$ 6,034,792</u>	<u>\$ 24,926,131</u>

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

Totals	
<u>6/30/12</u>	
\$	3,044,344
	3,021,392
	18,281,999
	2,067,825
	510,244
	67,585
	468,137
	634,960
	4,538,768
	3,386,477
	996,808
	<u>22,129,124</u>
	<u>59,147,663</u>
	2,781,638
	193,695
	514,454
	2,773,226
	<u>14,504,520</u>
	<u>20,767,533</u>
	18,443,773
	74,880
	5,805,091
	498,602
	3,203,276
	<u>10,354,508</u>
\$	<u><u>38,380,130</u></u>

2012 STATE OF FLORIDA CAFR

**STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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	\$ 452,177	\$ 296,482	\$	\$	\$ (155,695)
University of Florida	4,761,128	2,742,287	1,351,614	22,010	.....
Citizens Property Insurance Corporation	1,981,303	2,308,672	.....	.....	.....
Nonmajor component units	10,780,129	2,981,401	3,711,328	432,553	.....
Total component units	\$ 17,974,737	\$ 8,328,842	\$ 5,062,942	\$ 454,563	(155,695)

General revenues

Property taxes	.....
Investment earnings (loss)	.....
Gain (loss) on sale of capital assets	.....
Payments from the State of Florida	.....
Miscellaneous	240,085
Contributions to permanent funds	.....
Total general revenues and contributions	240,085
Change in net assets	84,390
Net assets - beginning	1,929,729
Adjustments to increase (decrease) beginning net assets	.....
Net assets - ending	\$ 2,014,119

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

2012 STATE OF FLORIDA CAFR

Net (Expense) Revenue and Changes in Net Assets			
University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/12
\$	\$	\$	\$ (155,695)
(645,217)	.....	.....	(645,217)
.....	327,369	.....	327,369
.....	.....	(3,654,847)	(3,654,847)
(645,217)	327,369	(3,654,847)	(4,128,390)
.....	.....	694,322	694,322
41,501	201,013	119,478	361,992
(2,134)	.....	(41,877)	(44,011)
531,880	.....	2,528,075	3,059,955
93,067	6,740	501,418	841,310
45,234	.....	18,249	63,483
709,548	207,753	3,819,665	4,977,051
64,331	535,122	164,818	848,661
5,340,548	5,499,670	24,761,313	37,531,260
209	209
\$ 5,405,088	\$ 6,034,792	\$ 24,926,131	\$ 38,380,130

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The State of Florida's (the state's) financial reporting entity includes the primary government (i.e., legislative agencies, the Governor and Cabinet, departments and agencies, commissions 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
- State Board of Administration of Florida (SBA)
- Florida Surplus Lines Service Office
- Florida Water Pollution Control Financing Corporation
- Inland Protection Financing Corporation
- Prescription Drug Monitoring Program Foundation*
- Scripps Florida Funding Corporation
- Space Florida
- State Board of Education (SBE)
- Volunteer Florida Foundation
- 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.

* The state's financial statements do not include amounts relating to this component unit. The assets of this component unit at June 30, 2012, are approximately \$221,000.

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, 2012. 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. The Florida College System is governed by the State Board of Education. Each university and college is administered by a local board of trustees. All state universities and 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 College System Institutions

Nonmajor:

- Brevard Community College
- Broward College
- Chipola College
- College of Central Florida
- Daytona State College
- Edison State College
- Florida Gateway College
- Florida Keys Community College
- Florida State College at Jacksonville
- Gulf Coast State College
- Hillsborough Community College
- Indian River State College
- Lake-Sumter Community College
- 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
- Santa Fe College
- Seminole State College of Florida
- South Florida Community College
- St. Johns River State College
- St. Petersburg College
- State College of Florida, Manatee-Sarasota
- Tallahassee Community College
- Valencia 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, Inc.*
- Florida Birth-Related Neurological Injury Compensation Plan
- Florida Board of Governors Foundation, Inc.*
- Florida Comprehensive Health Association
- Florida Development Finance Corporation*
- 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 State Fair Authority
- Florida Telecommunications Relay, Inc.*
- Florida Tourism Industry Marketing Corporation, Inc.
- Florida Veterans Foundation, Inc.*
- Florida Virtual School
- 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
- Technological Research and Development Authority*
- The Florida College System Foundation, Inc.*
- The Florida Endowment Foundation for Vocational Rehabilitation, Inc.
- Wildlife Alert Reward Association*
- Wildlife Foundation of Florida, Inc.*

*The state's financial statements do not include amounts relating to several component units. The assets and revenues relating to these component units totaled \$116 million and \$201 million, respectively. These amounts represent one percent or less 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 Financial Reporting
 Statewide Financial Reporting Section
 200 East Gaines Street
 Tallahassee, Florida 32399-0364
 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. Transfers from other funds, pollutant tax collections, and federal grants are its major sources of revenue.

Public Education – a special revenue fund, includes funds used to operate education-related programs. Significant sources of revenue for this fund are federal grants, transfers from the Florida Lottery, and utility taxes.

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 public assistance. Grants and funding from the federal government are the predominant sources of revenue for this fund.

Transportation – a special revenue fund, accounts for the maintenance and development of the state highway system and other transportation-related projects. It accounts for federal grants, motor fuel and aviation fuel taxes, automobile registration fees, and other revenues that are used for transportation purposes.

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 Flows 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 reports investments in accordance with GASB Codification Section I50, *Investments*.

Investments with the State Treasury are reported at fair value which is obtained from independent pricing service providers. Independent pricing service providers use quoted market prices when available and employ various, sometimes proprietary, multifactor models for determining a security's fair value if it is not available from quoted market prices. 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.

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). 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 identified in fund balance as nonspendable. 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 purchases, capital leases, advances from the Federal government, and public-private partnership agreements, 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, 2012, the government-wide statement of net assets reported \$15.2 billion of restricted net assets, of which \$12.0 billion is restricted by enabling legislation.

Components of Fund Balance

Nonspendable fund balance includes amounts that cannot be spent. This includes activity that is not in a spendable form such as inventories, prepaid amounts, and, in the general fund, long-term portion of loans/ net notes receivable unless the proceeds are restricted, committed or assigned. Additionally, activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund, is considered to be nonspendable.

Restricted fund balances have constraints placed upon the use of the resources either by an external party, such as the Federal government, or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the state’s highest level of decision-making authority, the Legislature and the Governor, i.e. through legislation passed into law. Commitments may only be modified or rescinded by equivalent formal, highest-level action.

Unassigned fund balance is the residual amount of the General Fund not included in the three categories described above. Also, any remaining deficit fund balances within the other governmental fund types are reported as unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the state’s general policy to use restricted resources first. When expenditures are incurred for which unrestricted (committed or unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the state’s general policy to spend committed resources first. However, the agency responsible for administering the resources determines the flow assumption used to identify the portion of expenses paid from restricted resources.

Fund Balances Classifications and Special Revenue by Purpose – The Governmental Accounting Standards Board, in Statement No. 54, requires presentation of governmental fund balances and special revenue fund revenues by specific purpose. In the basic financial statements, the fund balance classifications are presented in the aggregate. The table presented below displays further detail of nonspendable fund balance and appropriation of resources existing at June 30, 2012 (in thousands).

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
Fund balances:							
Nonspendable:							
Inventory and Prepaid Items	\$ 9,431	\$ 647	\$	\$ 46,994	\$ 10,863	\$ 1,839	\$ 69,774
Long-term Receivables and Advances	23,892	.....	.....	.....	.....	.....	23,892
Permanent Fund Principal	.....	.....	.....	.....	.....	13,917	13,917
Total	33,323	647	.....	46,994	10,863	15,756	107,583
Restricted:							
Grantors/Contributors	.....	13,926	.....	9,724	25,159	29,930	78,739
Enabling Legislation	12,512	9,511	.....	32,463	50	373,205	427,741
Constitutional Provision	18,909	22,259	644,944	.....	.....	5,426	691,538
Creditors	8,643	65,979	.....	5,994	.....	1,517,193	1,597,809
Federal Government	9,675	1,674,082	27,181	65,743	.....	128,445	1,905,126
Total	49,739	1,785,757	672,125	113,924	25,209	2,054,199	4,700,953
Committed:	982,189	626,915	229,512	995,151	1,670,012	867,825	5,371,604
Unassigned:	3,735,358	.....	.....	.....	.....	.....	3,735,358
Total Fund Balances	\$ 4,800,609	\$ 2,413,319	\$ 901,637	\$ 1,156,069	\$ 1,706,084	\$ 2,937,780	\$ 13,915,498

Section 215.32(2)(b)4.a, F.S., provides that the unappropriated cash balances from selected trust funds may be authorized by the Legislature for transfer to the Budget Stabilization Fund and the General Revenue Fund through the General Appropriation Act. The amounts indicated below were identified in the State's 2012-13 General Appropriations Act as being unappropriated June 30, 2012, cash balances that are to be transferred to and from the funds indicated during the 2012-13 fiscal year.

Transfer to (from) Fund	\$ 68,644	\$ (45,726)	\$	\$ (12,000)	\$	\$ (10,918)	\$
Transfer from Non-Governmental Funds	123,496	.....	.....	.....	.....	.....	123,496
Totals	192,140	(45,726)	.....	(12,000)	.....	(10,918)	123,496

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**Changes in Reporting Component Units**

The following entity was determined to be a new component unit of the State of Florida for the fiscal year ended June 30, 2012:

- The Florida College System Foundation, Inc.

Chapter 2011-142, Laws of Florida, directed the merger of the following entities (reported as component units in prior fiscal years) into Enterprise Florida, Inc.:

- Florida Black Business Investment Board, Inc.
- Florida Sports Foundation, Inc.
- Florida Tourism Industry Marketing Corporation, Inc.

J. Prior Period Adjustments

Fund balances and net assets at July 1, 2011, have been increased as follows in relation to the activities of prior years (in thousands):

GOVERNMENTAL ACTIVITIES**Government-wide Reconciling Items****Transportation**

To increase beginning net assets for construction work-in-process amounts related to public-private partnership agreements on infrastructure projects \$1,022,492

To decrease beginning net assets for liabilities related to public-private partnership agreements on infrastructure projects (1,060,992)

Total Government-wide Reconciling Items \$ (38,500)

COMPONENT UNITS**Major Component Units****University of Florida**

To increase beginning net assets for prior year overstatement of accumulated depreciation \$ 223

To decrease beginning net assets related to a change in accounts receivable and accounts payable (14)

Total Major Component Units \$ 209

FIDUCIARY FUNDS**Investment Trust Funds****Investment Pool A**

To decrease beginning net assets due to the removal of a component unit from the participant balance of the Local Government Surplus Funds Trust Fund (\$17,703)

Investment Pool B

To decrease beginning net assets due to the removal of a component unit from the participant balance of the Fund B Surplus Funds Trust Fund (181)

Total Investment Trust Funds \$ (17,884)

K. Budget Stabilization Fund

The State Constitution mandates the creation and maintenance of a Budget Stabilization Fund, in an amount not less than 5% nor more than 10% of the last complete fiscal year's net revenue collections for the General Revenue Fund. Monies in the Budget Stabilization Fund may be transferred to the General Revenue Fund to offset a deficit therein or to provide emergency funding, including payment of up to \$38 million with respect to certain uninsured losses to state property. Monies in this fund are constitutionally prohibited from being obligated or otherwise committed for any other purposes. Any withdrawals from the Budget Stabilization Fund must be restored from general revenues in five equal annual installments, commencing in the third fiscal year after the expenditure, unless the Legislature establishes a different restoration schedule, in accordance with Section 215.32, F.S.

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 \$493.8 million in cash at June 30, 2012. The planned repayment schedule is presented below. The first repayment was made in June 2012, resulting in a remaining balance of \$857,925,800. 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	\$ 672,407,250	\$
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		\$ 1,072,407,250	\$ 1,072,407,250

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2012, the state’s deposits in financial institutions totaled approximately \$1.6 billion for primary government and \$3.5 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 Department of Financial Services Rules, 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, 2012, 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, 2012**

Custodial Credit Risk	Bank Statement Balance (in U.S. \$)	
	Primary Government	Component Units
(1)	\$ 225,217	\$ 224,984
(2)	.....	508,894
(3)	.....	6,999
Total deposits subject to custodial credit risk	\$ 225,217	\$ 740,877

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 Pension Trust Fund, under the investment policy statement approved by SBA Trustees on February 9, 2012, foreign and domestic equity securities are included in the global equity asset class, which has a target allocation of 52%, with a policy range from 44-60%, but within this range there are no limits on the amount of foreign equity securities that are not denominated in U.S. dollars. For the LCEF, Trustees approved a new investment policy on February 9, 2012, that allows the SBA to phase in over a twelve month period beginning after October 1, 2011, the asset class change from domestic and foreign equity, to global equity (a mix of domestic and foreign equity). Once implemented, the global equity asset class will have a policy range of 61-81% and a target allocation of 71%. SBA began implementing this change on July 1, 2012. Prior to this change, total assets held in the foreign equities asset class were 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 35% of the total fund. The FRS and LCEF investment plans 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, 2012, as illustrated in the following schedule (in thousands):

Foreign Currency Deposits Held As of June 30, 2012

Currency	Bank Statement Balance (in U.S. \$)			
	FRS Pension	LCEF	Prepaid	Total
	Trust Fund		Program	
Australian dollar	\$ 8,878	\$ 1	\$ 35	\$ 8,914
Brazilian real	3,114	11	.....	3,125
British pound sterling	27,190	8	47	27,245
Canadian dollar	15,392	6	.....	15,398
Czech koruna	18	42	.....	60
Danish krone	2,027	24	.....	2,051
Egyptian pound	258	.....	.....	258
Euro currency unit	42,798	217	89	43,104
Hong Kong dollar	17,721	12	4	17,737
Indian rupee	397	.....	.....	397
Indonesian rupiah	1,437	9	.....	1,446
Israeli shekel	918	.....	15	933
Japanese yen	35,228	243	207	35,678
Kenyan shilling	240	.....	.....	240
Malaysian ringgit	645	48	.....	693
Mexican new peso	499	33	.....	532
New Zealand dollar	248	14	3	265
Norwegian krone	1,925	2	.....	1,927
Phillipines peso	526	68	.....	594
Singapore dollar	4,368	60	.....	4,428
South African rand	1,151	8	.....	1,159
South Korean won	705	.....	.....	705
Swedish krona	3,288	22	27	3,337
Swiss franc	21,029	40	27	21,096
Taiwan new dollar	15,526	.....	.....	15,526
Thailand baht	274	4	.....	278
Turkish new lira	5,846	.....	.....	5,846
Other	619	5	.....	624
Total deposits subject to foreign currency risk	\$ 212,265	\$ 877	\$ 454	\$ 213,596

B. Investments

At June 30, 2012, the state’s investments in governmental and business-type activities and fiduciary funds totaled \$191.6 billion, consisting of pooled investments with the State Treasury in the amount of \$16.7 billion and other investments in the amount of \$174.9 billion. The State Treasury also had holdings at June 30, 2012, of \$3.7 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 \$22.1 billion.

Pooled Investments with the State Treasury

Unless specifically exempted by statute, all cash of the state must be deposited in the State Treasury. 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 the 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, 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, 2012, was \$14.9 billion or 73% 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, 2012**

ASSETS	
Current and Other Assets	\$ 21,598,875
Total Assets	<u>21,598,875</u>
LIABILITIES	
Other Liabilities	3,225,839
Total Liabilities	<u>3,225,839</u>
NET ASSETS	
Net assets held for Internal Pool Participants	16,824,208
Net assets held for External Pool Participants	1,548,828
	<u>\$ 18,373,036</u>

**Statement of Changes in Fiduciary Net Assets
June 30, 2012**

ADDITIONS	
Net income (loss) from investing activity	\$ 559,798
DEDUCTIONS	
Distributions paid and payable	<u>(559,798)</u>
DEPOSITOR ACTIVITY	
Deposits	123,056,049
Withdrawals	(121,891,927)
Excess (deficiency) of deposits over withdrawals	<u>1,164,122</u>
Change in net assets	1,164,122
Net assets, beginning	<u>17,208,914</u>
Net assets, ending	<u>\$ 18,373,036</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	\$ 907,704	\$ 907,670	0.01%-0.18%	7/2/2012-7/27/2012
Repurchase agreements	1,923,118	1,923,118	0.06%-0.18%	7/2/2012-7/5/2012
U.S. guaranteed obligations	3,601,276	3,663,073	0.13%-31.45%	8/31/2012-3/20/2061
Federal agencies	4,845,631	4,914,911	0.13%-17.89%	7/30/2012-4/1/2056
Domestic bonds & notes	4,623,578	3,384,677	0.00%-10.50%	7/1/2012-5/15/2112**
International bonds & notes	506,088	534,304	0.48%-9.63%	10/1/2012-3/8/2044
U.S. guaranteed obligations discounted securities*	1,409,965	1,399,180	0.03%-2.65%	7/12/2012-5/15/2030
Federal agency discounted securities*	3,027,919	3,026,728	0.06%-0.26%	7/10/2012-3/25/2042
Commingled STIF	798,103	798,103	N/A	N/A
Unemployment compensation funds pooled with U.S. Treasury	30,217	30,217	N/A	N/A
Totals	\$ 21,673,599	\$ 20,581,981		

* The coupon rate in effect at June 30, 2012, is reported. If a security is discounted, the purchase yield is reported. Yields were reported for Commercial paper.

** Holdings included two securities which were carried at a loss and matured before the current fiscal year. The original maturity dates were 3/23/2009 and 4/3/2009, respectively.

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 at fair value at June 30, 2012, as well as reconciliation to the basic financial statements (in thousands):

**Schedule of Pooled Investments with State Treasury
As of June 30, 2012**

Investment type	Fair Value
Commercial paper	\$ 907,670
Repurchase agreements	450,000
U.S. guaranteed obligations	5,056,132
Federal agencies	7,896,451
Domestic bonds and notes	3,016,055
International bonds and notes	420,186
Commingled STIF	798,103
Unemployment compensation funds pooled with U. S. Treasury	30,217
Total investments excluding security lending collateral	<u>18,574,814</u>
Lending collateral investments:	
Repurchase agreements	1,473,118
U.S. guaranteed obligations	6,121
Federal Agencies	45,188
Bonds and notes - domestic	368,622
Bonds and notes - international	114,118
Total lending collateral investments	<u>2,007,167</u>
Total investments	20,581,981
Cash on deposit	1,016,894
Total State Treasury holdings	<u>21,598,875</u>
Adjustments:	
Outstanding warrants	(553,214)
Outstanding deposits	(45,200)
SPIA Revolving Account*	(7,524)
Unsettled securities liability	(616,378)
Reconciled balance, June 30, 2012	<u><u>\$ 20,376,559</u></u>
Reconciliation to the basic financial statements (in thousands):	
Pooled investments with State Treasury	
Governmental activities	\$ 11,396,965
Business-type activities	1,229,141
Fiduciary funds	3,979,271
Component Units	3,021,392
Component units timing difference	25,471
Total pooled investments with State Treasury	<u>19,652,240</u>
Restricted pooled investments with State Treasury	
Business-type activities	89,359
Component units	634,960
Total restricted pooled investments with State Treasury	<u>724,319</u>
Total pooled investments with State Treasury for primary government	<u><u>\$ 20,376,559</u></u>

* The SPIA Revolving Account is included as cash and cash equivalent by the agencies.

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 75% of total other investments at June 30, 2012. Investments in the Florida Hurricane Catastrophe Fund and the Florida Prepaid College Trust Fund represented another 6.8% and 6.7%, 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, 2012, as well as reconciliation to the basic financial statements (in thousands):

**Schedule of Other Investments
As of June 30, 2012**

Investment type	Fair value			Total
	FRS Pension Trust Fund	Other funds		
		Managed by SBA	Not managed by SBA	
Certificates of deposit	\$ 899,769	\$ 3,978,461	\$ 2,305	\$ 4,880,535
Commercial paper	3,638,373	5,459,314	.....	9,097,687
Money market funds	16,064	2,582,982	9,777	2,608,823
Repurchase agreements	2,055,000	3,501,388	.....	5,556,388
U.S. guaranteed obligations	9,430,834	8,706,720	34,239	18,171,793
Federal agencies	9,699,691	5,128,345	6,722	14,834,758
Domestic bonds & notes	8,814,663	2,003,712	1,224,601	12,042,976
Domestic bonds & notes commingled funds	.....	2,620,871	.....	2,620,871
International bonds & notes	3,353,042	257,505	357	3,610,904
Domestic stocks	33,407,723	1,054,826	21,169	34,483,718
Domestic equity group trust	.....	.....	.....	.....
Domestic equity commingled funds	.....	2,471,771	.....	2,471,771
International stocks	30,177,809	207,914	2,525	30,388,248
International equity commingled funds	5,966,638	1,017,835	.....	6,984,473
Alternative investments - domestic	7,832,316	.....	.....	7,832,316
Alternative investments - international	3,400,754	.....	.....	3,400,754
Option contracts	59	.....	3,438	3,497
Swap contracts (debt related)	1,092	.....	.....	1,092
Real estate investments	8,176,282	.....	564	8,176,846
Mutual funds	.....	.....	1,402,874	1,402,874
Deferred compensation annuities	.....	.....	35,642	35,642
Total investments excluding lending collateral	126,870,109	38,991,644	2,744,213	168,605,966
Lending collateral investments:				
Certificates of deposit	.....	384,275	.....	384,275
Commercial paper	.....	180,450	.....	180,450
Short-term security lending collateral pool	.....	20,207	.....	20,207
Repurchase agreements	4,668,171	906,132	.....	5,574,303
U.S. guaranteed obligations	.....	184,947	.....	184,947
Federal agencies	.....	140,003	.....	140,003
Domestic bonds & notes	209,977	174,150	.....	384,127
International bonds & notes	60,312	82,091	.....	142,403
Total lending collateral investments	4,938,460	2,072,255	.....	7,010,715
Total investments for all types - fair value	\$ 131,808,569	\$ 41,063,899	\$ 2,744,213	\$ 175,616,681
Total investments for all types - carrying value	\$ 131,808,569	\$ 41,049,553	\$ 2,744,500	\$ 175,602,622
% of total other investments for primary government	75%	23%	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	\$ 1,413,325	\$ 13,029,609	\$	\$ 726,480	\$ 15,169,414
Restricted investments	1	1,468,789	.....	.....	1,468,790
Long-term investments	237,834	10,744,896	143,012,325	.....	153,995,055
Security lending collateral	.....	.....	4,969,769	.....	4,969,769
² Timing Difference	(631)	(31)	(90)	346	(406)
Total other investments	\$ 1,650,529	\$ 25,243,263	\$ 147,982,004	\$ 726,826	\$ 175,602,622

¹The column for Component Units presents 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.

²Differences between participant balances posted and actual investments. Some Component Units have fiscal year ends other than June 30, 2012.

Certain investments included in the above schedule were pledged as collateral with the SBA’s futures clearing broker. These investments are presented below (in thousands):

FRS Pension Trust Fund
Securities Pledged as Collateral for Futures Contracts
As of June 30, 2012

Investment Type	Fair Value
U.S. guaranteed obligations	\$ 1,445
Federal agencies	36,111
Domestic stocks	22,780
Total	\$ 60,336

The FRS Pension Trust Fund also held short positions in investments at June 30, 2012. 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, 2012 (in thousands):

FRS Pension Trust Fund
Short Investment Positions
As of June 30, 2012

Investment Type	Fair Value
Federal agencies	\$ (380,076)
Option contracts	(257)
Total	\$ (380,333)

The SBA issued a separate report (financial statements and notes) pertaining to the Local Government Surplus Funds Trust Fund (an external investment pool) within the state’s Investment Trust Fund for the period ended June 30, 2012. This report may be obtained from the Chief Operating & Financial Officer, 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, 2012, 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, 2012, are excluded.

**Schedule of Other Investments
For Discretely Presented Component Units
As of June 30, 2012**

Investment type	Fair value
Certificates of deposit	\$ 161,116
Commercial paper	68,407
Repurchase agreements	183,254
Money market funds	504,084
U.S. guaranteed obligations	3,177,043
Federal agencies	3,967,240
Domestic bonds & notes	8,288,899
International bonds & notes	123,897
Domestic stocks	940,349
International stocks	255,581
Real estate investments	111,421
Mutual funds	1,862,730
Investment agreements	2,446,840
Total other investments for all types - fair value	<u>\$ 22,090,861</u>
Total other investments for all types - carrying value	<u>\$ 22,094,287</u>
Reconciliation of carrying value to the basic financial statements:	
Other investments	\$ 18,281,999
Restricted investments	4,538,768
Less SBA Investments*	(726,480)
Total other investments for component units	<u>\$ 22,094,287</u>

*Investment types for Component units with investments held by SBA are disclosed on the Schedule of Other Investments on page 72.

At June 30, 2012, 72.20% 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, 2012, 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, 2012**

S&P rating**	Moody's rating**	Total*	Commercial paper	Federal agencies	Domestic bonds & notes	International bonds & notes
A-1		\$ 915,743	\$ 907,670	\$ 6,098	\$ 1,975	\$
AAA		585,085	.....	.....	567,628	17,457
AA		8,048,727	.....	7,467,076	434,436	147,215
A		1,842,577	.....	162	1,615,942	226,473
BBB		655,932	.....	.....	547,773	108,159
BB		4,579	.....	.....	4,579	.....
B		3,976	.....	.....	3,976	.....
Below B		1,025	.....	.....	1,025	.....
	P-1	1,896	.....	.....	1,896	.....
	Aaa	185,267	.....	.....	185,267	.....
	Aa	2,199	.....	.....	2,199	.....
	A	3,165	.....	.....	3,165	.....
	Below A	2,442	.....	.....	2,442	.....
Not rated		515,677	.....	468,303	12,374	35,000
		<u>\$ 12,768,290</u>	<u>\$ 907,670</u>	<u>\$ 7,941,639</u>	<u>\$ 3,384,677</u>	<u>\$ 534,304</u>
Not rated		5,062,253	U.S. guaranteed obligations			
Not rated		798,103	Commingled STIF			
Not rated		1,923,118	Repurchase agreements			
		<u>\$ 20,551,764</u>				

*The remaining (\$30,217) (in thousands) reported for Pooled Investments with State Treasury is comprised primarily of investments with the U.S. Treasury Unemployment Compensation Funds Pool, and outstanding warrants as presented in the Schedule of Pooled Investments with the State Treasury

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

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 and duration 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, 2012, more than five percent of the State Treasury’s investment pool is invested in Federal Home Loan Bank System (FHLB), Federal National Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB), and the Federal Home Loan Mortgage Corporation (FHLMC). These investments are approximately 13 percent, 11 percent, 10 percent, and 5 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 portfolio – Securities must be high quality at the time of purchase. For short-term investment ratings, this is defined as the highest applicable rating from one of the three NRSROs – 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 (excluding U.S. Treasuries and Agencies) should not represent more than 5% of portfolio amortized cost.

Mortgage Index Portfolio – 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.

Aggregate Less MBS Portfolio – 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-. This portfolio primarily contains U.S. Treasuries, Government Agencies, and Corporates.

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). 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.

High Yield portfolios – The majority of the securities should be rated below investment grade (minimum of S&P, Moody’s, Fitch C, and maximum of S&P BB+, Moody’s Ba1, and Fitch BB+) by one of the NRSROs at the time of purchase and must be U.S. dollar denominated. No more than 10% of market value shall be invested in investment grade securities (S&P BBB-, Moody’s Baa3 and Fitch BBB-) or higher by two of the three NRSROs. 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 – Under investment policy guidelines in effect for the fiscal years ended June 30, 2012 and 2011, eligible investments must be tri-party Qualified Repurchase Agreement transactions in which the subject securities thereunder will be repurchased by the seller thereof no later than one business day from the purchase date, and such repurchase obligations are collateralized by U.S. Government Securities having a market value of at least 100% of the market value of securities subject to being repurchased. “U.S. Government Securities” means any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States, or any certificate of deposit for any of the foregoing, including without limitation notes, bonds and other debt securities issued by the FNMA and the FHLMC. In addition to tri-party repurchase agreements, investments purchased prior to the effective date of the new investment policy guidelines are being held to maturity in existing lending portfolios. The previous investment policy guidelines contained short-term rating requirements that were similar to the current short-term portfolio rating requirements. Repurchase agreements were required to be fully collateralized. These portfolios were allowed to hold up to the greater of \$5 million or 5% of its assets in securities by a single issuer (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 was allowed to be invested in the obligations of any single issuer, guarantor, or repo counterparty that matured on the next business day, that were redeemable upon demand, or that contained an unconditional put feature.

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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, 2012. The schedule below discloses credit quality ratings on investments held in the FRS Pension Trust Fund at June 30, 2012 (in thousands).

**FRS Pension Trust Fund
Credit Quality Ratings
As of June 30, 2012**

Credit Rating ¹		Total ²	Certificates of deposit	Commercial paper	Money market funds	Federal agencies	Domestic bonds & notes	International bonds & notes
S&P	Moody							
A-1/AAAm		\$ 3,654,437	\$	\$ 3,638,373	\$ 16,064	\$	\$	\$
AAA		1,516,879	.....	.....	.....	.....	1,049,664	467,215
AA		3,142,141	100,006	.....	.....	1,879,927	834,535	327,673
A		4,010,210	.....	.....	.....	54,143	3,151,837	804,230
BBB		3,265,838	.....	.....	.....	.....	2,517,930	747,908
BB		302,703	.....	.....	.....	.....	266,807	35,896
B		83,908	.....	.....	.....	.....	82,929	979
CCC		72,420	.....	.....	.....	.....	71,589	831
CC		6,877	.....	.....	.....	.....	6,877	.....
D		3,569	.....	.....	.....	.....	3,569	.....
	Aaa	561,177	.....	.....	.....	2,762	415,832	142,583
	Aa	77,545	49,985	.....	.....	.....	27,560	.....
	A	93,711	.....	.....	.....	.....	52,721	40,990
	Baa	90,630	.....	.....	.....	.....	48,998	41,632
	Ba	4,378	.....	.....	.....	.....	4,378	.....
	B	1,493	.....	.....	.....	.....	1,493	.....
Not rated	Not rated	9,803,975	749,778	.....	.....	7,762,859	487,921	803,417
		<u>26,691,891</u>	<u>\$ 899,769</u>	<u>\$ 3,638,373</u>	<u>\$ 16,064</u>	<u>\$ 9,699,691</u>	<u>\$ 9,024,640</u>	<u>\$ 3,413,354</u>
Not rated	Not rated	6,723,171	Repurchase agreements					
Not rated	Not rated	9,430,834	U.S. guaranteed obligations					
Not rated	Not rated	33,407,723	Domestic stocks					
Not rated	Not rated	30,177,809	International stocks					
Not rated	Not rated	5,966,638	International equity commingled funds					
Not rated	Not rated	7,832,316	Alternative investments - domestic					
Not rated	Not rated	3,400,754	Alternative investments - international					
Not rated ³	Not rated ³	59	Options purchased					
Not rated ³	Not rated ³	1,092	Swaps					
Not rated	Not rated	8,176,282	Real estate investments					
		<u>\$ 131,808,569</u>	Total investments					

¹ S&P ratings were primarily used. If S&P did not rate a security, then Moody ratings were used. If neither rating agency issued a rating, the security was listed as "Not rated." Long-term ratings are presented except for "A-1", which is a top tier short-term rating for S&P, and "AAAm", the top money market fund rating for S&P.

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

³ Although-swap contracts do not have specific credit quality ratings, counterparty credit ratings are available and are disclosed below.

All futures and options contracts held by the FRS Pension Trust Fund at June 30, 2012, were exchange traded, therefore minimizing counterparty credit risk through the use of a futures clearing merchant and a clearing house. Counterparty credit ratings for swaps held in the FRS Pension Trust Fund at June 30, 2012, are presented below (in thousands).

FRS Pension Trust Fund
Swap Counterparty Credit Ratings
As of June 30, 2012

Counterparty Credit Rating (Long/Short)			Fair Value
S&P	Moody	Fitch	
A/A-1	Aa/P-1	A/F1	\$ 713
A/A-1	A/P-2	A/F1	379
Total swaps			<u>\$ 1,092</u>

Counterparty credit ratings for forward currency exchange contracts held in the FRS Pension Trust Fund at June 30, 2012, are listed below (in thousands).

FRS Pension Trust Fund
Forward Foreign Currency Exchange Contract Counterparty Credit Ratings
As of June 30, 2012

Counterparty Credit Rating (Long/Short) ¹			Receivable	Payable	Net Unrealized
S&P	Moody	Fitch	Fair Value	Fair Value	Gain/(Loss)
AA/A-1	Aaa/P-1	AA/F1	\$ 138,960	\$ (140,048)	\$ (1,088)
AA/A-1	Aa/P-1	AA/F1	60,604	(60,624)	(20)
A/A-1	Aa/P-1	A/F1	3,249	(3,286)	(37)
A/A-1	A/P-1	AA/F1	178	(178)	.....
A/A-1	A/P-2	A/F1	3,397	(3,418)	(21)
A/A-1	NR/P-1	A/F1	22,622	(22,599)	23
A/A-1	NR/P-2	A/F1	2,244	(2,251)	(7)
NR/NR	NR/P-1	NR/NR	12,074	(12,106)	(32)
NR/NR	NR/NR	A/F1	17,033	(17,301)	(268)
NR/NR	NR/NR	NR/NR	10,498	(10,450)	48
			<u>\$ 270,859</u>	<u>\$ (272,261)</u>	<u>\$ (1,402)</u>

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

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The schedule below discloses credit quality ratings on investments held in all funds managed by the SBA (except the FRS Pension Trust Fund) at June 30, 2012, (in thousands).

All SBA Managed Funds (except FRS Pension Trust Fund)
Credit Quality Ratings
As of June 30, 2012

Credit Rating ¹		Total ²	Certificates of deposit	Commercial paper	Money market funds	Federal agencies	Domestic bonds & notes	Domestic bonds & notes commingled funds	International bonds & notes
S&P	Moody								
A-1/AAAm		\$ 7,068,827	\$	\$ 5,639,764	\$ 1,429,063	\$	\$	\$	\$
AAA		374,009	.....	.....	.....	.....	345,886	.....	28,123
AA		3,048,747	135,425	.....	.....	2,410,803	312,981	123,997	65,541
A		667,205	.....	.....	.....	2	536,513	.....	130,690
BBB		407,485	.....	.....	.....	.....	337,529	.....	69,956
BB		7,431	.....	.....	.....	.....	7,175	.....	256
CCC		18,017	.....	.....	.....	.....	18,017	.....	.....
	Aaa	392,230	.....	.....	.....	314,591	77,639	.....	.....
	Aa	166,628	166,628	.....	.....	.....	.....	.....	.....
	Baa	2,157	.....	.....	.....	.....	2,157	.....	.....
Not rated	Not rated	10,839,423	4,060,683	.....	1,153,919	2,542,952	539,965	2,496,874	45,030
		<u>\$ 22,992,159</u>	<u>\$ 4,362,736</u>	<u>\$ 5,639,764</u>	<u>\$ 2,582,982</u>	<u>\$ 5,268,348</u>	<u>\$ 2,177,862</u>	<u>\$ 2,620,871</u>	<u>\$ 339,596</u>
Not rated	Not rated	4,407,520	Repurchase agreements						
Not rated	Not rated	20,207	Short-term security lending collateral pool						
Not rated	Not rated	8,891,667	U.S. guaranteed obligations						
Not rated	Not rated	1,054,826	Domestic stocks						
Not rated	Not rated	2,471,771	Domestic equity commingled funds						
Not rated	Not rated	207,914	International stocks						
Not rated	Not rated	1,017,835	International equity commingled funds						
		<u>\$ 41,063,899</u>	Total investments						

¹S&P ratings were primarily used. If S&P did not rate a security, then Moody ratings were used. If neither rating agency issued a rating, the security was listed as "Not rated." Long-term ratings are presented except for "A-1", which is a top tier short-term rating for S&P, and "AAAm", the top money market fund rating for S&P.

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

The Local Government Surplus Funds Trust Fund held investments with Bank of America (17.03%), Deutsche Bank (11.04%), and Royal Bank of Canada (5.16%) in excess of 5% of the Fund's fair value.

The Florida Hurricane Catastrophe Fund held investments with Bank of America (10.97%), Bank of Nova Scotia (7.25%), Federal Home Loan Bank System (11.46%), and Federal National Mortgage Association (7.95%) in excess of 5% of the Florida Hurricane Catastrophe Fund's fair value.

The Florida Prepaid College Program held investments with the Federal National Mortgage Association (5.55%) in excess of 5% of the Florida Prepaid College Program'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, 2012**

Component Unit	Commercial Paper	Federal agencies	Bonds & notes	Mutual funds	Money market funds	Total	S&P rating
Florida Housing Finance Corporation (FHFC) *	\$	\$ 20,180	\$	\$	\$	\$ 20,180	AA+
FHFC (continued)	145,951	.....	.....	145,951	AAA-BBB-
FHFC (continued)	18,926	.....	.....	18,926	AAA
FHFC (continued)	44,008	.....	.....	.....	44,008	Not rated
FHFC (continued)	2,000	.....	.....	2,000	AAA-A-1
FHFC (continued)	6,952	.....	.....	6,952	AAA-CC
University of Florida (UF)**	477	2,068	1,228	19,500	23,273	AAA
UF (continued)	6,637	53,228	.....	59,865	AA
UF (continued)	10,626	30,728	353	41,707	A
UF (continued)	14	1,990	53,732	32,503	88,239	Not rated
	<u>\$</u>	<u>\$ 64,679</u>	<u>\$ 195,150</u>	<u>\$ 138,916</u>	<u>\$ 52,356</u>	<u>\$ 451,101</u>	

Component Unit	Certificates of deposit	Federal agencies	Bonds & notes	Mutual funds	Other	Total	Moody's
Citizens Property Insurance Corporation (CPIC)	\$ 116,027	\$	\$	\$	\$	\$ 116,027	P-1
CPIC (continued)	.....	.....	7,247,572	.....	.....	7,247,572	Aa2/P-1
CPIC (continued)	.....	3,726,682	.....	.....	.....	3,726,682	Aaa/P-1
CPIC (continued)	.....	.....	.....	.....	177,027	177,027	Not rated
	<u>\$ 116,027</u>	<u>\$ 3,726,682</u>	<u>\$ 7,247,572</u>	<u>\$</u>	<u>\$ 177,027</u>	<u>\$ 11,267,308</u>	

* Florida Housing Finance Corporation (FHFC) reported total investments with a fair value in the amount of \$643 million subject to concentration of credit risk. These investments and amounts were issued by Trinity Funding (\$164 million) and FannieMae (\$479 million).

**University of Florida (UF) reported total investments with a fair value in the amount of \$49 million subject to concentration of credit risk. These investments and amounts were issued by Barclays Bank PLC (\$34 million), US Education Loan Trust IV (\$3 million) and various other issuers (\$12 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, 2012. 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, 2012**

	Fair value
Invested security lending collateral:	
Repurchase agreements	\$ 1,473,118
U.S. Guaranteed obligations	6,121
Federal agencies	45,188
Domestic bonds & notes	368,622
International bonds & notes	114,118
Total	<u>\$ 2,007,167</u>

Other Investments

The SBA's custodial credit risk 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, or in the case of certain foreign investments, in an omnibus client account, but 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 (or, in the case of certain foreign investments, in an omnibus client account) by the SBA's custodial financial institutions at June 30, 2012. 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, 2012**

	FRS Pension Trust Fund	Other funds
Invested security lending collateral:		
Certificates of deposit	\$	\$ 384,275
Commercial paper	.....	180,450
Repurchase agreements	2,329,827	906,132
U.S. government obligations	.....	184,947
Federal agencies	.....	140,003
Domestic bonds & notes	204,559	174,150
International bonds & notes	27,829	82,091
Total	<u>\$ 2,562,215</u>	<u>\$ 2,052,048</u>

Component Units

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

**Major Component Unit
Custodial Credit Risk
As of June 30, 2012**

<u>Component unit / Investment type</u>	<u>Fair value</u>
University of Florida	
Bonds & notes	\$ 66,468
Mutual funds	2,445
Total	<u>\$ 68,913</u>

3. Interest Rate Risk

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

Pooled Investments with the State Treasury

Through its investment policy, the State Treasury manages its exposure to interest rate risk by limiting either the maturities or durations of the various investment strategies used for the investment pool. The maximum effective weighted duration allowed, per externally managed portfolio with various investments, is six years. In addition, the security lending portfolios manage exposure to interest rate risk by limiting the weighted average maturity. The maximum weighted average maturity for the security lending portfolio 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, 2012

Investment type	Fair value	Effective weighted duration (in years)	Security Lending Market Value	Weighted average maturity (in days)
Commercial paper	907,670	0.03	.....	NA
Repurchase Agreements	450,000	N/A	1,473,118	3.00
U.S. guaranteed obligations:				
U.S. Treasury bonds & notes	3,347,289	4.40	6,121	108.00
U.S. Treasury strips	39,425	10.79	.....	NA
U.S. Treasury bills	1,359,756	0.36	.....	NA
U.S. Government Guaranteed	8,641	0.42	.....	NA
GNMA mortgage-backed pass-through	195,946	2.14	.....	NA
GNMA TBA pass-thru	56,758	1.61	.....	NA
GNMA collateralized mortgage obligations (CMO's)	12,322	5.41	.....	NA
GNMA CMO's - interest only	6,475	(10.60)	.....	NA
SBA Asset Backed	15,828	1.97	.....	NA
NCUA- (CMO's)	13,692	0.85	.....	NA
Federal agencies:				
Discount notes	2,420,540	0.27	45,188	20.66
Unsecured bonds & notes	3,165,151	1.25	.....	NA
Mortgage-backed pass-through	1,571,245	2.51	.....	NA
TBA Mortgage-backed pass-thru	456,034	2.26	.....	NA
Mortgage-backed CMO's	263,708	1.59	.....	NA
Mortgage-backed CMO's - principal only	896	0.88	.....	NA
Mortgage-backed CMO's - interest only	18,877	0.78	.....	NA
Domestic bonds & notes:				
Corporate	2,080,447	5.52	368,622	41.57
Corporate asset-backed	282,168	1.02	.....	NA
Non-government backed CMO's & CMBS*	513,480	2.61	.....	NA
Non-government backed CMO's & CMBS* - interest only	15,371	2.21	.....	NA
Municipal/provincial	124,589	8.10	.....	NA
International bonds & notes:				
Government & Agency	60,659	3.69	.....	NA
Corporate	359,527	5.47	114,118	47.57
Commingled STIF	798,103	0.08	.....	NA
Total portfolio effective duration and weighted average maturity		2.36		13.34
Total debt investments	<u>\$ 18,544,597</u>		<u>\$ 2,007,167</u>	

* Commercial Mortgage-Backed Securities (CMBS)

** The remaining (\$30,217) (in thousands) reported for Pooled Investments with State Treasury is comprised primarily of investment with the U.S. Treasury Unemployment Compensation Funds Pool, and outstanding warrants as presented in the Schedule of Pooled Investments with the State Treasury.

Presented below is effective weighted duration for derivative investments in the State Treasury at June 30, 2012.

Derivative Investments
As of June 30, 2012

<u>Investment type</u>	Fair value	Effective weighted duration (in years)
Futures	\$	87.18
Total derivative investments	\$	

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 portfolio – 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. For securities without a fixed interest rate, the next coupon reset date is used as the maturity for the reset WAM calculation. 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.

Mortgage Index portfolio – Portfolio duration should be similar to the duration of the mortgage-related fixed income market and should remain within plus or minus 0.25 years of index duration. The index is the Barclays Capital U.S. MBS Index component of the Barclays Capital U.S. Aggregate Bond Index. Swaps and/or Agency debentures may contribute no more than 25% to duration.

Aggregate Less MBS Index portfolio – 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 – 1.25 years 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 U.S. Corporate High-Yield 2% Issuer Capped Index duration.

Security Lending portfolios – The new investment policy guidelines in effect for the FRS Pension Trust Fund for the fiscal year ended June 30, 2012, allow investment only in overnight repurchase agreements that are fully collateralized by U.S. government and/or agency securities. Investments that were purchased prior to the latest investment policy guidelines are still held in the lending programs, but are slowly paying down. Previous guidelines included a maximum WAM for a portfolio of 60 to 90 days, depending on the lending program. For investments that had floating interest rates, interest rate reset dates were used to calculate the WAM. For non-pension lending programs, investment policy guidelines require a maximum WAM for a portfolio of 90 days (for separately managed investments), or that cash collateral be invested in one or more collective investment vehicles maintained and utilized by the lending agent for the investment of securities lending cash collateral.

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 the security lending collateral portfolios are presented using weighted average maturity.

FRS Pension Trust Fund
Debt Investments
As of June 30, 2012

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	\$	NA	\$ 899,769	44
Commercial paper	.....	NA	3,638,373	31
Money market funds	.....	NA	16,064	2
Repurchase agreements	.....	NA	6,723,171	2
U.S. guaranteed obligations:				
U.S. Treasury bonds & notes	7,359,530	5.33	.....	NA
U.S. Treasury strips	15,345	9.85	.....	NA
Index linked government bonds	238,267	6.33	.....	NA
U.S. government guaranteed	80,826	3.34	.....	NA
GNMA mortgage-backed	724,263	1.90	.....	NA
GNMA commitments to purchase (TBAs)	1,000,099	1.85	.....	NA
GNMA CMO's	10,066	-1.12	.....	NA
GNMA interest-only CMO's	1,645	-21.22	.....	NA
GNMA interest-only inverse floating CMO's	793	-29.34	.....	NA
Federal agencies:				
Discount notes	185,226	0.17	.....	NA
Unsecured bonds & notes	1,950,141	3.19	.....	NA
Agency strips	2,762	5.35	.....	NA
Mortgage-backed (FNMA, FHLMC)	4,118,122	2.35	.....	NA
FNMA, FHLMC commitments to purchase (TBAs)	3,309,494	2.07	.....	NA
Mortgage-backed CMO's	98,935	1.64	.....	NA
Interest-only CMO's	8,810	-14.92	.....	NA
Interest-only inverse floating CMO's	23,180	10.68	.....	NA
Inverse floating CMO's	2,392	5.91	.....	NA
Principal-only CMO's	629	3.27	.....	NA
Domestic bonds & notes:				
Corporate	6,262,489	6.01	.....	NA
Non-government asset-backed & mortgage-backed	838,051	2.81	102,542	31
Non-government backed CMO's & CMBS	1,443,904	2.83	83,767	19
Municipal/provincial	281,254	11.46	.....	NA
Real estate mortgage loans	12,633	6.68	.....	NA
International bonds & notes:				
Government & regional	667,626	5.26	.....	NA
Government agency	284,521	3.99	.....	NA
Corporate	2,362,264	3.99	.....	NA
Non-government asset-backed & mortgage-backed	21,012	0.07	.....	NA
Non-government backed CMO's & CMBS	17,620	-0.36	60,312	32
Futures contracts - long ¹	.....	4.97	.....	NA
Futures contracts - short ¹	.....	4.82	.....	NA
Option contracts purchased ²	59	-955.42	.....	NA
Swap contracts ¹	1,092	0.29	.....	NA
Total debt investments	<u>\$ 31,323,050</u>		<u>\$ 11,523,998</u>	

¹The futures and swap contracts effective weighted duration was calculated using notional values rather than fair values. For foreign futures, local notional value was converted to a U.S. \$ value based on foreign exchange rates at June 30, 2012.

² Options effective weighted duration measures the rate of change of price with respect to yield.

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

FRS Pension Trust Fund
Sold Short Debt Investment Positions
As of June 30, 2012

Investment type	Fair value (Duration)	Effective weighted duration (in years)
FNMA, FHLMC commitments to sell (TBAs)	\$ (380,076)	2.01
Options sold ¹	<u>(257)</u>	127.57
Total short positions in debt investments ²	<u><u>\$ (380,333)</u></u>	

¹ The effective weighted duration for options measures the rate of change of price with respect to yield.

² 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, 2012 (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, 2012**

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	\$ 1,545	\$ 1,545	\$	\$	\$	\$	\$	\$
U.S. Treasury bonds, notes, & SLGS*	541,416	468,280	45,900	26,504	732	.....	.....	.....
U.S. Treasury strips	696,992	158,126	207,905	105,302	87,497	77,072	47,787	13,303
Federal agencies:								
Unsecured bonds & notes	62,190	21,105	38,543	2,542	.....	.....	.....	.....
Agency strips	26,264	13,749	12,515	.....	.....	.....	.....	.....
Total debt investments	<u>\$ 1,328,407</u>	<u>\$ 662,805</u>	<u>\$ 304,863</u>	<u>\$ 134,348</u>	<u>\$ 88,229</u>	<u>\$ 77,072</u>	<u>\$ 47,787</u>	<u>\$ 13,303</u>

* 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, 2012**

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	\$	NA	\$ 4,362,736	43
Commercial paper	.....	NA	5,639,764	52
Money market funds	1,153,470	0.11	1,429,512	2
Short-term security lending collateral pools	.....	NA	20,207	11
Repurchase agreements	.....	NA	4,407,520	2
U.S. guaranteed obligations:				
U.S. Treasury bills	350,892	0.14	99,931	153
U.S. Treasury bonds & notes	138,737	7.76	892,336	142
U.S. Treasury strips	5,821,245	10.15	.....	NA
Index linked government bonds	188,312	5.80	.....	NA
U.S. government guaranteed	35,547	9.83	.....	NA
GNMA mortgage-backed	82,566	1.88	.....	NA
GNMA commitments to purchase (TBAs)	41,718	2.32	.....	NA
GNMA CMO's	430	0.94	.....	NA
Federal agencies:				
Discount notes	.....	NA	897,517	99
Unsecured bonds & notes	161,209	8.57	2,560,063	204
Agency strips	584,796	9.92	.....	NA
Mortgage-backed (FNMA, FHLMC)	572,260	1.58	.....	NA
FNMA, FHLMC commitments to purchase (TBAs)	389,686	1.94	.....	NA
Mortgage-backed CMO's	14,363	2.76	.....	NA
Domestic bonds & notes:				
Corporate	827,974	6.99	554,358	67
Non-government asset-backed & mortgage-backed	283,082	5.91	80,635	24
Non-government backed CMO's & CMBS	336,279	2.78	3,907	6
Municipal/provincial	2,492	9.29	89,135	4
Domestic bonds & notes commingled funds	2,620,871	4.91	.....	NA
International bonds & notes:				
Government & regional	59	4.09	.....	NA
Corporate	202,447	5.57	94,810	46
Non-government asset-backed & mortgage-backed	.....	NA	25,403	16
Non-government backed CMO's & CMBS	.....	NA	16,877	21
Total debt investments	<u>\$ 13,808,435</u>		<u>\$ 21,174,711</u>	

Component Units

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

**Major Component Units
Debt Investments
That Use Segmented Time Distribution Method
As of June 30, 2012**

Component unit / Investment type	Total fair value	Investment maturities (in years)			
		Less than or equal to 1	> 1 to 5	> 5 to 10	> 10
University of Florida					
U.S. guaranteed obligations	\$ 17,875	\$ 3,153	\$ 11,755	\$ 2,967	\$
Federal Agencies	491	491	.....	.....	.....
Bonds & notes	21,321	2,580	17,062	1,589	90
Mutual funds	138,916	5,177	99,205	34,534	.....
Total debt investments	\$ 178,603	\$ 11,401	\$ 128,022	\$ 39,090	\$ 90

**Major Component Units
Debt Investments
That Use Duration or Weighted Average Maturity Method
As of June 30, 2012**

Component unit / Investment type	Fair value (duration)	Modified duration (in years)	Fair value (WAM)	Weighted Average maturity (in years)
Florida Housing Finance Corporation				
U.S. guaranteed obligations	\$ 22,496	1.26	\$	NA
Federal agencies	56,756	0.89	.....	NA
Bonds & notes	173,829	1.83	.....	NA
Citizens Property Insurance Corporation				
U.S. guaranteed obligations	.....	NA	771,868	2.48
Federal agencies	.....	NA	2,954,814	1.88
Bonds & notes	.....	NA	7,540,625	3.39
Total debt investments	\$ 253,081		\$ 11,267,307	

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, the Lawton Chiles Endowment Fund, and the Florida Prepaid College Program had exposure to foreign currency risk at June 30, 2012. These funds are managed primarily by the use of “asset classes”.

The FRS Pension Trust Fund investment policy, approved on February 9, 2012, by the Trustees, limits the global equity asset class (including domestic and foreign equities) to a policy range of 44-60% and a target allocation of 52%. A limited amount of exposure to foreign currency risk occurs in certain Fixed Income portfolios. For the Lawton Chiles Endowment Fund, Trustees approved a new investment policy on February 9, 2012, that allows the SBA to phase in over a twelve month period beginning after October 1, 2011, a change in asset classes from domestic equity and foreign equity to a new global equity asset class (a mix of domestic and foreign equity). Once implemented, the global equity asset class will have a policy range of 61-81% and a target allocation of 71%. SBA began implementing this change on July 1, 2012. Prior to this change, total assets held in the foreign equities asset class were 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. Florida Prepaid’s comprehensive investment plan limits investment in foreign equities to 25% of total equities, with the target for total equities to be the lesser of 15% of the total fund or the actuarial reserve. 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.

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Presented below in U.S. dollars are the FRS Pension Trust Fund, Lawton Chiles Endowment Fund, and Florida Prepaid College Fund investments exposed to foreign currency risk as of June 30, 2012, listed in total, by currency (in thousands).

**FRS Pension Trust Fund, Lawton Chiles Endowment Fund (LCEF), and Florida Prepaid College Program
Investments Exposed to Foreign Currency Risk (fair values in U.S.\$, in thousands)
As of June 30, 2012**

Currency	FRS Pension Trust Fund Investment Type			LCEF	Florida Prepaid
	Equity	Investments ¹	Fixed Income	Investment type	Investment type
				Equity	Equity
Australian dollar	\$ 1,452,126	\$ .....	.....	\$ 2,086	\$ 10,055
Brazilian real	520,000	.....	101	1,068	.....
British pound sterling	5,033,317	.....	.....	6,382	22,988
Canadian dollar	1,653,040	.....	.....	5,956	.....
Danish krone	247,943	.....	.....	906	2,051
Egyptian pound	16,386	.....	.....	.....	.....
Euro currency unit	5,758,242	382,628	.....	17,730	26,093
Hong Kong dollar	1,922,254	.....	.....	5,708	2,963
Hungarian forint	19,161	.....	.....	.....	.....
Indian rupee	383,222	.....	.....	.....	.....
Indonesian rupiah	170,230	.....	.....	570	.....
Israeli shekel	69,224	.....	.....	.....	385
Japanese yen	4,326,052	.....	.....	16,963	20,420
Malaysian ringgit	102,244	.....	.....	1,974	.....
Mexican peso	175,188	.....	.....	913	.....
New Zealand dollar	24,061	.....	.....	51	365
Nigerian naira	41,647	.....	.....	.....	.....
Norwegian krone	169,631	.....	.....	1,559	1,942
Philippines peso	59,176	.....	.....	.....	.....
Polish zloty	73,699	.....	.....	1,123	.....
Qatari riyal	29,548	.....	.....	.....	.....
Singapore dollar	553,701	.....	.....	4,081	3,679
South African rand	436,117	.....	.....	441	.....
South Korean won	735,704	.....	.....	6,995	.....
Swedish krona	551,520	.....	.....	399	2,077
Swiss franc	1,845,305	.....	.....	1,450	6,531
Taiwan new dollar	445,268	.....	.....	1,723	.....
Thailand baht	276,402	.....	.....	2,571	.....
Turkish lira	262,509	.....	.....	728	.....
Other	142,277	.....	.....	34	.....
International equity commingled funds ¹	5,966,638	.....	.....	.....	.....
Equity linked notes (various currencies) ²	7,144	.....	.....	.....	.....
Alternative investments-international ¹	.....	3,018,126	.....	.....	.....
Total investments subject to foreign currency risk	\$ 33,468,976	\$ 3,400,754	\$ 101	\$ 81,411	\$ 99,549

¹ International equity commingled funds and alternative investments-international are commingled investments where the FRS Pension Trust Fund owns units or interests in commingled funds with other investors and, therefore, only a portion of the overall investment in the funds. The overall investment in the funds is reported in U.S. dollars, but the underlying investments owned by the commingled funds are exposed to foreign currency risk in various currencies. If the alternative investments-international manager provided financial statements in Euro currency units, it was reported above as having foreign currency risk in Euro currency units.

² 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, 2012, that have exposure to foreign currency risk are presented below (values in thousands).

FRS Pension Trust Fund
Futures Positions Exposed to Foreign Currency Risk
As of June 30, 2012

	Currency	Number of Contracts ¹	In Local Currency			Unrealized Gain/(Loss) (in U.S. \$)
			Notional Traded Exposure	Notional Market Exposure	Unrealized Gain/(Loss) ²	
Stock Index Futures:						
GBP FTSE 100 Index	British pound sterling	325	£ 17,623	£ 17,950	£ 327	\$ 513
Canada S&P/TSE 60 Index	Canadian dollar	126	\$ 16,274	\$ 16,667	\$ 393	\$ 385
DJ Euro STOXX 50	Euro currency unit	1,021	€ 21,878	€ 23,024	€ 1,146	\$ 1,454
TOPIX Index Future	Japanese yen	224	¥ 1,591,825	¥ 1,722,560	¥ 130,735	\$ 1,638

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.

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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, 2012, is presented below, by currency (in thousands).

FRS Pension Trust Fund
Forward Foreign Currency Exchange Contracts
As of June 30, 2012

Currency to Buy	Amount to Buy (Local Currency)	Currency to Sell	Amount to Sell (Local Currency)	Receivable Fair Value (in U.S. \$)	Payable Fair Value (In U.S. \$)	Net Unrealized Gain/(Loss) (In U.S. \$)
Australian dollar	5,710	U.S. dollar	(5,723)	\$5,843	(\$5,723)	\$120
Brazilian real	481	U.S. dollar	(232)	239	(232)	7
British pound sterling	4,081	U.S. dollar	(6,347)	6,401	(6,347)	54
Canadian dollar	2,970	U.S. dollar	(2,893)	2,913	(2,893)	20
Chilean peso	70,114	U.S. dollar	(142)	140	(142)	(2)
Danish krone	1,757	Singapore dollar	(376)	300	(297)	3
Danish krone	1,365	U.S. dollar	(229)	233	(229)	4
Euro currency unit	5,380	U.S. dollar	(6,727)	6,827	(6,727)	100
Hong Kong dollar	1,412	Japanese yen	(14,452)	182	(181)	1
Hong Kong dollar	277,936	U.S. dollar	(35,836)	35,839	(35,836)	3
Indonesian rupiah	12,968,300	U.S. dollar	(1,371)	1,380	(1,371)	9
Israeli shekel	44	U.S. dollar	(11)	11	(11)	.....
Japanese yen	1,339,724	U.S. dollar	(16,895)	16,806	(16,895)	(89)
Malaysian ringgit	134	U.S. dollar	(42)	42	(42)	.....
New Zealand dollar	1,193	U.S. dollar	(941)	957	(941)	16
Nigerian naira	15,295	U.S. dollar	(94)	94	(94)	.....
Norwegian krone	21,069	U.S. dollar	(3,508)	3,544	(3,508)	36
Philippines peso	6,395	U.S. dollar	(151)	152	(151)	1
Qatari riyal	954	U.S. dollar	(262)	262	(262)	.....
South African rand	4,113	U.S. dollar	(536)	503	(536)	(33)
Singapore dollar	2,655	U.S. dollar	(2,081)	2,096	(2,081)	15
Swedish krona	15,582	U.S. dollar	(2,210)	2,254	(2,210)	44
Swiss franc	6,753	U.S. dollar	(7,051)	7,134	(7,051)	83
Thailand baht	21,814	U.S. dollar	(687)	687	(687)	.....
U.S. dollar	29,366	Australian dollar	(29,173)	29,366	(29,777)	(411)
U.S. dollar	2,314	Brazilian real	(4,763)	2,314	(2,360)	(46)
U.S. dollar	12,817	British pound sterling	(8,255)	12,817	(12,946)	(129)
U.S. dollar	41,904	Canadian dollar	(43,150)	41,904	(42,262)	(358)
U.S. dollar	46,392	Euro currency unit	(36,953)	46,392	(46,920)	(528)
U.S. dollar	8,904	Hong Kong dollar	(69,079)	8,904	(8,906)	(2)
U.S. dollar	1,737	Indonesian rupiah	(16,394,041)	1,737	(1,745)	(8)
U.S. dollar	3,742	Japanese yen	(297,402)	3,742	(3,727)	15
U.S. dollar	513	Malaysian ringgit	(1,632)	513	(514)	(1)
U.S. dollar	35	Taiwan new dollar	(1,048)	35	(35)	.....
U.S. dollar	7,389	New Zealand dollar	(9,144)	7,389	(7,336)	53
U.S. dollar	835	Norwegian krone	(5,075)	835	(854)	(19)
U.S. dollar	880	Philippines peso	(37,323)	880	(886)	(6)
U.S. dollar	173	Qatari riyal	(629)	173	(173)	.....
U.S. dollar	1,458	Singapore dollar	(1,861)	1,458	(1,469)	(11)
U.S. dollar	6	South Korean won	(7,042)	6	(6)	.....
U.S. dollar	2,190	Swedish krona	(15,458)	2,190	(2,239)	(49)
U.S. dollar	15,365	Swiss franc	(14,817)	15,365	(15,659)	(294)
Total				\$270,859	(\$272,261)	(\$1,402)

Component Units

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

5. Security Lending

Pooled Investments with the State Treasury

Section 17.61(1), F.S. authorizes the State Treasury to participate in a security lending program. Agents of the State Treasury loan securities, including U.S. government and federally guaranteed obligations, bonds, and notes to broker/dealers for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Collateral for loaned securities cannot be less than 100 percent of the fair value of the underlying security plus accrued interest. Such collateral may consist of cash, government securities, unconditional and 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, 2012. 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 \$2,003,522,822 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 \$1,962,507,171. 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, 2012, are as follows (fair value equals carrying value of investment on loan): Domestic bonds and notes of \$159,738,725, Federal agencies of \$157,307,104, International bonds and notes of \$7,870,380 and U.S. guaranteed obligations of \$1,637,590,962.

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 range from 100% to 105%, depending on the lending agent, the type of security lent and the type of collateral received. The SBA had received and invested \$7,124,975,077 in cash and \$7,218,912 in U.S. government securities as collateral for the lending programs as of June 30, 2012. At June 30, 2012, the collateral held for the security lending transactions exceeded the fair value of the securities underlying the agreements (including accrued interest), except for loans with several brokers in the FRS Pension Trust Fund and the Lawton Chiles Endowment Fund totaling \$2,017,389 and \$38,743, respectively. However, all security lending programs have indemnity clauses requiring the lending agent to assume borrower's risk from default. 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. 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 2% to 35% 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 lending model. This 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. At June 30, 2012, approximately 80% of the securities on loan were lent out at an intrinsic value, and 94% of the collateral re-investment portfolio was reinvested in overnight repurchase agreements (repos) in order to maximize earnings and reduce risk. The collateral re-investment portfolio contains some legacy non-repo securities that will remain until they are either sold or mature. All new lending is done using one day repos of U.S. Government guaranteed securities as re-investment. At June 30, 2012, there were two lending agents, including the Trust's custodian and one third-party agent.

The schedule below discloses the fair value and carrying value of investments on loan at June 30, 2012 (in thousands):

**Schedule of Other Investments on Loan Under Security Lending Agreements
As of June 30, 2012**

Securities on Loan for Cash Collateral, by Security type	Fair value of Securities on Loan ¹		Total
	FRS Pension Trust Fund	Other funds Managed by SBA	
U.S. guaranteed obligations	\$ 821,654	\$ 1,695,647	\$ 2,517,301
Federal agencies	298,133	44,568	342,701
Domestic bonds & notes	263,805	172,465	436,270
International bonds & notes	201,008	.....	201,008
Domestic stocks	1,588,580	108,593	1,697,173
International stocks	1,765,694	10,747	1,776,441
Total securities on loan for cash collateral	\$ 4,938,874	\$ 2,032,020	\$ 6,970,894
 Securities on Loan for Non-Cash Collateral, by Security type			
Domestic bonds & notes	\$	\$ 290	\$ 290
Domestic stocks	1,758	1,633	3,391
International stocks	1,133	331	1,464
Total securities on loan for non-cash collateral	2,891	\$ 2,254	5,145
Total securities on loan	\$ 4,941,765	\$ 2,034,274	\$ 6,976,039

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

6. Derivatives

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. These 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.

Derivative instruments consisted of futures, options, forward currency contracts, and swaps.

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 are permitted under the State Treasury’s investment guidelines, interest rate futures were the only type of derivative held as of June 30, 2012. The State Treasury did not utilize derivatives for hedging activities during the fiscal year ending June 30, 2012. All of the State Treasury investment derivatives were reported at fair value in the accompanying financial statements as of June 30, 2012.

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

	Changes in Fair Value		Fair Value at June 30, 2012		Notional (in U.S. \$)
	Classification	Amount	Classification	Amount	
State Treasury					
Investment derivative instruments:					
Futures	Investment Income	\$ (10,021)	Receivable/Payable	\$ (18)	\$ (11,400)
Options*	Investment Income	(238)			

This schedule includes both long and short positions.

*Options contracts expired prior to fiscal year end.

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

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. Future contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Fiduciary Net Assets. Losses may arise from future changes in the value of the underlying instrument.

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.

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 contract, 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, credit default swaps, and total return swaps. An interest rate swap is an agreement between two parties (known as counterparties) where one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps often exchange a fixed payment for a floating payment that is linked to an interest rate. 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 event occurs. A total return swap is an agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset which includes both the income it generates and any capital gains. In total return swaps, the underlying asset (reference asset) is usually an equity index, loans, or bonds.

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, 2012, all of the SBA investment derivatives were reported at fair value.

	Increase/(Decrease) in Fair Value		Fair Value at June 30, 2012		Notional (in U.S. \$)
	Classification	Amount (in U.S. \$)	Classification	Amount (in U.S. \$)	
Governmental activities (Lawton Chiles Endowment Fund)					
Investment derivative instruments:					
Futures ¹	Investment Income	\$ 29	Receivable/(Payable) ¹	\$ 33	\$ 852
Forward currency exchange contracts ⁵	Investment Income	2	Not applicable ⁵	.....	.....
Fiduciary funds (FRS Pension Trust Fund)					
Investment derivative instruments:					
Futures ¹	Investment Income	\$ 220,255	Receivable/(Payable) ¹	\$ (4,218)	\$ 2,393,120
Options ²	Investment Income	1,197	Investment/(Liability) ²	(198)	376,400
Forward currency exchange contracts ³	Investment Income	(3,443)	Receivable/(Payable) ³	(1,402)	(1,402)
Interest rate swaps	Investment Income	(128)	Investment	462	41,500
Credit default swaps	Investment Income	(2,528)	Investment	630	105,000
Total return swaps ⁴	Investment Income	4,534	Not applicable ⁴	.....	.....

¹ The total unrealized gain/(loss) for open futures contracts at June 30, 2012, was (\$4,217,942) in the FRS Pension Trust Fund and \$32,530 for the Lawton Chiles Endowment Fund. However, the majority of this gain/(loss) has been settled with cash received from or paid to the futures clearing broker on or before June 30, 2012. Outstanding remaining net futures trade equity at June 30, 2012, totaled \$7,204,605 for FRS, and \$22,030 for Lawton Chiles, which is reported gross on the Statement of Fiduciary Net Assets as "Accounts receivable" and "Accounts payable and accrued liabilities" and on the Balance Sheet as "Receivables, net", for FRS and Lawton Chiles, respectively. The total notional values on long and short futures positions in FRS were \$3,171,119,908 and (\$778,000,000), respectively. The total notional value on long futures positions held in Lawton Chiles was \$851,690.

² Purchased options are reported as investments and short sales of options are reported as liabilities.

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 \$270,858,693 and (\$272,260,524) as of June 30, 2012. These amounts are reported as "Forward contracts receivable" and "Forward contracts payable" on the Statement of Fiduciary Net Assets.

⁴ The total return swaps in the FRS Pension Trust Fund were closed prior to the end of the fiscal year.

⁵ The forward contracts to buy and sell currency in the Lawton Chiles Endowment Fund were closed prior to the end of the fiscal year.

7. Commitments

At June 30, 2012, the FRS Pension Trust Fund had total unfunded capital commitments of \$8.6 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, 2012	
Asset Class	Unfunded Commitments (in U.S. \$)
Private Equity ¹	\$ 5,450,056
Strategic Investments	2,556,114
Real Estate	612,353
Total	<u>\$ 8,618,523</u>

¹ Includes \$4,991,331,009 in U.S. dollars and €361,471,416 in Euro currency units with a June 30, 2012 U.S. dollar value of \$458,725,299.

NOTE 3 - RECEIVABLES AND PAYABLES

“Receivables, net” and “Other loans and notes receivable, 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	\$ 147,824	\$ 16,137	\$ 241	\$ 376,857	\$ 4,548
Contracts & grants receivable	.....	.....	.....	.....	429
Due from Federal government	124	32,191	10,787	893,779	23,298
Due from other governmental units	143	471	.....	3,678	56,369
Interest & dividends receivable	2,907	1,975	1,347	245	4,946
Loans & notes receivable	42,233	107,794	463	.....	.....
Fees Receivable	121,583	16	1	.....	.....
Taxes receivable	2,688,125	19,943	51,673	.....	188,810
Allowance for uncollectibles	(1,502,722)	(12,667)	(456)	(18,975)	(5,275)
Receivables, net	\$ 1,500,217	\$ 165,860	\$ 64,056	\$ 1,255,584	\$ 273,125
Loans & notes receivable from other governments	\$	\$ 1,119,741	\$	\$	\$ 761,585
Long-term interest receivable	.....	.....	.....	.....	661
Other loans & notes receivable	281,828	.....	.....	299,428	1,656
Allowance for uncollectibles	(146,099)	.....	.....	(261,895)	(7,883)
Other loans & notes receivable, net	\$ 135,729	\$ 1,119,741	\$	\$ 37,533	\$ 756,019

(Continued below)

	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts receivable	\$ 226,025	\$ 771,632	\$ 20,408	\$ 692,396	\$ 1,484,436
Contracts & grants receivable	1,781	2,210	.....	.....	2,210
Due from Federal government	91,526	1,051,705	.....	.....	1,051,705
Due from other governmental units	18,678	79,339	4,691	.....	84,030
Interest & dividends receivable	7,533	18,953	805	.....	19,758
Loans & notes receivable	134,213	284,703	.....	.....	284,703
Fees Receivable	401	122,001	.....	.....	122,001
Taxes receivable	3,146	2,951,697	.....	.....	2,951,697
Allowance for uncollectibles	(107,172)	(1,647,267)	.....	.....	(1,647,267)
Receivables, net	\$ 376,131	\$ 3,634,973	\$ 25,904	\$ 692,396	\$ 4,353,273
Loans & notes receivable from other governments	\$ 852,114	\$ 2,733,440	\$	\$	\$ 2,733,440
Long-term interest receivable	.....	661	.....	.....	661
Other loans & notes receivable	198,701	781,613	.....	.....	781,613
Allowance for uncollectibles	(16,864)	(432,741)	.....	.....	(432,741)
Other loans & notes receivable, net	\$ 1,033,951	\$ 3,082,973	\$	\$	\$ 3,082,973

BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Unemployment Compensation
Accounts receivable	\$ 2,938	\$ 39,623	\$ 144,382	\$ 179,840	\$ 287,544
Due from Federal government	.....	.....	.....	.....	54,848
Due from other governmental units	116	.....	.....	.....	14,202
Interest & dividends receivable	5,333	1,048	4,808	21,561	106,761
Loans & notes receivable	.....	.....	.....	342,553	.....
Fees Receivable	4,358	.....	.....	.....	2,682
Taxes receivable	.....	.....	.....	.....	510,361
Allowance for uncollectibles	.....	(2,328)	(19,977)	(4)	(289,015)
Receivables, net	\$ 12,745	\$ 38,343	\$ 129,213	\$ 543,950	\$ 687,383

(Continued below)

	Nonmajor Enterprise Funds	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts receivable	\$ 13,459	\$ 667,786	\$ 52,484	\$ 720,270
Due from Federal government	.....	54,848	.....	54,848
Due from other governmental units	40	14,358	.....	14,358
Interest & dividends receivable	406	139,917	.....	139,917
Loans & notes receivable	.....	342,553	.....	342,553
Fees Receivable	110	7,150	.....	7,150
Taxes receivable	.....	510,361	.....	510,361
Allowance for uncollectibles	(5,165)	(316,489)	.....	(316,489)
Receivables, net	\$ 8,850	\$ 1,420,484	\$ 52,484	\$ 1,472,968

COMPONENT UNITS

Accounts receivable	\$ 1,592,195
Contracts & grants receivable	205,357
Due from Federal government	11,326
Due from other governmental units	305,644
Interest & dividends receivable	133,098
Loans & notes receivable	185,280
Allowance for uncollectibles	(365,075)
Receivables, net	\$ 2,067,825
Other loans & notes receivable	\$ 3,671,025
Allowance for uncollectibles	(284,548)
Other loans & notes receivable, net	\$ 3,386,477

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

GOVERNMENTAL ACTIVITIES

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Accounts payable	\$ 212,430	\$ 25,896	\$ 15,487	\$ 203,806	\$ 134,472
Accrued salaries & wages	48,293	955	23	25,748	9,525
Claims payable	.....	.....	.....	.....	.....
Construction contracts	.....	.....	.....	.....	211,754
Current accrued interest	.....	.....	.....	.....	.....
Deposits payable	197	386	.....	8	4,251
Due to Federal government	.....	58	.....	7,341	.....
Due to other governmental units	140,249	12,071	.....	4,970	6,803
Other payables	.....	.....	.....	.....	.....
Vouchers payable	7,381	.....	.....	.....	20
Accounts payable and accrued liabilities	\$ 408,550	\$ 39,366	\$ 15,510	\$ 241,873	\$ 366,825

(Continued below)

	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts payable	\$ 191,082	\$ 783,173	\$ 24,698	\$ 360,577	\$ 1,168,448
Accrued salaries & wages	7,894	92,438	2,101	.....	94,539
Claims payable	.....	.....	131,749	.....	131,749
Construction contracts	311	212,065	.....	.....	212,065
Current accrued interest	.....	.....	.....	.....	.....
Deposits payable	246	5,088	.....	.....	5,088
Due to Federal government	1,325	8,724	.....	.....	8,724
Due to other governmental units	22,473	186,566	.....	.....	186,566
Other payables	8,197	8,197	5,601	.....	13,798
Vouchers payable	42	7,443	.....	.....	7,443
Accounts payable and accrued liabilities	\$ 231,570	\$ 1,303,694	\$ 164,149	\$ 360,577	\$ 1,828,420

BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Unemployment Compensation
Accounts payable	\$ 242	\$ 7,956	\$ 409,038	\$ 651,609	\$ 98,227
Accrued interest payable	.....	.....	40,775	.....	.....
Accrued salaries & wages	.....	52	.....	.....	.....
Construction contracts	120,053	.....	.....	.....	.....
Deposits payable	200	2,006	.....	.....	.....
Accounts payable and accrued liabilities	\$ 120,495	\$ 10,014	\$ 449,813	\$ 651,609	\$ 98,227

(Continued below)

	Nonmajor Enterprise Funds	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts payable	\$ 6,819	\$ 1,173,891	\$ 1,328	\$ 1,175,219
Accrued interest payable	.....	40,775	.....	40,775
Accrued salaries & wages	2,148	2,200	.....	2,200
Construction contracts	.....	120,053	.....	120,053
Deposits payable	76	2,282	.....	2,282
Accounts payable and accrued liabilities	\$ 9,043	\$ 1,339,201	\$ 1,328	\$ 1,340,529

COMPONENT UNITS

Accounts payable	\$ 705,924
Accrued interest payable	91,520
Accrued salaries & wages	213,377
Claims payable	1,519,158
Construction contracts	64,633
Deposits payable	166,422
Due to Federal government	6,477
Due to other governmental units	4,788
Vouchers payable	9,339
Accounts payable and accrued liabilities	\$ 2,781,638

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	\$ 18,641,232	\$	\$	\$	\$	\$	\$ 18,641,232
Fuel taxes:							
Motor fuel tax	.....	.....	.....	.....	2,237,291	.....	2,237,291
Pollutant tax	.....	231,254	.....	.....	.....	.....	231,254
Aviation fuel tax	.....	.....	.....	.....	880	.....	880
Solid minerals severance tax	.....	34,538	.....	.....	.....	.....	34,538
Oil and gas production tax	11,691	.....	.....	.....	.....	.....	11,691
Total fuel taxes	11,691	265,792	.....	.....	2,238,171	.....	2,515,654
Corporate income tax	2,042,537	.....	.....	.....	.....	.....	2,042,537
Documentary stamp tax	1,289,321	.....	.....	.....	.....	.....	1,289,321
Intangible personal property tax	190,247	.....	.....	.....	.....	.....	190,247
Communications service tax	965,785	.....	423,967	.....	.....	.....	1,389,752
Estate tax	363	.....	.....	.....	.....	.....	363
Gross receipts utilities tax	.....	6,510	605,024	.....	.....	.....	611,534
Beverage and tobacco taxes:							
Alcoholic beverage tax	516,478	.....	.....	.....	.....	10,539	527,017
Cigarette tax	1,292,498	.....	.....	.....	.....	.....	1,292,498
Smokeless tobacco tax	27,953	.....	.....	.....	.....	.....	27,953
Total beverage and tobacco taxes	1,836,929	.....	.....	.....	.....	10,539	1,847,468
Other taxes:							
Insurance premium tax	876,479	.....	.....	.....	.....	7,701	884,180
Hospital public assistance tax	.....	.....	.....	859,351	.....	.....	859,351
Citrus excise tax	.....	.....	.....	.....	.....	42,333	42,333
Pari-mutuel wagering tax	6,532	.....	4	.....	.....	159,951	166,487
Total other taxes	883,011	.....	4	859,351	.....	209,985	1,952,351
Total	\$ 25,861,116	\$ 272,302	\$ 1,028,995	\$ 859,351	\$ 2,238,171	\$ 220,524	\$ 30,480,459

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

	Sales and Use Tax
Governmental fund statements	\$ 18,641,232
Government-wide accruals	(8,420)
Government-wide statements	<u>\$ 18,632,812</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, 2012, is as follows (in thousands):

General Government	\$	65,429
Education		22,192
Human Services		33,979
Criminal Justice & Correction		98,854
Natural Resources & Environment		63,043
Transportation		42,173
State Courts		3,027
Total depreciation expense (governmental activities)	\$	328,697

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Primary government capital asset activities for the fiscal year ended June 30, 2012, are as follows (in thousands):

GOVERNMENTAL ACTIVITIES

	Balance			Balance
	July 1, 2011	Increases	Decreases	June 30, 2012
Capital assets, not being depreciated:				
Land and other nondepreciable assets	\$ 16,929,088	\$ 265,255	\$ 429	\$ 17,193,914
Infrastructure and infrastructure improvements - nondepreciable	34,964,891	1,252,727	.....	36,217,618
Construction work in progress	5,864,782	3,056,844	1,381,518	7,540,108
Total capital assets, not being depreciated	57,758,761	4,574,826	1,381,947	60,951,640
Capital assets, being depreciated:				
Buildings and building improvements	4,703,183	160,637	29,696	4,834,124
Infrastructure and infrastructure improvements	642,657	23,513	690	665,480
Leasehold improvements	506	550	1	1,055
Property under capital lease	176,957	231	19	177,169
Furniture and equipment	1,782,129	168,487	182,216	1,768,400
Works of art and historical treasures	1,873	2	2	1,873
Library resources	31,345	609	1,787	30,167
Other	71,613	5,003	128	76,488
Total capital assets, being depreciated	7,410,263	359,032	214,539	7,554,756
Less accumulated depreciation for:				
Buildings and building improvements	2,085,583	142,695	12,199	2,216,079
Infrastructure and infrastructure improvements	302,191	31,275	414	333,052
Leasehold improvements	202	42	.....	244
Property under capital lease	46,866	10,417	20	57,263
Furniture and equipment	1,321,950	138,758	123,222	1,337,486
Works of art and historical treasures	689	68	2	755
Library resources	14,479	1,642	1,599	14,522
Other	40,139	3,800	88	43,851
Total accumulated depreciation	3,812,099	328,697	137,544	4,003,252
Total capital assets, being depreciated, net	3,598,164	30,335	76,995	3,551,504
Governmental activities capital assets, net	\$ 61,356,925	\$ 4,605,161	\$ 1,458,942	\$ 64,503,144

BUSINESS-TYPE ACTIVITIES

	Balance			Balance
	July 1, 2011	Increases	Decreases	June 30, 2012
Capital assets, not being depreciated:				
Land and other nondepreciable assets	\$ 901,659	\$ 2,108	\$ 21,103	\$ 882,664
Infrastructure and infrastructure improvements - nondepreciable	6,428,094	357,563	4,726	6,780,931
Construction work in progress	610,178	118,725	315,236	413,667
Total capital assets, not being depreciated	7,939,931	478,396	341,065	8,077,262
Capital assets, being depreciated:				
Buildings and building improvements	281,010	3,261	2,965	281,306
Infrastructure and infrastructure improvements	1,087	28	13	1,102
Leasehold improvements	30	39	.....	69
Furniture and equipment	179,740	20,033	5,112	194,661
Library resources	.....	4	.....	4
Other	26,189	23,262	7	49,444
Total capital assets, being depreciated	488,056	46,627	8,097	526,586
Less accumulated depreciation for:				
Buildings and building improvements	120,872	9,796	2,448	128,220
Infrastructure and infrastructure improvements	107	68	5	170
Leasehold improvements	30	6	.....	36
Furniture and equipment	116,826	14,995	4,821	127,000
Library resources	.....	.....	.....	.....
Other	10,859	9,658	7	20,510
Total accumulated depreciation	248,694	34,523	7,281	275,936
Total capital assets, being depreciated, net	239,362	12,104	816	250,650
Business-type activities capital assets, net	\$ 8,179,293	\$ 490,500	\$ 341,881	\$ 8,327,912

Component units' capital asset activities for the fiscal year ended June 30, 2012, are as follows (in thousands):

COMPONENT UNITS				
	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital assets, not being depreciated:				
Land and other non-depreciable assets	\$ 5,930,612	\$ 344,177	\$ 26,966	\$ 6,247,823
Construction work in progress	1,823,092	1,055,481	1,059,962	1,818,611
Total capital assets, not being depreciated	7,753,704	1,399,658	1,086,928	8,066,434
Capital assets, being depreciated:				
Buildings and building improvements	14,957,101	1,194,631	75,334	16,076,398
Infrastructure and infrastructure improvements	2,157,988	141,590	7,589	2,291,989
Leasehold improvements	294,323	16,187	7,096	303,414
Property under capital lease	119,681	10,821	7,929	122,573
Furniture and equipment	3,620,191	289,947	833,590	3,076,548
Works of art and historical treasures	3,164	812	632	3,344
Library resources	880,810	30,882	27,110	884,582
Other	281,669	23,284	45,027	259,926
Total capital assets, being depreciated	22,314,927	1,708,154	1,004,307	23,018,774
Less accumulated depreciation for:				
Buildings and building improvements	4,612,212	420,402	51,267	4,981,347
Infrastructure and infrastructure improvements	755,518	106,143	3,997	857,664
Leasehold improvements	81,964	14,903	5,385	91,482
Property under capital lease	56,555	7,358	7,696	56,217
Furniture and equipment	2,486,555	228,881	613,716	2,101,720
Works of art and historical treasures	1,259	326	352	1,233
Library resources	652,381	42,309	17,139	677,551
Other	199,224	25,393	35,747	188,870
Total accumulated depreciation	8,845,668	845,715	735,299	8,956,084
Total capital assets, being depreciated, net	13,469,259	862,439	269,008	14,062,690
Component units capital assets, net	\$ 21,222,963	\$ 2,262,097	\$ 1,355,936	\$ 22,129,124

NOTE 6 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

A. Pensions

1. The Florida Retirement System

The Florida Retirement System (FRS) was created in Chapter 121, Florida Statutes (F.S.), effective December 1, 1970, by consolidating and closing these existing plans to new members: the Teachers' Retirement System (Chapter 238, 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 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.

Since July 1, 2001, the FRS Pension Plan has provided for vesting of benefits after six years of creditable service. Members not actively working in a position covered by the FRS on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. 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* – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62.

For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of creditable service and age 65, or the age after completing eight years of creditable service if after age 65. Thirty-three years of creditable service regardless of age before age 65.

- *Special Risk Class and Special Risk Administrative Support Class Members* – For members initially enrolled in the FRS before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age 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.

For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. A total of 30 years of service including special risk service and up to four years of active duty wartime service and age 57. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

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 cost-of-living adjustment. If the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

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, 2012, the FRS Trust Fund projected \$2,939,923,585 in accumulated benefits and interest for 40,556 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 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 0.03% 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 and employee 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. 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, 2012, was \$120,017,121,495. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

FRS Retirement Contribution Rates:

Membership Class	Uniform Employer Rates Recommended by Actuarial Valuation as of July 1, 2010 for Fiscal Year 2011-2012*	July 1, 2011 Statutory Rates* (Ch. 121, F.S.)
Regular	11.70%	3.77%
Senior Management Service	21.63%	5.13%
Special Risk	28.00%	12.96%
Special Risk Administrative Support	31.02%	4.90%
Elected Officers - Judges	30.57%	10.55%
Elected Officers - Legislators/Attorneys/Cabinet	33.87%	7.90%
Elected Officers - County	36.44%	10.00%
Deferred Retirement Option Program - applicable to members from all of the above classes or plans	19.57%	3.31%

* Rates indicated are uniform rates for all FRS members created by blending the FRS Investment Plan and FRS Pension Plan rates and including UAL contribution rates. These rates do not include a 0.03% contribution for the FRS Investment Plan administration and educational program fee. In addition, the recommended 2011-12 rates do not reflect the benefit changes enacted in Chapter 2011-68, Laws of Florida, and the July 1, 2011, statutory rates do not include 3.00% mandatory employee contribution required for all membership classed except for members in the Deferred Retirement Option Program.

FRS Participating Employers:

State Agencies	55
County Agencies	396
District School Boards	67
Community Colleges	28
Cities*	185
Special Districts*	251
Hospitals*	6
Other	12
Total Participating Employers	<u>1,000</u>

* This total includes 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	128,748	1,407	17,954	1	367	148,477
Vested	414,447	6,139	52,051	58	1,839	474,534
DROP Participants	35,544	717	3,992	9	294	40,556
Current Retirees and Beneficiaries	300,264	2,910	28,334	169	2,193	333,870
Vested Terminated	96,844	1,213	5,910	19	369	104,355
Total Members	975,847	12,386	108,241	256	5,062	1,101,792

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 (www.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, 2012, the state’s total covered payroll for its 128,910 active members and 9,446 DROP participants is \$5,555,137,141, with contributions totaling \$475,340,563 or 8.56% of payroll. Contributions for the fiscal years ending June 30, 2010, and June 30, 2011, were \$686,993,414 and \$765,450,834, 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 21.10% 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, 2012, 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 members. For the fiscal year ended June 30, 2012, 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):

	2010	2011	2012
Recipients	269,999	283,479	297,303
Contributions	\$332,023	\$334,449	\$322,610
Benefits paid	\$338,892	\$356,150	\$374,444
Trust Fund net assets	\$291,459	\$271,348	\$220,346

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, 2011	\$ 126,078,053	\$ 145,034,475	\$ 18,956,422	86.93%	25,686,138 ⁽¹⁾	73.80%
HIS	July 1, 2010	\$ 291,459	\$ 8,464,530	\$ 8,173,071	3.44%	31,717,281 ⁽²⁾	25.77%

Additional information as of the latest actuarial valuation follows:

	FRS	HIS
Valuation date	July 1, 2011	July 1, 2010
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⁾	30 Years ⁽³⁾
Asset valuation method	5-Year Smoothed Method	Market Value
Actuarial assumptions:		
Investment rate of return	7.75% ⁽⁴⁾	4.00% ⁽⁴⁾
Projected salary increases	5.85% ^(4,5)	5.85% ^(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 Investment Plan 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, 2010, 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 7.43% of the participants' gross monthly compensation from July 2011 through June 2012. 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 also a UAL payment required of 0.49% for fiscal year 2011-12. In accordance with Department of Management Services' Rules, Chapter 60U-2, Florida Administrative Code, 0.01% of the employer contribution rate was used for the administration of the SUSORP program and 7.42% was distributed to the provider companies designated by the participant. Effective July 1, 2011, there is a mandatory employee contribution of 3%. 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		17,519	
Payroll	\$	1,577,374,303	
Contributions:			
Employee	\$	97,270,949	6.17% of payroll
Employer	\$	123,291,956	7.82% 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 9.49% of covered payroll from July 2011 through June 2012. 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 a UAL payment of 0.32% required for fiscal year 2011-12. The employers' contributions were paid to the provider companies designated by the participant. Effective July 1, 2011, there is a mandatory employee contribution of 3%. 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		32	
Payroll	\$	3,487,097	
Contributions:			
Employee	\$	124,454	3.57% of payroll
Employer	\$	382,518	10.97% of payroll

B. Other Postemployment Benefits (OPEB)

The following is based on the February 16, 2012, update to the July 1, 2011, actuarial valuation 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 age 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 nineteen participating employers including the primary government of the state, the eleven state universities, and other governmental entities. There was an average enrollment of 176,038 contracts including 36,215 retirees and 139,823 employees and COBRA participants for fiscal year 2011-12. 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 collected. 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 June 2012 coverage, for active employees and retirees under the age of 65 for the standard plan were \$549.80 and \$1,243.34 for single and family contracts, respectively. Retirees over the age of 65 pay premiums for a Medicare supplement. Monthly premiums, through June 2012 coverage, for the standard Preferred Provider Organization Plan were \$305.82 for a single contract, \$611.64 for two Medicare eligible members, and \$881.80 for a family contract when only one member is Medicare eligible. The following schedules regarding OPEB cost, net OPEB obligation and OPEB funded status disclose only the State of Florida's share of the OPEB. Refer to Other Required Supplementary Information for information on the OPEB plan as a whole.

Actuarially-Determined Annual OPEB Cost and Net OPEB Obligation as of June 30, 2012 (dollars in thousands):

Annual required contribution (ARC)	\$ 330,167
Interest on the net OPEB obligation	19,093
Adjustments to the ARC	<u>(16,547)</u>
Annual OPEB Cost	332,713
Employer contribution	<u>(99,734)</u>
Increase/Decrease in net OPEB obligation	232,979
Net OPEB obligation - July 1, 2011	<u>477,330</u>
Net OPEB obligation - June 30, 2012	<u><u>\$ 710,309</u></u>
Percent of annual OPEB cost contributed	29.98%

Funded Status

The funded status of the plan as of June 30, 2012, was as follows (dollars in thousands):

Actuarial valuation date	July 1, 2011
Actuarial accrued liability (AAL)	\$ 4,903,091
Actuarial value of plan assets	.....
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,903,091</u>
Actuarial value of assets as a percentage of the AAL	0.00%
Covered payroll	\$ 4,372,735
UAAL as a percentage of covered payroll	112.13%

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, 2011. 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. Initial healthcare cost trend rates used for the Preferred Provider Organization (PPO) Plans are 7.24%, 8.38%, and 8.57% for the first three years followed by 6.50% in the fourth year grading to 5.0% over the course of 70 years. For the Health Maintenance Organization (HMO) Plans, initial healthcare cost trend rates of 5.81%, 3.11%, and 8.42% for the first three years followed by 6.50% in the fourth year and grading to 5.0% 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, 2012, the Department had available approximately \$7.4 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, 2012, totaled \$346 million. Refer to Note 5 for additional disclosures relating to construction in progress. Construction commitments for component units totaled \$2.0 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 \$460,048,204 for the fiscal year ended June 30, 2012. The table below represents the Florida Ports Financing Commission revenue bonds outstanding as of June 30, 2012. The bonds noted below were issued in May 2011 with proceeds used to defease the Commission's Series 1996 and Series 1999 bonds:

Series	Amount
2011A	\$ 10,650,000
2011B	141,240,000
2011A (Intermodal)	66,300,000
2011B (Intermodal)	48,705,000
Total	\$ 266,895,000

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 \$124 million, \$9.5 million, and \$66.9 million, respectively, for the year ended June 30, 2012. The following is a schedule of future non-cancelable operating lease payments for the primary government and component units at June 30, 2012 (in thousands):

	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2013	\$ 123,781	\$ 10,564	\$ 66,388
2014	118,144	9,167	41,902
2015	109,694	8,640	30,865
2016	102,833	8,461	22,778
2017	102,245	7,741	18,912
2018-2022	228,785	20,732	58,615
2023-2027	15,883	11,930	11,427
2028-2032	1,023	11,913	6,638
2033-2037	602	11,118	2,610
2038-2042	605	11,118	2,582
2043-2047			2,735
2048-2052			2,643
2053-2057			374
Total	\$ 803,595	\$ 111,384	\$ 268,469

D. Encumbrances

As of June 30, 2012, encumbrances for major and nonmajor governmental funds were (in thousands):

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
Encumbrances:	114,760	1,389	247,253	32,081	45,947	168,801	610,231

NOTE 8 - BONDS PAYABLE AND CERTIFICATES OF PARTICIPATION

A. Bonds Payable

1. Outstanding Bonds

Bonds payable at June 30, 2012, are as follows (in thousands):

Bond Type	Original Amount	Amount Outstanding	Interest Rates	Annual Maturity To
Governmental Activities:				
Road and Bridge Bonds	\$ 2,245,250	\$ 2,020,110	2.000%-6.375%	2041
SBE Capital Outlay Bonds	807,420	558,925	3.000%-5.000%	2030
Lottery Education Bonds	3,331,410	2,787,038	3.000%-6.584%	2029
Public Education Bonds	13,303,450	10,825,600	2.000%-9.125%	2041
State University System Bonds	268,560	195,720	3.000%-6.500%	2033
University Auxiliary Bonds	1,074,730	838,852	2.000%-7.500%	2042
Inland Protection Bonds	96,730	84,770	4.260%-5.400%	2024
Preservation 2000 Bonds	587,855	69,885	5.500%-6.000%	2013
Florida Forever Bonds	2,424,795	1,642,355	2.500%-7.045%	2029
Water Pollution Control Bonds	614,775	501,875	2.400%-5.500%	2031
Florida Facilities Pool Bonds	479,060	354,025	3.500%-5.750%	2039
State Infrastructure Bank Bonds	123,615	80,575	4.250%-5.000%	2027
Everglades Restoration Bonds	242,105	204,505	0.350%-6.450%	2029
	<u>25,599,755</u>	<u>20,164,235</u>		
Unamortized premiums (discounts) on bonds payable	.....	808,740		
Less amount deferred on refunding	.....	(141,754)		
Total Bonds Payable	<u>\$ 25,599,755</u>	<u>\$ 20,831,221</u>		
Business-type Activities:				
Toll Facilities Bonds	\$ 3,671,300	\$ 2,892,740	3.000%-6.800%	2041
Florida Hurricane Catastrophe Fund Bonds	6,150,945	5,097,715	1.02175%-5.25%	2017
	<u>9,822,245</u>	<u>7,990,455</u>		
Unamortized premiums (discounts) on bonds payable	.....	93,960		
Less amount deferred on refunding	.....	(28,706)		
Total Bonds Payable	<u>\$ 9,822,245</u>	<u>\$ 8,055,709</u>		

2. Types of Bonds

Road and Bridge Bonds are issued to finance the cost of acquiring real property, or the rights to real property for state roads, or to finance the cost of state bridge construction. The bonds, serial and term, are secured by a pledge of a portion of the state-assessed motor fuel tax revenues, 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, serial and term, 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, serial and term, 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, serial and term, 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, serial and term, are secured by university pledges of certain housing system revenues, parking system revenues, and student fee assessments.

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, serial and term, 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 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):

The table below contains information regarding revenues pledged to repay debt obligations. For each Bond Type, the table discloses Gross Revenue, Operating Expenses, Net Revenue Available for Debt Service, Principal, Interest, Coverage Ratio, Final Maturity, Remaining Debt Service, and Revenue Ratio. The Bond Types with Operating Expenses are considered self-supporting debt and are paid from the associated facilities being financed. If Operating Expenses are not shown, the bond type is considered to be Net Tax Supported debt and serviced by dedicated tax or fee revenues.

Bond Type	Revenue ³	Less Operating Expenses	Net Available for Debt Service	Debt Service			Coverage Ratio	Final Maturity	Remaining Debt Service	Revenue Ratio ⁴
				Principal	Interest ⁶	Total Debt Service				
Florida Turnpike (Toll Facility)	620,201	173,704	446,497	105,060	138,179	243,239	1.84	2041	4,610,695	71.99%
Save Our Coast	.....	.....	.....	4,785	156	4,941	.....	2012	.....	0.00%
Florida Forever/P2000/Everglades ¹	729,901	.....	729,901	321,675	104,460	426,135	1.71	2029	2,596,927	100.00%
Lottery Education ^{1,2}	1,321,663	.....	1,321,663	176,845	134,745	311,590	4.24	2029	3,782,331	100.00%
Alligator Alley (Toll Facility)	19,647	7,243	12,404	1,590	1,858	3,448	3.60	2027	51,742	63.13%
State Infrastructure Bank	76,531	.....	76,531	11,200	4,548	15,748	4.86	2027	100,342	100.00%
Florida Hurricane Catastrophe	1,791,238	14,642	1,776,596	282,660	121,597	404,257	4.39	2016	5,310,571	99.18%
State University System Bonds	40,055	.....	40,055	16,495	10,766	27,261	1.47	2033	287,146	100.00%
University Auxiliary Bonds										
Parking System Revenue Bonds										
Florida International University	11,435	4,673	6,762	2,710	2,865	5,575	1.21	2039	87,502	59.13%
University of South Florida	13,549	7,944	5,605	2,130	1,429	3,559	1.57	2026	41,304	41.37%
Florida Agricultural & Mechanical University	2,708	1,261	1,447	160	70	230	6.29	2018	1,395	53.43%
University of Florida	12,255	7,320	4,935	2,075	1,055	3,130	1.58	2028	31,439	40.27%
Florida Atlantic University	6,962	3,486	3,476	805	456	1,261	2.76	2023	12,662	49.93%
University of Central Florida	18,576	3,149	15,427	2,880	1,833	4,713	3.27	2029	48,849	83.05%
Florida State University	11,104	2,347	8,757	3,395	2,223	5,618	1.56	2031	69,768	78.86%
Housing System Revenue Bonds										
Florida International University	25,069	14,049	11,020	3,765	3,395	7,160	1.54	2041	177,069	43.96%
University of Florida	45,673	33,519	12,154	2,630	2,265	4,895	2.48	2031	103,527	26.61%
Florida Atlantic University	16,299	6,419	9,880	2,585	3,177	5,762	1.71	2036	107,683	60.62%
University of Central Florida	24,712	11,910	12,802	2,985	3,382	6,367	2.01	2042	174,484	51.80%
Florida State University	35,639	16,416	19,223	3,815	5,998	9,813	1.96	2040	204,755	53.94%
Student Health and Wellness Center Revenue Bonds										
University of Central Florida	12,754	.....	12,754	345	271	616	20.70	2024	7,414	100.00%
Florida State University ⁴	13,404	.....	13,404	1,075	1,305	2,380	5.63	2030	42,847	100.00%
University of North Florida	3,834	.....	3,834	400	929	1,329	2.88	2036	29,624	100.00%
Bookstore Revenue Bonds										
University of Central Florida	1,788	485	1,303	220	76	296	4.40	2017	1,465	72.87%
Student Services Center Revenue Bonds										
Florida Agricultural & Mechanical University	2,416	1,153	1,263	385	141	526	2.40	2017	2,631	52.28%
Water Pollution Control Bonds	120,674	.....	120,674	25,405	24,721	50,126	2.41	2031	708,666	100.00%
Inland Protection Bonds	189,683	.....	189,683	5,335	3,403	8,738	21.71	2024	114,041	100.00%

¹ Operating Expenses are not listed for the Lottery Program and the Environmental Programs e.g. Florida Forever/Preservation 2000/Everglades Restoration 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 Source Department of Lottery, Audited Financial Statements.

³ Refer to Note 8A.2. for information on the sources of pledged revenues.

⁴ Revenue Ratio is calculated as Net Available for Debt Service divided by Revenue.

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 the fiscal year 2011-12, the ratio exceeded 7%, primarily because of the reduction in tax revenues. Chapter 2011-47, Section 69, Laws of Florida, provided the legislature's determination that the authorization and issuance of debt for the 2012-12 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, 2012, are as follows (in thousands):

Year Ending June 30	Primary Government					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 1,226,171	\$ 974,975	\$ 2,201,146	\$ 3,908,640	\$ 224,735	\$ 4,133,375
2014	1,024,221	914,368	1,938,589	422,020	193,937	615,957
2015	1,045,304	864,962	1,910,266	450,810	173,119	623,929
2016	1,086,089	814,096	1,900,185	474,635	150,690	625,325
2017	1,105,263	761,656	1,866,919	472,130	127,626	599,756
2018-2022	5,626,730	2,999,883	8,626,613	713,575	490,631	1,204,206
2023-2027	4,497,515	1,711,750	6,209,265	613,365	328,579	941,944
2028-2032	2,602,447	838,602	3,441,049	446,780	196,710	643,490
2033-2037	1,619,305	307,036	1,926,341	383,930	83,721	467,651
2038-2042	331,190	29,368	360,558	104,570	11,260	115,830
Bonds Payable and Interest	20,164,235	10,216,696	30,380,931	7,990,455	1,981,008	9,971,463
Unamortized premiums (discounts)	808,740	.....	808,740	93,960	.....	93,960
Less amount deferred or refunded	(141,754)	.....	(141,754)	(28,706)	.....	(28,706)
Total bonds payable and interest	<u>\$ 20,831,221</u>	<u>\$ 10,216,696</u>	<u>\$ 31,047,917</u>	<u>\$ 8,055,709</u>	<u>\$ 1,981,008</u>	<u>\$ 10,036,717</u>

Year Ending June 30	Component Units		
	Principal	Interest	Total
2013	\$ 694,560	\$ 398,453	\$ 1,093,013
2014	833,244	389,922	1,223,166
2015	699,678	362,358	1,062,036
2016	808,041	328,404	1,136,445
2017	1,083,491	282,014	1,365,505
2018-2022	1,420,727	368,249	1,788,976
2023-2027	1,320,514	806,360	2,126,874
2028-2032	950,023	587,080	1,537,103
2033-2037	1,045,951	395,202	1,441,153
2038-2042	882,253	202,845	1,085,098
2043-2047	581,372	57,534	638,906
2048-2052	113,417	7,445	120,862
2053-2057	25,742	361	26,103
Bonds payable and interest	10,459,013	4,186,227	14,645,240
Unamortized premiums (discounts)	134,421	.....	134,421
Less amount deferred or refunded	(1,953)	.....	(1,953)
Total bonds payable and interest	<u>\$ 10,591,481</u>	<u>\$ 4,186,227</u>	<u>\$ 14,777,708</u>

Annual debt service requirements for university capital improvement debt payable at June 30, 2012, are as follows (in thousands):

Year Ending June 30	Universities		
	Principal	Interest	Total
2013	38,913	37,283	76,196
2014	41,615	35,315	76,930
2015	42,528	33,682	76,210
2016	44,258	31,959	76,217
2017	47,989	31,479	79,468
2018-2022	213,958	121,522	335,480
2023-2027	185,409	75,608	261,017
2028-2032	133,481	37,516	170,997
2033-2037	60,415	13,968	74,383
2038-2042	28,796	3,083	31,879
Total capital improvement debt payable and interest	<u>\$ 837,362</u>	<u>\$ 421,415</u>	<u>\$ 1,258,777</u>

6. Advance Refundings and Current Refundings

During the fiscal year ended June 30, 2012, the state took advantage of favorable conditions and issued bonds for the purpose of refunding previously issued bonds. The refundings of these bond series were made in order to obtain lower interest rates and the resulting savings in debt service payments over the life of the bonds. The economic gains obtained by these refundings are the differences between the present value of old debt service and new debt service requirements.

The proceeds of the current refundings are used to immediately call the refunded bonds **within 90 days of issuance of the refunding bonds**. The proceeds of the advance refundings are deposited into irrevocable trusts and invested in direct obligations of the Federal government and/or obligations guaranteed by the Federal government. The funds deposited along with the interest to be earned will be sufficient to meet the future principal and interest payments on the refunded bonds as they become due.

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

Advance Refundings

Governmental Activities

State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Bonds, 2010 Series A in the amount of \$53,405,000, in part, along with additional funds of \$206,028 were used to advance refund \$17,185,000 State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Bonds, 2002 Series A maturing in the years 2013 through 2022. The refunding resulted in debt savings of \$2,189,979, an economic gain of \$1,867,753, and a deferred loss on refunding of \$176,165.

State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series 2010F in the amount of \$169,830,000 along with additional funds of \$3,779,260 were used to advance refund \$89,105,000 of the State of Florida State Board of Education Lottery Revenue Bonds, Series 2002A maturing in the years 2013 through 2021 and \$93,145,000 of the State of Florida, State Board of Education Lottery Revenue Bonds, Series 2002B maturing in the years 2013 through 2022. The refunding resulted in debt savings of \$17,077,508, an economic gain of \$14,258,274, and a deferred loss on refunding of \$555,798 and 935,767.

State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series 2011A in the amount of \$114,500,000 along with additional funds of \$2,047,807 were used to advance refund \$48,470,000 of the State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series 2002 maturing in the years 2013 through 2022 and \$72,665,000 of the State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series 2002A maturing in the years 2013 through 2022. The refunding resulted in debt savings of \$13,953,837, an economic gain of \$12,030,962, and a deferred gain on refunding of \$664,119.

State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series 2011B in the amount of \$243,785,000, in part, along with additional funds of \$629,581 were used to advance refund \$69,900,000 of the State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series 2002 maturing in the years 2023 through 2031 and \$82,525,000 of the State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series 2002A maturing in the years 2023 through 2032. The refunding resulted in debt savings of \$38,156,620, an economic gain of \$25,788,524, and a deferred loss on refunding of \$1,690,892.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2011 Series B in the amount of \$173,045,000 along with additional funds of \$3,491,036 were used to advance refund \$41,595,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2000 Series B maturing in the years 2013 through 2022, \$26,770,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2000 Series C maturing in the years 2013 through 2021, \$75,880,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2001 Series F maturing in the years 2013 through 2022 and \$37,470,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2001 Series G maturing in the years 2014 through 2022. The refunding resulted in debt savings of \$16,061,633, an economic gain of \$13,746,343, and a deferred loss on refunding of \$420,550.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2011 Series C in the amount of \$220,885,000 along with additional funds of \$1,918,105 were used to advance refund \$74,865,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2001 Series H maturing in the years 2013 through 2026, and \$158,890,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2002 Series A maturing in the years 2013 through 2029. The refunding resulted in debt savings of \$29,812,932, an economic gain of \$23,202,938, and a deferred loss on refunding of \$1,046,741.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2011 Series E in the amount of \$164,450,000 were used to advance refund \$60,060,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2000 Series B maturing in the years 2023 through 2031, \$52,765,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2000 Series C maturing in the years 2022 through 2032, and \$58,135,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2001 Series G maturing in the years 2023 through 2031. The refunding resulted in debt savings of \$22,982,476, an economic gain of \$15,783,965, and a deferred loss on refunding of \$3,738,512.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2011 Series F in the amount of \$164,035,000 along with additional funds of \$701,021 were used to advance refund \$123,810,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2001 Series F maturing in the years 2023 through 2032 and \$44,435,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2002 Series A maturing in the years 2030 through 2032. The refunding resulted in debt savings of \$32,313,132, an economic gain of \$20,792,030, and a deferred loss on refunding of \$3,671,923.

State of Florida, Department of Environmental Protection Florida Forever Revenue Refunding Bonds, Series 2011B in the amount of \$164,010,000 along with additional funds of \$2,346,679 were used to advance refund \$86,610,000 of the State of Florida, Department of Environmental Protection Florida Forever Revenue Refunding Bonds, Series 2002A maturing in the years 2013 through 2021, and \$93,740,000 of the State of Florida, Department of Environmental Protection Florida Forever Revenue Bonds, Series 2002B maturing in the years 2013 through 2022. The refunding resulted in debt savings of \$26,987,710, an economic gain of \$23,911,248, and a deferred gain on refunding of \$429,503.

Business-type Activities

There were no advance refundings for business-type activities.

Current Refundings**Governmental Activities**

State of Florida, Department of Environmental Protection Florida Forever Revenue Refunding Bonds, Series 2011A in the amount of \$127,920,000 along with additional funds of \$1,134,713 were used to refund \$30,400,000 of the State of Florida Department of Environmental Protection Florida Forever Revenue Bonds, Series 2001A maturing in the years 2012 through 2021 and \$110,055,000 of the State of Florida Department of Environmental Protection Florida Forever Revenue Bonds, Series 2001B maturing in the years 2012 through 2021. The refunding resulted in debt savings of \$15,879,291, an economic gain of \$14,520,433, and a deferred loss on refunding of \$2,820,704.

State of Florida, Board of Governors, University of Central Florida Parking Facility Revenue Refunding Bonds, Series 2011A in the amount of \$11,005,000 along with additional funds of \$299,037 were used to refund \$3,230,000 of the State of Florida, Board of Regents, University of Central Florida Parking Facility Revenue Bonds, Series 1997 maturing in the years 2013 through 2018 \$4,225,000 of the State of Florida, Board of Regents, University of Central Florida Parking Facility Revenue Bonds, Series 1999 maturing in the years 2013 through 2020 and \$4,715,000 of the State of Florida, Board of Regents, University of Central Florida Parking Facility Revenue Bonds, Series 2001 maturing in the years 2013 through 2022. The refunding resulted in debt savings of \$1,641,625, an economic gain of \$1,456,811, and a deferred loss on refunding of \$47,150.

State of Florida, Board of Governors University of Central Florida Dormitory Revenue Bonds, Series 2012A in the amount of \$66,640,000, in part, along with additional funds of \$503,499 were used to refund \$24,965,000 of the State of State of Florida, Board of Regents University of Central Florida Housing Revenue Bonds, Series 2000 maturing in the years 2013 through 2030. The refunding resulted in debt savings of \$6,004,105 an economic gain of \$4,281,290 and a deferred loss on refunding of \$0.

State of Florida, Board of Governors, Florida International University Dormitory Revenue Refunding Bonds, Series 2011A in the amount of \$22,210,000 along with additional funds of \$545,320 were used to refund \$13,020,000 of the State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 1998 maturing in the years 2013 through 2024 and \$10,195,000 of the State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds, Series 2000 maturing in the years 2013 through 2025. The refunding resulted in debt savings of \$3,607,658, an economic gain of \$2,943,142, and a deferred loss on refunding of \$0.

State of Florida, Board of Governors, Florida International University Dormitory Revenue Bonds, Series 2012A in the amount of \$53,655,000, in part, along with additional funds of \$93,300 were used to refund \$6,220,000 of the State of Florida, Board of Regents, Florida International Housing Facility Revenue Bonds, Series 1998 maturing in the years 2025 through 2028. The refunding resulted in debt savings of \$646,259, an economic gain of \$425,473, and a deferred loss on refunding of \$0.

State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series 2011A in the amount of \$27,745,000 along with additional funds of \$60,634 were used to refund \$6,975,000 of the State of Florida Board of Regents, Florida State University Housing Facility Revenue Bonds, Series 2001 maturing in the years 2013 through 2030 and \$20,365,000 of the State of Florida, Florida Board of Education Florida State University Housing Facility Revenue Bonds, Series 2001A maturing in the years 2013 through 2031. The refunding resulted in debt savings of \$3,810,710, an economic gain of \$2,725,383, and a deferred loss on refunding of \$449,345.

State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series 2011A in the amount of \$16,350,000 along with additional funds of \$297,558 were used to refund \$16,595,000 of the State of Florida, Board of Regents, University of Florida Housing Revenue Bonds, Series 1998 maturing in the years 2012 through 2028. The refunding resulted in debt savings of \$2,118,660, an economic gain of \$1,703,857, and a deferred loss on refunding of \$0.

State of Florida, Board of Governors, University System Improvement Revenue Refunding Bonds, Series 2012A in the amount of \$31,840,000 along with additional funds of \$789,583 were used to refund \$12,385,000 of the State of Florida, Board of Regents, University System Improvement Revenue Bonds, Series 1998 maturing in the years 2020 through 2023 and \$21,775,000 State of Florida, Florida Board of Education, University System Improvement Revenue Bonds, Series 2001 maturing in the years 2013 through 2026. The refunding resulted in debt savings of \$5,912,066, an economic gain of \$4,839,553, and a deferred loss on refunding of \$437,999.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2011 Series D in the amount of \$241,825,000 along with additional funds of \$5,629,234 were used to refund \$50,000,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, Series 1989A (Refunding Bonds) maturing in the year 2024, \$56,635,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2001 Series A maturing in the years 2022 through 2024, \$38,270,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2001 Series B maturing in the years 2024 and 2025, and \$128,130,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2001 Series E maturing in the year 2025. The refunding resulted in debt savings of \$49,685,079, an economic gain of \$34,309,033, and a deferred loss on refunding of \$3,542,566.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2012 Series A in the amount of \$285,820,000 along with additional funds of \$4,238,842 were used to refund \$139,030,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2001 Series D maturing in the years 2013 through 2019 and \$184,035,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2002 Series B maturing in the years 2013 through 2023. The refunding resulted in debt savings of \$60,912,189, an economic gain of \$56,904,124, and a deferred loss on refunding of \$4,346,863.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2012 Series B in the amount of \$223,585,000 along with additional funds of \$4,544,053 were used to refund \$36,330,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2001 Series H maturing in the years 2013 through 2015 and \$213,005,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2002 Series C maturing in the years 2013 through 2023. The refunding resulted in debt savings of \$39,947,159, an economic gain of \$35,783,666, and a deferred loss on refunding of \$4,680,454.

State of Florida Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds in the amount of \$267,390,000, in part, along with additional funds of \$753,104 were used to refund \$40,710,000 of the State of Florida Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series 2002A maturing in the years 2013 through 2032. The refunding resulted in debt savings of 8,981,045, an economic gain of \$6,872,075, and a deferred loss on refunding of \$961,765.

State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds, 2011 Series A in the amount of \$53,785,000, in part, were used to refund \$28,990,000 of the State of Florida Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds, 2002 Series B maturing in the years 2013 through 2015. The refunding resulted in debt savings of \$2,235,583, an economic gain of \$2,209,734, and a deferred loss on refunding of \$1,051,135.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2008 Series G in the amount of \$70,300,000 along with additional funds of \$455,016 were used to refund \$78,510,000 of the State of Florida Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2001 Series E maturing in the years 2012 through 2024. The refunding resulted in debt savings of \$11,512,279, an economic gain of \$8,747,527, and a deferred loss on refunding of \$1,541,965.

Business-type Activities

There were no current refundings for business-type activities.

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 6/30/2012
<u>Governmental Activities</u>	
University Auxilliary Bonds	\$ 1,679
Public Education Capital Outlay Bonds	7,515
Total	\$ 9,194
 <u>Business-type Activities</u>	
Toll Facilities	\$ 56,000

8. Arbitrage Regulations

The state 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	\$ 23,655
Lottery Education Bonds	123,661
Public Education Bonds	519,782
State University System Bonds	9,704
University Auxiliary Bonds	<u>36,187</u>
Total Education	<u>712,989</u>
Natural Resources and Environment:	
Inland Protection Bonds	3,521
Everglades Restoration Bonds	6,024
Water Pollution Control Bonds	18,918
Save Our Coast Bonds	334
Florida Forever Bonds	81,689
Preservation 2000 Bonds	<u>8,128</u>
Total Natural Resources and Environment	<u>118,614</u>
Transportation:	
Road and Bridge Bonds (Right of Way)	93,354
State Infrastructure Bonds	<u>3,904</u>
Total Transportation	<u>97,258</u>
Total Direct Interest	<u>\$ 928,861</u>

10. Governmental Activities – Unrestricted Net Asset Deficit

Governmental activities reflect a negative unrestricted net asset balance of \$13.4 billion at June 30, 2012. This deficit is primarily the result of education-related bonds in which the state is responsible for the debt, but the state colleges, state universities, or the local school districts own the capital assets. Because the state does not own these capital assets, the bonded debt is not netted on the line item "Invested in capital assets, net of related debt." Instead, this bonded debt is netted with unrestricted net assets. Education-related bonds include SBE Capital Outlay Bonds; PECO Bonds; State University System Improvement Bonds; and Lottery Education Bonds; which have a total ending balance at June 30, 2012, of \$14.6 billion. The state has an additional \$1.3 billion in other bonds, including Preservation 2000/Florida Forever bonds in which the state does not own the related capital assets. The resources related to the payment of this debt will be provided from future revenue sources. If these bonds were removed, the adjusted unrestricted net assets for governmental activities would be \$2.1 billion.

B. Certificates of Participation

1. Primary Government

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 3.250% - 6.85% and the last maturity date is August 1, 2029. The following is a schedule of future minimum principal and interest payments for certificates of participation for governmental activities at June 30, 2012 (in thousands):

Year Ending June 30	Principal	Interest	Total
2013	\$ 41,395	\$ 39,233	\$ 80,628
2014	43,450	37,162	80,612
2015	44,585	35,022	79,607
2016	44,005	32,867	76,872
2017	43,390	30,777	74,167
2018-2022	200,541	123,759	324,300
2023-2027	227,955	66,638	294,593
2028-2032	109,955	10,426	120,381
Total	755,276	375,884	1,131,160
Unamortized premiums (discounts)	10,102	.....	10,102
Amount deferred upon refunding	844	.....	844
Total certificates of participation payable	\$ 766,222	\$ 375,884	\$ 1,142,106

2. Component Units

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 2.500% to 6.000% and the last maturity date is July 1, 2040. The following is a schedule of future minimum principal and interest payments for certificates of participation for component units at June 30, 2012 (in thousands):

Year Ending June 30	Principal	Interest	Total
2013	\$ 24,758	\$ 52,111	\$ 76,869
2014	26,442	51,052	77,494
2015	27,500	50,415	77,915
2016	28,710	48,664	77,374
2017	30,025	47,336	77,361
2018-2022	172,335	214,158	386,493
2023-2027	211,905	169,769	381,674
2028-2032	265,385	114,455	379,840
2033-2037	302,230	45,134	347,364
2038-2042	43,685	1,451	45,136
Total	1,132,975	794,545	1,927,520
Unamortized premiums (discounts)	24,146	.....	24,146
Amount deferred upon refunding	(534)	.....	(534)
Total certificates of participation payable	\$ 1,156,587	\$ 794,545	\$ 1,951,132

NOTE 9 - INSTALLMENT PURCHASES, CAPITAL LEASES, ADVANCES FROM FEDERAL GOVERNMENT, AND PUBLIC-PRIVATE PARTNERSHIPS

A. Installment Purchases

The state has a number of installment purchase contracts providing for the acquisition of furniture and equipment. At June 30, 2012, 100% of the state's installment purchase contracts for governmental activities were for furniture and equipment. Installment purchase contracts for component units consisted of 100% of 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, 2012 (in thousands):

Year Ending June 30	Primary Government	Component Units
	Governmental Activities	
2013	\$ 4,495	\$ 2,796
2014	3,820	2,128
2015	3,605	1,584
2016	3,473	1,204
2017	3,248	137
2018-2022	11,746	.....
2023-2027	7,112	.....
Total	37,499	7,849
Less: Interest	(9,351)	(315)
Present value of future minimum payments	\$ 28,148	\$ 7,534

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, 2012, 63% of the state's capital leases for governmental activities were for buildings, and the remaining 37% were for furniture and equipment. Capital leases for component units consisted of 54% for furniture and equipment, 41% for building, and the remaining 5% for land. The following is a schedule of future minimum capital lease payments for the primary government and component units at June 30, 2012 (in thousands):

Year Ending June 30	Primary Government	Component Units
	Governmental Activities	
2013	\$ 8,591	\$ 10,250
2014	8,067	10,250
2015	5,981	10,492
2016	2,532	8,850
2017	2,524	6,817
2018-2022	7,170	14,833
2023-2027	2,104	11,244
2028-2032	.....	3,934
2033-2037	.....	548
Total	36,969	77,218
Less: Interest	(5,578)	(14,968)
Present value of future minimum payments	\$ 31,391	\$ 62,250

C. Advances from Federal Government

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 2012-13. As of June 30, 2012, there is a \$672.6 million advance balance 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 (in thousands):

Federal Advance Balances at June 30,
 2012 \$ 672,583
 2013 \$ 0

Interest Payable on September 30,
 2012 \$ 56,100 (Estimate)
 2013 \$ 43,300 (Estimate)

D. Public-Private Partnerships

Pursuant to Section 334.30, F.S, the Department of Transportation executed two 35-year, Public-Private Partnership concession agreements in March and October of 2009 for the design, build, finance, operation and maintenance of the Interstate 595 Corridor and the Port of Miami Tunnel. Payments consist of construction-period payments, lump-sum final acceptance payments upon completion of construction, and annual performance-based availability payments to be made during the 30-year operations and maintenance period. Annual availability payments are all inclusive payments consisting of unpaid portions of construction costs, annual operations costs, and maintenance expenses. The payment schedule below is an estimate of unpaid construction payments during the term of the agreements based on the percentage of completion of the projects at June 30, 2012. The annual availability payments are performance-based and are subject to change based on a fixed percentage as defined in the agreement and on the Consumer Price Index, which could impact the payment schedule. The projects are expected to be completed in 2014. The following is a schedule of future maximum payments for the primary government at June 30, 2012 (in thousands):

Year Ending June 30	Primary Government Governmental Activities
2013	\$ 25,000
2014	151,494
2015	348,174
2016	117,009
2017	136,020
2018-2022	457,467
2023-2027	365,457
2028-2032	424,285
2033-2037	487,885
2038-2042	561,634
2043-2044	201,794
Total	3,276,219
Less: Interest	(1,627,121)
Present value of future maximum Payments	<u>\$ 1,649,098</u>

NOTE 10 - CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for governmental activities during the fiscal year ended June 30, 2012, are as follows (in thousands):

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year (Current)
Governmental Activities					
Bonds payable:					
Road and Bridge Bonds	\$ 1,965,605	\$ 511,175	\$ 456,670	\$ 2,020,110	\$ 62,000
SBE Capital Outlay Bonds	621,235	53,785	116,095	558,925	72,930
Lottery Education Bonds	2,903,893	242,240	359,095	2,787,038	183,951
Public Education Bonds	11,479,785	1,445,100	2,099,285	10,825,600	434,720
State University System Bonds	214,515	31,840	50,635	195,720	17,335
University Auxiliary Bonds	761,336	224,105	146,589	838,852	38,600
Inland Protection Bonds	90,105	.....	5,335	84,770	5,605
Save Our Coast Bonds	4,785	.....	4,785	.....	.....
Preservation 2000 Bonds	135,650	.....	65,765	69,885	69,885
Florida Forever Bonds	1,917,055	291,930	566,630	1,642,355	265,115
Water Pollution Control Bonds	527,280	.....	25,405	501,875	34,155
State Infrastructure Bank Bonds	91,775	.....	11,200	80,575	9,955
Everglades Restoration Bonds	214,590	.....	10,085	204,505	10,485
Florida Facilities Pool Bonds	374,450	.....	20,425	354,025	21,435
	21,302,059	2,800,175	3,937,999	20,164,235	1,226,171
Unamortized bond premiums (discounts)	662,281	317,672	171,213	808,740	.....
Amounts deferred on refunding	(144,829)	(29,746)	(32,821)	(141,754)	.....
Total bonds payable	21,819,511	3,088,101	4,076,391	20,831,221	1,226,171
Certificates of participation payable	806,813	.....	40,591	766,222	41,395
Deposits	629,750	990,639	1,001,941	618,448	476,497
Compensated absences	819,383	240,239	265,968	793,654	215,624
Claims payable	3,788,723	1,748,786	1,662,547	3,874,962	1,938,639
Installment purchases/capital leases	52,750	19,305	12,516	59,539	9,649
Public-private partnership agreements	.....	1,709,098	60,000	1,649,098	25,000
Other liabilities	587,154	1,121,501	28,756	1,679,899	.....
Total Governmental Activities	\$ 28,504,084	\$ 8,917,669	\$ 7,148,710	\$ 30,273,043	\$ 3,932,975

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, Health and Family Services 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 \$664 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. The Transportation-Governmental Fund will liquidate the public-private partnership agreements liability from annual appropriations. Refer to Note 9 for additional information on the public-private partnership agreements.

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Changes in long-term liabilities for business-type activities and component units during the fiscal year ended June 30, 2012, are as follows (in thousands):

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year (Current)
Business-type Activities					
Bonds payable:					
Toll Facility Bonds	\$ 2,849,225	\$ 150,165	\$ 106,650	\$ 2,892,740	\$ 111,845
Florida Hurricane Catastrophe Fund Bonds	5,380,375	.....	282,660	5,097,715	3,796,795
	8,229,600	150,165	389,310	7,990,455	3,908,640
Unamortized bond premiums (discounts)	96,158	23,116	25,314	93,960	.....
Amounts deferred on refunding	(34,417)	.....	(5,711)	(28,706)	.....
Total bonds payable	8,291,341	173,281	408,913	8,055,709	3,908,640
Accrued prize liability	749,373	2,775,958	2,875,823	649,508	227,211
Deposits	34,697	1,632,332	1,635,515	31,514	1,021
Compensated absences	20,499	10,413	10,408	20,504	4,951
Tuition and housing benefits payable	9,892,040	2,075,617	412,691	11,554,966	703,525
Advances from Federal Government	1,574,100	1,204,687	2,106,204	672,583	672,583
Other liabilities	13,515	4,680	2,453	15,742	.....
Total Business-type Activities	\$ 20,575,565	\$ 7,876,968	\$ 7,452,007	\$ 21,000,526	\$ 5,517,931
Component Units					
Bonds payable	\$ 10,955,919	\$ 1,297,754	\$ 1,662,192	\$ 10,591,481	\$ 694,560
Deposits	1,517,102	224,054	76,085	1,665,071	1,557,362
Compensated absences	673,288	211,554	296,111	588,731	73,253
Installment purchases/capital leases	44,131	39,483	13,830	69,784	10,733
Claims payable	131,564	45,971	46,399	131,136	21,485
Certificates of participation payable	1,182,630	2	26,045	1,156,587	24,758
Due to other governments/primary	758,988	210,060	125,168	843,880	35,380
Other liabilities	1,010,476	1,429,235	208,635	2,231,076	355,695
Total Component Units	\$ 16,274,098	\$ 3,458,113	\$ 2,454,465	\$ 17,277,746	\$ 2,773,226

NOTE 11 - INTERFUND BALANCES AND TRANSFERS

At June 30, 2012, 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, 2012, consist of the following (in thousands):

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)				
	Governmental Activities				
	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Governmental Activities					
General Fund	\$	\$ 4,896	\$ 19	\$ 133,622	\$ 11,623
Environment, Recreation and Conservation	7,198	.....	.....	1,001	13,095
Public Education	85	.....	.....	1,693	.....
Health and Family Services	7,133	1	.....	.....	5,723
Transportation	5,962	1,178	.....	139	.....
Nonmajor	71,425	3,862	1,049	2,118	19,611
Internal Service Funds	872	4	.....	478	117
Business-type Activities					
Transportation	71	.....	.....	.....	116,211
Lottery	24	.....	51,604	.....	.....
Hurricane Catastrophe Fund	.....	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....	.....
Unemployment Compensation	393	.....	.....	.....	.....
Nonmajor	5,202	.....	.....	190	.....
Fiduciary Funds					
Private-purpose Trust Funds	32	11	2,222	.....	25
Pension and Other Employee Benefits Trust Funds	7	.....	.....	6	.....
Agency Funds	113,832	.....	675	3,710	11,720
Investment Trust Funds	.....	.....	.....	.....	.....
Total	\$ 212,236	\$ 9,952	\$ 55,569	\$ 142,957	\$ 178,125

(Continued Below)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)	
	Governmental Activities	
	Nonmajor	Internal Service Funds
Governmental Activities		
General Fund	\$ 15,984	\$ 6,221
Environment, Recreation and Conservation	340	239
Public Education	79	215
Health and Family Services	3,266	12,587
Transportation	20,899	1,988
Nonmajor	10,556	21,746
Internal Service Funds	11	494
Business-type Activities		
Transportation	.....	.....
Lottery	7	40
Hurricane Catastrophe Fund	.....	.....
Prepaid College Program	.....	.....
Unemployment Compensation	1,765	.....
Nonmajor	1,065	191
Fiduciary Funds		
Private-purpose Trust Funds	700	.....
Pension and Other Employee Benefits Trust Funds	.....	19
Agency Funds	5
Investment Trust Funds
Total	\$ 54,677	\$ 43,740

(Continued next page)

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Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Business-type Activities			
	Transportation	Lottery	Unemployment Compensation	Nonmajor
Governmental Activities				
General Fund	\$	\$	\$ 1,428	\$ 940
Environment, Recreation and Conservation	.....	.....	83	16
Public Education	.....	.....	2	.....
Health and Family Services	.....	.....	712	45
Transportation	.....	.....	34	.....
Nonmajor	.....	.....	736	22
Internal Service Funds	.....	4	28	.....
Business-type Activities				
Transportation	.....	.....	.....	.....
Lottery	.....	.....	6	3
Hurricane Catastrophe Fund	.....	.....	.....	132
Prepaid College Program	.....	.....	.....	.....
Unemployment Compensation	.....	.....	.....	.....
Nonmajor	.....	.....	54	.....
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	1	.....
Pension and Other Employee Benefits Trust Funds	.....	.....	.....	2,409
Agency Funds	50,028	.....	.....	18
Investment Trust Funds	.....	.....	.....	28
Total	\$ 50,028	\$ 4	\$ 3,084	\$ 3,613

(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	\$	\$ 4	\$ 42,546	\$ 217,283
Environment, Recreation and Conservation	.....	.....	.....	21,972
Public Education	54	.....	.....	2,128
Health and Family Services	.....	1	29	29,497
Transportation	.....	9	8,741	38,950
Nonmajor	.....	11	67	131,203
Internal Service Funds	.....	.....	21,539	23,547
Business-type Activities				
Transportation	.....	.....	323	116,605
Lottery	.....	1	.....	51,685
Hurricane Catastrophe Fund	.....	.....	.....	132
Prepaid College Program	.....	.....	.....	.....
Unemployment Compensation	.....	.....	1,004	3,162
Nonmajor	.....	.....	.....	6,702
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	.....	2,991
Pension and Other Employee Benefits Trust Funds	.....	.....	.....	2,441
Agency Funds	.....	.....	.....	179,988
Investment Trust Funds	.....	.....	.....	28
Total	\$ 54	\$ 26	\$ 74,249	\$ 828,314

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	\$	\$
Public Education	.....	.....	.....	.....
Nonmajor	625	.....	.....	.....
Internal Service Funds	1,978	800	.....	.....
Business-type Activities				
Transportation	.....	220,527	.....	.....
Total	\$ 2,603	\$ 221,427	\$	\$

(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	\$	\$ 100
Public Education	755,925	755,925
Nonmajor	.....	625
Internal Service Funds	2,778
Business-type Activities		
Transportation	220,527
Total	\$ 755,925	\$ 979,955

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

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)				
	Governmental Activities				
	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Governmental Activities					
General Fund	\$ \$	660,055	\$ 120,855	\$ 1,844,814	\$ 143,233
Environment, Recreation and Conservation	141,524	.....	.....	2,907	.....
Public Education	621	60	.....	9,761	.....
Health and Family Services	66,123	.....	157,178	.....	34,125
Transportation	55,668	21,197	150,000	696	.....
Nonmajor	242,282	51,449	291,092	38,131	766,935
Internal Service Funds	7,761	768	3	390	873
Business-type Activities					
Transportation	.....	.....	.....	.....	13,207
Lottery	9	.....	1,321,604	.....	.....
Hurricane Catastrophe Fund	.....	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....	.....
Unemployment Compensation	50	.....	.....	.....	.....
Nonmajor	102,203	.....	.....	8,728	.....
Fiduciary Funds					
Private-purpose Trust Funds	23	.....	539	734	.....
Pension and Other Employee Benefits Trust Funds	2,957	.....	.....	.....	.....
Investment Trust Funds	.....	.....	.....	.....	.....
Total	\$ 619,221	\$ 733,529	\$ 2,041,271	\$ 1,906,161	\$ 958,373

(Continued below)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)	
	Governmental Activities	
	Nonmajor	Internal Service Funds
Governmental Activities		
General Fund	\$ 456,228	\$ 753
Environment, Recreation and Conservation	462,874	.....
Public Education	1,489,673	.....
Health and Family Services	217,385	.....
Transportation	471,336	.....
Nonmajor	196,295	7,478
Internal Service Funds	8,774	.....
Business-type Activities		
Transportation	.....	.....
Lottery	153	.....
Hurricane Catastrophe Fund	10,000	.....
Prepaid College Program	.....	.....
Unemployment Compensation	19,527	.....
Nonmajor	18,167	.....
Fiduciary Funds		
Private-purpose Trust Funds	2,560	.....
Pension and Other Employee Benefits Trust Funds	83	19,000
Investment Trust Funds	.....	.....
Total	\$ 3,353,055	\$ 27,231

(Continued next page)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)			
	Business-type Activities			
	Transportation	Lottery	Unemployment Compensation	Nonmajor
Governmental Activities				
General Fund	\$ 84	\$	\$ 10,118	\$ 1,448
Environment, Recreation and Conservation	.....	.....	547	.....
Public Education	.....	.....	30	.....
Health and Family Services	.....	.....	4,310	2,340
Transportation	12,882	.....	288	.....
Nonmajor	.....	.....	3,373	5,624
Internal Service Funds	.....	.....	163	4
Business-type Activities				
Transportation	.....	.....	.....	.....
Lottery	.....	.....	34	.....
Hurricane Catastrophe Fund	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....
Unemployment Compensation	.....	.....	.....	.....
Nonmajor	.....	.....	340	.....
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	7	.....
Pension and Other Employee Benefits Trust Funds	.....	.....	3	7,994
Investment Trust Funds	.....	.....	.....	.....
Total	\$ 12,966	\$	\$ 19,213	\$ 17,410

(Continued below)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)			
	Fiduciary Funds			
	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Total
Governmental Activities				
General Fund	\$	\$ 62	\$	\$ 3,237,650
Environment, Recreation and Conservation	.....	.....	.....	607,852
Public Education	40	.....	.....	1,500,185
Health and Family Services	.....	.....	.....	481,461
Transportation	.....	.....	.....	712,067
Nonmajor	.....	.....	.....	1,602,659
Internal Service Funds	.....	.....	.....	18,736
Business-type Activities				
Transportation	.....	.....	.....	13,207
Lottery	.....	.....	.....	1,321,800
Hurricane Catastrophe Fund	.....	.....	.....	10,000
Prepaid College Program	1,292	.....	.....	1,292
Unemployment Compensation	.....	.....	.....	19,577
Nonmajor	.....	.....	.....	129,438
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	.....	3,863
Pension and Other Employee Benefits Trust Funds	.....	1,008,412	.....	1,038,449
Investment Trust Funds	.....	.....	42,766	42,766
Total	\$ 1,332	\$ 1,008,474	\$ 42,766	\$ 10,741,002

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 deductible which applies to all perils named above except named windstorm and flood. The property insurance program also self-insures the first \$2 million per occurrence deductible for named windstorm and flood but with an additional annual aggregate retention of \$40 million. Commercial excess insurance is purchased for losses over the self-insured retention up to \$61 million per occurrence for named windstorm and flood losses through February 15, 2012 and \$50 million beginning February 15, 2012, and \$200 million per occurrence for all other perils.

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, 2011, and June 30, 2012, 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, 2011	\$ 257	\$ 122	\$ (190)	\$ 189
June 30, 2012	\$ 189	\$ 1,777	\$ (511)	\$ 1,455

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 and property insurance claims at June 30, 2012, was \$1.2 billion. This amount was determined through an actuarial method based on historical paid and incurred losses and includes an amount for losses incurred but not yet reported. In addition, this amount includes the present value of workers' compensation indemnity claims liability of \$325.8 million, discounted using a 4 percent annual percentage rate per Section 625.091, Florida Statutes. The undiscounted workers' compensation indemnity claims liability is \$460.7 million.

Changes in the Fund's casualty insurance claims liability for the fiscal years ended June 30, 2011, and June 30, 2012, 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, 2011	\$ 1,084,739	\$ 262,675	\$ (127,833)	\$ 1,219,581
June 30, 2012	\$ 1,219,581	\$ 111,997	\$ (130,441)	\$ 1,201,137

Actual current year claims and changes in estimate for casualty lines of coverage for the fiscal year ended June 30, 2012, decreased by \$150.7 million, as compared to the previous fiscal year.

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 risk of loss related to medical and prescription drug claims, are administered through the State Employees’ Group Health Self-Insurance Trust Fund, an internal service fund. It is the practice of the state not to purchase commercial coverage for the risk 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, 2011, and June 30, 2012, 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, 2011	\$ 78,815	\$ 828,506	\$ (830,215)	\$ 77,106
June 30, 2012	\$ 77,106	\$ 1,184,800	\$(1,110,966)	\$ 150,940

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 Self-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, 2012, were transferred from the State Employees’ Group Health Self-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, 2012, is as follows:

Actuarial present value of future contract benefits and expenses payable	\$	11,554,965,985
Net assets available	\$	12,124,424,546
Net assets as a percentage of future contract benefits and expenses obligation		104.9%

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 reimbursement 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 reimbursement coverage with the FHCF. Chapter 2007-1, Laws of Florida, amended, in part, statutes to require the FHCF provide optional additional coverage with the Temporary Increase in Coverage Limit Options (TICL coverage which expands an insurer's coverage above its mandatory coverage) and the \$10 million coverage for certain statutorily designated companies.

The mandatory coverage covers a portion of hurricane losses in excess of an insurer's share of an 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, 2012, the industry retention for determining each insurer's retention was \$7.369 billion per hurricane for the two hurricanes with the largest losses and \$2.456 billion for each additional hurricane in the contract year. The aggregate coverage capacity for the contract year (in excess of retention) was \$17.0 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 coverage.

The optional TICL coverage covers a portion of hurricane losses in excess of the mandatory coverage, up to the lesser of either \$12 billion or the actual claims-paying capacity of the FHCF. In 2009, the statute was 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, 2012, was \$6 billion.

The maximum reimbursable claims for the optional coverage and the mandatory coverage (in the contract year ending May 31, 2012) was \$23 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, 2012, the FHCF had net assets of \$6.42 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, 2012, the FHCF is levying assessments of 1.3%. 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 the mandatory coverage. 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 2011 season. There were no hurricane losses incurred for the year ended June 30, 2012. 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 will 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.

Coastal 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.

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. Effective July 1, 2012, the Regular Assessment is applied as a uniform percentage of the premium of the policy up to 2% of such premium applied only to the Coastal 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 Section 631.56, Florida Statutes, and subsequently appointed by the Florida Department of Financial Services.

The members of the Association are all insurers that hold a certificate of authority to provide property and casualty coverage 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), Florida Statutes to pay covered claims of insurers rendered insolvent by the effects of a hurricane. 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), Florida Statutes. As of June 30, 2012, 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 (Program). Loans made from this Program (Program loans) were made directly by financial institutions to eligible students and their parents. FDOE is the guarantor for Program loans. The United States Department of Education (USED) is the Program's reinsurer and; as such, reimburses FDOE for Program activities. Reimbursement amounts are made at various rates based on the date the loan was guaranteed.

The passage of the Health Care and Education Reconciliation Act of 2010 ended the guarantor portion of the Program after June 30, 2010. FDOE still continues other administrative activities as required under the Program. At June 30, 2012, approximately \$2.4 billion of Program loans were still outstanding from loans that had been made prior to the Program ending on June 30, 2010. As guarantor, FDOE is still potentially liable for any defaulted Program loan amounts in-excess of USED reimbursement amounts. 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. The amounts of any foreseeable disallowances were not subject to reasonable estimation.

Component units - The United States Department of Health and Human Services' and National Science Foundation's Offices of Inspector General, with the United States Department of Justice (civil division), are investigating the University of Florida's (University) practices relating to Federal awards finances and accounting. 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.

Medicaid Program - In response to Florida Auditor General Report No. 2012-021, Finding No. 3, the United States Department of Health and Human Services required, on May 4, 2012, that the Florida Agency for Health Care Administration (FAHCA) determine the actual amount of overpayments of Medicare crossover claims and return the Federal share to the Federal Government. As of January 18, 2013, FAHCA had not determined the actual amount of overpayments.

C. Peak Oil Superfund Site Remediation

The United States 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.

D. Other

State Enterprise Email System Breach of Contract Claim - Xerox State & Solutions, Inc. notified the Southwood Shared Resource Center (SSRC) on August 15, 2012, of a potential claim for \$32 million alleging the SSRC breached its contract for a state enterprise email system. Chapter 2012-118, Laws of Florida, directed the SSRC not to expend funds or to make payments for this contract. On December 20, 2012, SSRC and Xerox executed a settlement agreement, which provides for settlement of Xerox's claims subject to approval of the Legislature for line item appropriation authority to pay the sum of \$7 million. If the funding is appropriated by the Legislature, then Xerox will release all claims. If the funding is not appropriated, Xerox may initiate suit to seek the full amount of the alleged damages. SSRC has not admitted liability.

Taxpayer Asserted Refund Claim - This claim involves a taxpayer, from one of the industries that Department of Business and Professional Regulation (DBPR) regulates, who has contested the legality of a tax that the legislature imposed and DBPR has been collecting from it and others. The taxpayer has paid the disputed tax and now seeks a refund for the immediate past payment as well as for the tax payments it made during the prior three years. If the taxpayer prevails, then the amount that it and others similarly situated may request by way of refund will exceed \$25 million. Moreover, the state will cease collecting the tax revenues it is accustomed to collecting in the future.

Unasserted Refund Claim - A taxpayer sued Department of Business and Professional Regulation (DBPR) and invalidated a legislatively imposed tax collected by DBPR resulting in recovery of its current payment and a refund of taxes paid during the previous three years. The aggregate amount of refunds that similarly situated taxpayers may assert and collect could exceed \$25 million. Moreover, the state will cease collecting the tax revenues it is accustomed to collecting in the future.

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. 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. 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. Discovery is ongoing.

- B. General Motors LLC, L.T. v. Florida Department of Revenue, Case No. 04-CA-2739 (2nd Cir.), Case No. 1D12-0784 (Fla. 1st DCA).**

General Motors repairs vehicles that fall outside the contractual terms and conditions of the new vehicle warranty or extended warranty period under a discretionary program known as “Case-by-Case Adjustments” or “Goodwill Policy Adjustments.” General Motors alleges the State illegally imposes a use tax on the tangible personal property that is incorporated into repairs made under these programs. On January 13, 2012, the Court held in favor of General Motors stating that the right to participate and receive repairs under the “Case-by-Case Adjustments” program is part of the consideration received by the customer in exchange for the purchase price of the vehicle. The Florida Department of Revenue (FDOR) appealed to the First District Court of Appeal (DCA). On December 5, 2012, the Court affirmed the judgment of the trial court. On January 22, 2013, the First DCA denied the FDOR’s motion for rehearing, clarification and certification. The total tax, penalty, and interest at stake in this consolidated case exceed \$60 million.

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

Home Depot challenged 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. After nearly five years of litigation, Home Depot voluntarily dismissed its complaint on March 9, 2012.

- D. Florida Gas Transmission Company v. Florida Department of Transportation, Case No. CACE07001922 (17th Cir.); 4D11-2567 (Fla. 4th DCA).**

Plaintiff’s alleged breach of easement and sought injunctive relief and reimbursement of natural gas pipeline relocation costs in excess of \$90 million. The Florida Department of Transportation (FDOT) counterclaimed. On January 27, 2011, the jury returned a verdict in favor of Plaintiff for \$82,697,567 in pipeline relocation costs. On May 2, 2011, the Court entered a Final Judgment in favor of the Plaintiff for \$82,697,567, plus pre-judgment interest. On May 12, 2011, the FDOT filed a motion to alter or amend the Final Judgment. On July 1, 2011, the Court entered an Amended Final Judgment not impacting the monetary judgment. Both parties appealed. On June 6, 2012, the Fourth DCA affirmed the Final Judgment on the jury verdict entered against the FDOT and reversed the Final Judgment on other issues not impacting the jury verdict. The FDOT paid the monetary judgment after the trial court issued the amended final judgment on November 9, 2012. The Florida Supreme Court denied a petition for discretionary review of the Fourth DCA’s opinion on December 28, 2012.

- E. In re Citrus Canker Litigation, Case No. 00-18394 (17th Cir. Broward County); Mendez v. Florida Department of Agriculture and Consumer Services, Case No. 02-13717 (15th Cir. Palm Beach County); Ayers v. Florida Department of Agriculture and Consumer Services, Case No. 05-CA-4120 (9th Cir. Orange County); In re Citrus Canker Litigation, Case No. 03-8255 (11th Cir. Miami-Dade County); Martinez v. Florida Department of Agriculture and Consumer Services, Case No. 03-30110 (11th Cir. Miami-Dade County); and Dellaselva v. Florida Department of Agriculture and Consumer Services, Case No. 03-1947 (20th Cir. Lee County).**

In re Citrus Canker Litigation, Case No. 00-18394, concerns a class of Broward County homeowners who sued for compensation for their citrus trees that had been exposed to citrus canker and removed by the Florida Department of Agriculture and Consumer Services (FDACS) after January 1, 2000. After bifurcated proceedings on liability and damages, Plaintiffs were awarded \$8,043,450, including prejudgment interest. The Fourth DCA affirmed the final judgment. Plaintiffs were also awarded costs and attorneys' fees in the amount of \$4,584,147, upon which an appeal is pending. Post-judgment interest is running on the judgments.

In related cases, similar classes have been certified in Palm Beach, Lee, and Orange Counties. In Palm Beach County, the circuit judge held the FDACS liable for removal of the class' canker-exposed citrus, and awarded \$19,222,491, including prejudgment interest. Post-judgment interest is running on the judgment, and Plaintiffs were also awarded costs and attorneys' fees. After the FDACS appealed, the Fourth DCA held Plaintiffs were required to proceed on the judgment by way of a claims bill in the Legislature. In Orange County, a liability trial concluded on October 25, 2012, and the decision is pending. In Lee County, a liability trial is scheduled for January, 2013. In a related Miami-Dade County class action, *In re Citrus Canker Litigation*, Case No. 03-8255, the trial court certified the class, and the Third DCA affirmed, but no liability trial has been scheduled. In another Miami-Dade County case, *Martinez*, Case No. 03-30110, the trial court denied certification of a class of citrus owners, which was affirmed by the appellate court, and the trial court permitted the plaintiffs a final opportunity to certify a class in a hearing held in October, 2012. Ruling in this *Martinez* matter is currently pending.

F. Angelfish Swim School, et. al. v. Browning, Case No. 2003-13413-CA-01 (11th Cir.); 3D10-1611 (Fla. 3rd DCA).

Plaintiffs in this class action allege 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. The trial court certified the class. The Florida Department of State appealed the Class Certification Order to the Third DCA. Potential liability is an estimated \$150 million, plus prejudgment interest. On April 6, 2011, the Third DCA reversed the class certification. Plaintiffs have moved for clarification, rehearing, rehearing en banc, and certification as a question of great public importance. On November 29, 2012, the Third DCA denied the motion for clarification, rehearing, rehearing en banc, and certification as a question of great public importance. On December 26, 2012, Plaintiffs filed a Notice of Appeal to the Florida Supreme Court concerning the Third DCA's April 6, 2011, and November 29, 2012, holdings.

G. George Williams, et.al., v. Rick Scott, et.al., Case No. 2011 CA 1584 (2nd Cir.).

Plaintiffs challenged the constitutionality of certain changes to the Florida Retirement System (FRS) contained in Chapter 2011-68, Laws of Florida. Specifically, Plaintiffs alleged that the requirement that FRS members contribute three percent of their gross compensation to FRS, and the elimination of a cost-of-living adjustment for work performed on and after July 1, 2011, were unconstitutional. Plaintiffs prevailed in trial court. The Supreme Court accepted certification of the case and heard oral argument on September 7, 2012. On January 17, 2013, the Court reversed the trial court's ruling and held in favor of the State by finding the Legislature did not violate the Florida Constitution in enacting the challenged provisions.

H. Florida Gas Transmission Company, v. Florida Department of Transportation, I-595 Express, LLC, and Dragados USA, Inc., Case No. 11-008770(07) (17th Judicial Circuit).

Plaintiff contends that Defendant's construction of an express lane system in the I-595 median materially interferes with its easement rights. Plaintiff asserts breach of easement and inverse condemnation claims against the FDOT and seeks \$37,885,889 in damages in an action initiated on April 14, 2011. The FDOT lodged a counterclaim seeking a declaratory relief. Trial is set for the third quarter of 2013.

I. Blairstone Delaware, LLC v. Florida Department of Corrections, Case No. 2012 CA 004007 (2nd Cir.).

This is a breach of contract case filed by the lessor of property leased by the Florida Department of Corrections (FDOC). Lessor alleges that the FDOC breached its lease by failing to relocate all of its state employees to state owned buildings, failing to act in good faith with the lessor by seeking to modify or terminate the lease, failing to state why the proposed relocation was in the best interest of the State, and failing to make a reasonable effort to place another state agency on the premises. The FDOC was served with the lawsuit on January 2, 2013, and a response to the complaint has not been filed to date. Plaintiff alleges damages exceed \$27 million.

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

The *State School Trust Fund* has a deficit fund balance of approximately \$676 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.

B. Proprietary Funds

The *Correctional Work Program Trust Fund* has a net asset deficit of approximately \$1.2 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* has a net asset deficit of approximately \$24.3 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 *Legal Services Trust Fund* has a net asset deficit of approximately \$2.8 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 Benefit Trust Fund* has a net asset deficit of approximately \$539 million. The deficit is a result of revenues being insufficient to cover unemployment benefit payments to claimants. In August 2009 the 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, 2012, total approximately \$673 million. The trust fund is projected to remain in a deficit fund equity position until May 2013. Current Title XII advances as of October 3, 2012, were \$608 million.

C. Fiduciary Funds

The *Life and Other Benefits Fund* has a net asset deficit of approximately \$2.1 million. 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**

The following bonds for governmental and business-type activities of the primary government were issued subsequent to June 30, 2012:

Agency/Bond	Series	Amount	Matures	Interest Rate
Governmental Activities:				
Department of Environmental Protection, Florida Forever Revenue Refunding Bonds	2012A	\$ 156,620,000	07/01/2014-07/01/2023	4.000% - 5.000%
Board of Governors, Florida Agricultural and Mechanical University Dormitory Revenue Bonds	2012A	\$ 42,850,000	07/01/2014-07/01/2032	4.000% - 5.000%
Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds	2012C	\$ 301,865,000	06/01/2014-06/01/2033	2.500% - 5.000%
Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds	2012D	\$ 229,930,000	06/01/2014-06/01/2033	3.000% - 5.000%
Board of Governors, University of Central Florida Parking Facility Revenue Bonds	2012A	\$ 7,860,000	07/01/2013-07/01/2032	3.000% - 5.000%
Full Faith and Credit, Department of Transportation, Right-of-Way Acquisition & Bridge Construction Refunding Bonds	2012B	\$ 234,715,000	07/01/2013-07/01/2034	3.000% - 5.000%
State Board of Education, Lottery Revenue Bonds	2012A	\$ 89,835,000	07/01/2013-07/01/2032	2.000% - 5.000%
Board of Governors, The Florida State University Research Foundation, Inc. Revenue Refunding Bonds	2012	\$ 11,920,000	07/01/2013-07/01/2031	3.000% - 4.000%
Business-Type Activities:				
Department of Transportation, Turnpike Revenue Bonds	2012A	\$ 306,065,000	07/01/2013-07/01/2042	2.875% - 5.000%

**OTHER REQUIRED
SUPPLEMENTARY
INFORMATION**

2012 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 1,377,199	\$ 1,377,199	\$ 1,377,199	\$
Reversions	40,125	40,125	40,125	.....
Fund Balances, July 1, 2011, restated	<u>1,417,324</u>	<u>1,417,324</u>	<u>1,417,324</u>	<u>.....</u>
REVENUES				
Fees and charges	1,194,568	1,111,568	1,620,907	509,339
Licenses	1,243,147	1,211,147	427,469	(783,678)
Taxes	25,903,494	25,743,694	25,708,669	(35,025)
Miscellaneous	18	18	6,192	6,174
Interest	120,562	120,362	128,829	8,467
Grants	13,581	13,581	15,297	1,716
Refunds	10,734	10,734	311,691	300,957
Transfers and distributions	1,950,422	1,844,022	2,345,582	501,560
Other	353,212	407,412	400,917	(6,495)
Total Revenues	<u>30,789,738</u>	<u>30,462,538</u>	<u>30,965,553</u>	<u>503,015</u>
Total Available Resources	<u>32,207,062</u>	<u>31,879,862</u>	<u>32,382,877</u>	<u>503,015</u>
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	3,322,794	3,326,503	3,294,223	32,280
Other personal services	63,278	69,291	65,475	3,816
Expenses	328,434	374,958	366,507	8,451
Grants and aids	11,310,915	11,301,182	11,299,483	1,699
Operating capital outlay	11,767	15,671	13,945	1,726
Food products	52,191	56,994	56,828	166
Fixed capital outlay	64,987	64,987	64,987	.....
Lump sum	.....	8,529	8,529	.....
Special categories	8,253,085	8,585,440	8,485,122	100,318
Financial assistance payments	244,151	244,151	243,995	156
Continuing Appropriations	.....	102,094	102,094	.....
Grants/aids to local governments	49,555	49,555	49,555	.....
Data processing services	43,124	42,098	39,868	2,230
Pensions and benefits	17,666	17,666	15,048	2,618
Claim bills and relief acts	.....	1,350	1,350	.....
Total Operating Expenditures	<u>23,761,947</u>	<u>24,260,469</u>	<u>24,107,009</u>	<u>153,460</u>
Nonoperating expenditures:				
Transfers	4,199,285	4,199,285	4,199,285	.....
Refunds	722,472	314,742	314,742	.....
Other	1,730,929	1,730,929	1,730,929	.....
Total Nonoperating Expenditures	<u>6,652,686</u>	<u>6,244,956</u>	<u>6,244,956</u>	<u>.....</u>
Total Expenditures	<u>30,414,633</u>	<u>30,505,425</u>	<u>30,351,965</u>	<u>153,460</u>
Fund Balances, June 30, 2012	\$ 1,792,429	\$ 1,374,437	\$ 2,030,912	\$ 656,475

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

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**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Environment, Recreation and Conservation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 1,158,079	\$ 1,158,079	\$ 1,158,079	\$
Reversions	802	802	802	.....
Fund Balances, July 1, 2011, restated	<u>1,158,881</u>	<u>1,158,881</u>	<u>1,158,881</u>	<u>.....</u>
REVENUES				
Fees and charges	115,064	128,090	148,179	20,089
Licenses	35,213	43,370	46,672	3,302
Taxes	58,475	272,341	274,152	1,811
Miscellaneous	2,634	688	672	(16)
Interest	52,868	25,583	24,674	(909)
Grants	317,660	197,865	204,476	6,611
Refunds	870	2,160	2,055	(105)
Bond proceeds	143	.....	.....	.....
Transfers and distributions	1,009,050	1,090,692	1,107,222	16,530
Other	72,552	7,857	135,875	128,018
Total Revenues	<u>1,664,529</u>	<u>1,768,646</u>	<u>1,943,977</u>	<u>175,331</u>
Total Available Resources	<u>2,823,410</u>	<u>2,927,527</u>	<u>3,102,858</u>	<u>175,331</u>
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	244,094	233,752	222,491	11,261
Other personal services	21,873	22,075	18,435	3,640
Expenses	48,515	48,248	43,000	5,248
Grants and aids	1,910	1,910	1,825	85
Operating capital outlay	1,810	2,476	1,744	732
Fixed capital outlay	622,530	622,530	622,530	.....
Special categories	240,901	249,760	199,085	50,675
Grants/aids to local governments	332,994	332,994	332,994	.....
Data processing services	103	278	89	189
Total Operating Expenditures	<u>1,514,730</u>	<u>1,514,023</u>	<u>1,442,193</u>	<u>71,830</u>
Nonoperating expenditures:				
Transfers	209,009	209,009	209,009	.....
Refunds	51,940	22,756	22,756	.....
Other	310,401	310,401	310,401	.....
Total Nonoperating Expenditures	<u>571,350</u>	<u>542,166</u>	<u>542,166</u>	<u>.....</u>
Total Expenditures	<u>2,086,080</u>	<u>2,056,189</u>	<u>1,984,359</u>	<u>71,830</u>
Fund Balances, June 30, 2012	<u>\$ 737,330</u>	<u>\$ 871,338</u>	<u>\$ 1,118,499</u>	<u>\$ 247,161</u>

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

2012 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Public Education			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 766,055	\$ 766,055	\$ 766,055	\$
Reversions	63,782	63,782	63,782	.....
Fund Balances, July 1, 2011, restated	829,837	829,837	829,837	.....
REVENUES				
Fees and charges	1,542,714	43,133	44,277	1,144
Licenses	3,565	.....	.....	.....
Taxes	670,310	703,670	611,034	(92,636)
Miscellaneous	38,537	3,759	4	(3,755)
Interest	29,029	32,000	38,524	6,524
Grants	2,996,388	2,159,213	2,627,485	468,272
Refunds	1,694	1,672	3,031	1,359
Bond proceeds	43,735	348,664	75,477	(273,187)
Transfers and distributions	2,419,609	2,948,186	2,948,186	.....
Other	143,201	186,775	244,186	57,411
Total Revenues	7,888,782	6,427,072	6,592,204	165,132
Total Available Resources	8,718,619	7,256,909	7,422,041	165,132
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	39,131	37,828	35,539	2,289
Other personal services	1,827	1,538	291	1,247
Expenses	13,230	12,878	6,114	6,764
Grants and aids	5,495,354	3,435,509	3,340,145	95,364
Operating capital outlay	1,747	1,579	389	1,190
Fixed capital outlay	1,601,110	1,938,470	1,938,470	.....
Special categories	953,673	1,182,963	1,182,963	.....
Financial assistance payments	51,714	51,714	46,914	4,800
Grants/aids to local governments	.....	20,400	20,400	.....
Payments to U.S. Treasury	2,701	897	897	.....
Data processing services	4,334	5,732	5,266	466
Total Operating Expenditures	8,164,821	6,689,508	6,577,388	112,120
Nonoperating expenditures:				
Transfers	315,172	382,889	382,889	.....
Refunds	3,664	245	245	.....
Other	125,555	9,138	9,138	.....
Total Nonoperating Expenditures	444,391	392,272	392,272	.....
Total Expenditures	8,609,212	7,081,780	6,969,660	112,120
Fund Balances, June 30, 2012	\$ 109,407	\$ 175,129	\$ 452,381	\$ 277,252

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

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**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

Health and Family Services				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 1,832,478	\$ 1,832,478	\$ 1,832,478	\$
Reversions	1,189,443	1,189,443	1,189,443	.....
Fund Balances, July 1, 2011, restated	3,021,921	3,021,921	3,021,921	.....
REVENUES				
Fees and charges	1,404,733	2,828,403	1,617,661	(1,210,742)
Licenses	21,713	30,586	24,069	(6,517)
Taxes	1,308,555	1,840,331	1,705,805	(134,526)
Miscellaneous	141	3	3	.....
Interest	5,989	18,848	6,845	(12,003)
Grants	15,072,710	15,386,530	14,007,454	(1,379,076)
Refunds	980,781	6,160	1,145,365	1,139,205
Transfers and distributions	1,742,508	2,330,555	2,098,763	(231,792)
Other	37,026	134,246	48,909	(85,337)
Total Revenues	20,574,156	22,575,662	20,654,874	(1,920,788)
Total Available Resources	23,596,077	25,597,583	23,676,795	(1,920,788)
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	1,372,685	1,311,247	1,189,790	121,457
Other personal services	110,260	112,300	102,316	9,984
Expenses	270,028	270,939	239,489	31,450
Grants and aids	54,773	55,245	33,570	21,675
Operating capital outlay	14,754	15,366	9,115	6,251
Food products	1,373	1,363	1,244	119
Fixed capital outlay	14,752	14,752	14,752	.....
Special categories	20,601,901	20,656,813	19,617,433	1,039,380
Financial assistance payments	58,084	58,084	44,188	13,896
Grants/aids to local governments	2,736	2,736	2,736	.....
Data processing services	39,966	39,913	39,010	903
Claim bills and relief acts	3,410	3,410	3,410	.....
Total Operating Expenditures	22,544,722	22,542,168	21,297,053	1,245,115
Nonoperating expenditures:				
Continuing Appropriations	.....	46,356	46,356	.....
Transfers	853,914	960,577	960,577	.....
Qualified expenditures	17,486	.....	.....	.....
Refunds	17,296	7,757	7,757	.....
Other	12,537	26,102	26,102	.....
Total Nonoperating Expenditures	901,233	1,040,792	1,040,792	.....
Total Expenditures	23,445,955	23,582,960	22,337,845	1,245,115
Fund Balances, June 30, 2012	\$ 150,122	\$ 2,014,623	\$ 1,338,950	\$ (675,673)

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

2012 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Transportation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 228,489	\$ 228,489	\$ 228,489	\$
Reversions	56,527	56,527	56,527	.....
Fund Balances, July 1, 2011, restated	285,016	285,016	285,016	.....
REVENUES				
Fees and charges	137,383	150,478	137,383	(13,095)
Taxes	2,270,062	2,228,163	2,266,703	38,540
Interest	1,069	1,908	2,123	215
Refunds	12,432	.....	12,432	12,432
Bond proceeds	.....	.....	106,327	106,327
Transfers and distributions	101,157	283,391	281,064	(2,327)
Other	28,012	22,200	27,364	5,164
Total Revenues	2,550,115	2,686,140	2,833,396	147,256
Total Available Resources	2,835,131	2,971,156	3,118,412	147,256
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	4,117	3,945	3,272	673
Other personal services	38	38	24	14
Expenses	913	913	644	269
Operating capital outlay	15	15	.....	15
Fixed capital outlay	196,170	196,170	196,170	.....
Special categories	106,632	106,609	103,186	3,423
Total Operating Expenditures	307,885	307,690	303,296	4,394
Nonoperating expenditures:				
Transfers	101,157	123,677	123,677	.....
Refunds	82,900	82,900	82,900	.....
Other	2,336,087	2,336,087	2,336,087	.....
Total Nonoperating Expenditures	2,520,144	2,542,664	2,542,664	.....
Total Expenditures	2,828,029	2,850,354	2,845,960	4,394
Fund Balances, June 30, 2012	\$ 7,102	\$ 120,802	\$ 272,452	\$ 151,650

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

2012 STATE OF FLORIDA CAFR

BUDGET TO GAAP RECONCILIATION
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Budgetary basis fund balances	\$ 2,030,912	\$ 1,118,499	\$ 452,381	\$ 1,338,950	\$ 272,452
Items not included in budgetary basis fund balances:					
Security lending investments within the State Treasury	1,111,714	115,400	76,573	15,677	121,279
Fair value adjustments to investments within the State Treasury	114,689	18,356	12,180	2,494	19,291
Special investments within the State Treasury	28,935	.....	.....	11,010	.....
Non-State Treasury cash and investments	1,033,928	1,429	.....	29,917	1,829
Other GAAP basis fund balances not included in budgetary basis fund balances	(223,219)	(2,829)	(494,504)	(1,160,017)	1,054,892
Adjusted budgetary basis fund balances	4,096,959	1,250,855	46,630	238,031	1,469,743
Adjustments (basis differences):					
Difference in cash in the Treasury between budget & GAAP					
Difference in invest. in the Treasury between budget & GAAP					
Net receivables (payables) not carried forward	579,459	1,160,428	607,754	838,963	172,411
Inventories, prepaid items and deferred charges	9,431	647	.....	46,994	17,983
Encumbrances	114,760	1,389	247,253	32,081	45,947
GAAP basis fund balances	<u>\$ 4,800,609</u>	<u>\$ 2,413,319</u>	<u>\$ 901,637</u>	<u>\$ 1,156,069</u>	<u>\$ 1,706,084</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, promulgates the process used to develop the budget for the State of Florida. For 2012, 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 by October 15 as required in Section 216.023(1), Florida Statutes. 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 percent of the original appropriation or \$250,000, whichever is greater or within certain programs and between identical funding sources and specific appropriation categories. Transfers of general revenue appropriations in excess of 5 percent or \$250,000, whichever is greater, or for fixed capital outlay, or for transfers of general revenue appropriations not allowed within the departments' program flexibility may be approved by the Legislative Budget Commission. The Governor and the Chief Justice of the Supreme Court may approve 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. If these appropriations, however, have not been disbursed by September 30 they will revert pursuant to Section 216.301(1), Florida Statutes.

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, 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%
July 1, 2010	120,929,666	139,652,377	18,722,711	86.59%	25,765,362	72.67%
July 1, 2011	126,078,053	145,034,475	18,956,422	86.93%	25,686,138	73.80%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(in thousands)

Year Ended 6/30	Annual Required Contributions	Percent Contributed
2006	\$ 2,193,928	96%
2007	2,455,255	111%
2008	2,612,672	107%
2009	2,535,854	111%
2010	2,447,374	111%
2011	3,680,042	83%

⁽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 ⁽¹⁾	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%
July 1, 2010	291,459	8,464,530	8,173,071	3.44%	31,717,281	25.77%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(in thousands)

Year Ended 6/30	Annual Required Contribution	Percent Contributed
2006	N/A ⁽²⁾	N/A
2007	\$ 363,175	90%
2008	391,847	85%
2009	395,256	86%
2010	409,546	81%

⁽¹⁾ Actuarial valuations for the Retiree Health Insurance Subsidy Program are prepared biannually.

⁽²⁾ 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%
July 1, 2010	4,545,845	4,545,845	0.00%	7,574,317	60.02%
July 1, 2011	6,415,754	6,415,754	0.00%	7,256,798	88.41%

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%
2011	313,415	32.87%
2012	\$ 455,584	27.07%

* 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 76%.

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 record 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 12,076 centerline miles of roads and 6,677 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 that 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 results 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>2012</u>	<u>2011</u>	<u>2010</u>
91%	89%	88%

Percentage of bridges meeting FDOT standards

<u>2012</u>	<u>2011</u>	<u>2010</u>
95%	95%	95%

Maintenance Rating

<u>2012</u>	<u>2011</u>	<u>2010</u>
87	87	86

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

Resurfacing Program

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Needed	\$628.4	\$751.5	\$727.2	\$871.5	\$718.0
Actual	521.4	543.9	422.0	575.3	584.5

Bridge Repair/Replacement Program

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Needed	\$319.0	\$315.7	\$231.0	\$230.4	\$250.3
Actual	340.5	328.8	134.8	207.3	250.3

Routine Maintenance Program

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Needed	\$574.0	\$580.5	\$572.4	\$508.2	\$492.6
Actual	627.3	676.1	655.8	571.5	507.1

The FDOT determines its program needs based on a five-year plan. The needed amounts provided above are for estimated expenses and commitments relating to projects within the plan at the time of the budget request. The nature of a long-term plan is that it is continually changing. Projects are added, deleted, adjusted, or postponed. The differences between the needed and actual amounts above reflect these changes.

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**FINANCIAL
SECTION:**

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULES**

NONMAJOR FUNDS

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Individual fund descriptions and financial statements begin on page 165.

CAPITAL PROJECTS FUNDS

Individual fund descriptions and financial statements begin on page 193.

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, 2012
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/12
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 37,656	\$	\$ 829	\$ 433	\$ 38,918
Pooled investments with State Treasury	1,425,806	6,234	.....	12,890	1,444,930
Other investments	273,016	.....	58,199	2,426	333,641
Receivables, net	371,399	8	4,704	20	376,131
Due from other funds	48,331	6,346	.....	.....	54,677
Inventories	1,694	.....	.....	.....	1,694
Other	1,074	.....	.....	.....	1,074
Total current assets	2,158,976	12,588	63,732	15,769	2,251,065
<u>Noncurrent assets</u>					
Long-term investments	8,620	.....	226,259	.....	234,879
Other loans and notes receivable, net	1,033,951	.....	.....	.....	1,033,951
Total noncurrent assets	1,042,571	.....	226,259	.....	1,268,830
Total assets	\$ 3,201,547	\$ 12,588	\$ 289,991	\$ 15,769	\$ 3,519,895
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 230,977	\$ 593	\$	\$	\$ 231,570
Due to other funds	131,131	2	69	1	131,203
Due to component units/primary	2,955	.....	.....	.....	2,955
Compensated absences	2,447	.....	.....	.....	2,447
Claims payable	11,950	.....	.....	.....	11,950
Deposits	84,362	.....	.....	.....	84,362
Deferred revenues	7,894	.....	.....	.....	7,894
Obligations under security lending agreements	88,070	462	.....	1,237	89,769
Total current liabilities	559,786	1,057	69	1,238	562,150
<u>Noncurrent liabilities</u>					
Advances from other funds	625	.....	.....	.....	625
Deferred revenues	16,285	.....	.....	.....	16,285
Other	3,055	.....	.....	.....	3,055
Total noncurrent liabilities	19,965	.....	.....	.....	19,965
Total liabilities	579,751	1,057	69	1,238	582,115
<u>Fund balances</u>					
Nonspendable	1,839	.....	.....	13,917	15,756
Restricted	1,763,488	592	289,922	197	2,054,199
Committed	856,469	10,939	.....	417	867,825
Total fund balances	2,621,796	11,531	289,922	14,531	2,937,780
Total liabilities and fund balances	\$ 3,201,547	\$ 12,588	\$ 289,991	\$ 15,769	\$ 3,519,895

2012 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/12
REVENUES					
Taxes	\$ 220,524	\$	\$	\$	\$ 220,524
Licenses and permits	987,208	.....	.....	1,474	988,682
Fees and charges	940,880	500	108,682	.....	1,050,062
Grants and donations	2,272,047	.....	.....	.....	2,272,047
Investment earnings	50,410	135	33,455	961	84,961
Fines, forfeits, settlements and judgments	971,892	.....	.....	.....	971,892
Other	69,853	.....	71,798	2	141,653
Total revenues	<u>5,512,814</u>	<u>635</u>	<u>213,935</u>	<u>2,437</u>	<u>5,729,821</u>
EXPENDITURES					
Current:					
General government	2,220,710	1,230	42,853	.....	2,264,793
Education	179,453	1,858	.....	75	181,386
Human services	442,888	760	.....	.....	443,648
Criminal justice and corrections	915,919	67,443	.....	.....	983,362
Natural resources and environment	1,034,814	.....	.....	.....	1,034,814
State courts	356,386	.....	.....	.....	356,386
Capital outlay	38,730	10,716	.....	.....	49,446
Debt service:					
Principal retirement	529	2,970	1,292,584	.....	1,296,083
Interest and fiscal charges	23	.....	1,013,153	.....	1,013,176
Total expenditures	<u>5,189,452</u>	<u>84,977</u>	<u>2,348,590</u>	<u>75</u>	<u>7,623,094</u>
Excess (deficiency) of revenues over expenditures	323,362	(84,342)	(2,134,655)	2,362	(1,893,273)
OTHER FINANCING SOURCES (USES)					
Proceeds of bond issues	.....	.....	13,165	.....	13,165
Proceeds of refunding bonds	.....	.....	2,799,911	.....	2,799,911
Operating transfers in	1,081,691	81,452	2,189,912	.....	3,353,055
Operating transfers out	(1,537,218)	(8)	(65,287)	(146)	(1,602,659)
Payments to refunded bond agent	.....	.....	(2,799,911)	.....	(2,799,911)
Total other financing sources (uses)	<u>(455,527)</u>	<u>81,444</u>	<u>2,137,790</u>	<u>(146)</u>	<u>1,763,561</u>
Net change in fund balances	(132,165)	(2,898)	3,135	2,216	(129,712)
Fund balances - beginning	2,753,961	14,429	286,787	12,315	3,067,492
Fund balances - ending	<u>\$ 2,621,796</u>	<u>\$ 11,531</u>	<u>\$ 289,922</u>	<u>\$ 14,531</u>	<u>\$ 2,937,780</u>

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NONMAJOR SPECIAL REVENUE FUNDS

EMPLOYMENT SERVICES

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

GOVERNMENT ADMINISTRATION

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

BUSINESS AND COMMUNITY DEVELOPMENT

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

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 Executive Office of the Governor, Department of Legal Affairs, Department of Revenue, 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.

FLORIDA 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 and the Insurance Capital Build-up Program.

FLORIDA 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 system 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.

FLORIDA SURPLUS LINES SERVICE OFFICE

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 initiate developmental projects; raise funds; request and receive grants, gifts, and bequests; acquire, receive, hold, invest and administer securities, funds, or other property 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 promote aerospace business development by facilitating business financing, spaceport operations, research and development, workforce development, and innovative education programs.

2012 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012
(in thousands)**

	Employment Services	Government Administration	Business and Community Development	Regulation and Licensing
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	\$ 842	\$	\$	\$ 287
Pooled investments with State Treasury	253,821	104,417	78,117	259,430
Other investments	3,516	.....	91,881	.....
Receivables, net	55,085	1,057	61,776	36,921
Due from other funds	2,363	305	6,086	10,315
Inventories	.....	.....	.....	227
Other	.....	.....	.....	126
Total current assets	<u>315,627</u>	<u>105,779</u>	<u>237,860</u>	<u>307,306</u>
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	100	.....
Other loans and notes receivable, net	17,636	.....	809	.....
Total noncurrent assets	<u>17,636</u>	<u>.....</u>	<u>909</u>	<u>.....</u>
Total assets	<u>\$ 333,263</u>	<u>\$ 105,779</u>	<u>\$ 238,769</u>	<u>\$ 307,306</u>
LIABILITIES AND FUND BALANCES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	\$ 22,997	\$ 5,112	\$ 19,100	\$ 16,482
Due to other funds	6,711	1,311	8,697	62,018
Due to component units/primary	668	.....	32	168
Compensated absences	201	137	39	229
Claims payable	11,950	.....	.....	.....
Deposits	.....	.....	3,092	67,700
Deferred revenues	.....	59	485	40
Obligations under security lending agreements	23,280	9,214	5,241	14,105
Total current liabilities	<u>65,807</u>	<u>15,833</u>	<u>36,686</u>	<u>160,742</u>
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	.....
Deferred revenues	.....	.....	.....	.....
Other	.....	.....	.....	.....
Total noncurrent liabilities	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
Total liabilities	<u>65,807</u>	<u>15,833</u>	<u>36,686</u>	<u>160,742</u>
<u>Fund balances</u>				
Nonspendable	.....	.....	.....	353
Restricted	145,122	62,902	189,695	4,899
Committed	122,334	27,044	12,388	141,312
Total fund balances	<u>267,456</u>	<u>89,946</u>	<u>202,083</u>	<u>146,564</u>
Total liabilities and fund balances	<u>\$ 333,263</u>	<u>\$ 105,779</u>	<u>\$ 238,769</u>	<u>\$ 307,306</u>

2012 STATE OF FLORIDA CAFR

Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$	\$ 97	\$	\$ 70	\$ 277	\$ 26
28,487	82,068	33,094	76,306	81,394	41,308
.....
73	10,482	320	7,745	42,115	5,758
.....	4,673	1,300	949	1,603	612
.....	.....	.....	.....	1,141	.....
.....
28,560	97,320	34,714	85,070	126,530	47,704
.....
.....
.....
\$ 28,560	\$ 97,320	\$ 34,714	\$ 85,070	\$ 126,530	\$ 47,704
\$ 14,695	\$ 15,936	\$ 1,720	\$ 5,059	\$ 42,621	\$ 10,058
1,183	5,672	19,322	1,558	2,245	621
1,973	.....	.....	.....	.....	1
.....	91	2	17	104	.....
.....
.....	393	.....	.....	11,056	2,038
.....	1,833	.....	1,397	22	3,914
1,361	1,746	.....	2,607	3,989	512
19,212	25,671	21,044	10,638	60,037	17,144
.....	625	.....	.....	.....	.....
.....	2,407	.....	1,825	.....	.....
.....	.....	.....	.....	.....	3,055
.....	3,032	.....	1,825	.....	3,055
19,212	28,703	21,044	12,463	60,037	20,199
.....	.....	.....	.....	1,141	.....
8,851	8,220	991	19,281	3,178	15,915
497	60,397	12,679	53,326	62,174	11,590
9,348	68,617	13,670	72,607	66,493	27,505
\$ 28,560	\$ 97,320	\$ 34,714	\$ 85,070	\$ 126,530	\$ 47,704

2012 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012
(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	\$ 10	\$ 2,213	\$	\$ 1,492
Pooled investments with State Treasury	96,244	62,674	1,031	25,715
Other investments	.....	.....	.....	.....
Receivables, net	6,278	4,581	.....	2,164
Due from other funds	2,860	253	.....	.....
Inventories	.....	.....	.....	325
Other	17	.....	.....	34
Total current assets	<u>105,409</u>	<u>69,721</u>	<u>1,031</u>	<u>29,730</u>
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	.....	.....
Other loans and notes receivable, net	.....	.....	.....	.....
Total noncurrent assets	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
Total assets	<u>\$ 105,409</u>	<u>\$ 69,721</u>	<u>\$ 1,031</u>	<u>\$ 29,730</u>
LIABILITIES AND FUND BALANCES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	\$ 5,306	\$ 3,260	\$ 136	\$ 7,124
Due to other funds	16,073	264	39	579
Due to component units/primary	.....	.....	.....	113
Compensated absences	191	1,318	5	43
Claims payable	.....	.....	.....	.....
Deposits	83	.....	.....	.....
Deferred revenues	.....	.....	.....	.....
Obligations under security lending agreements	.....	4,472	.....	2,457
Total current liabilities	<u>21,653</u>	<u>9,314</u>	<u>180</u>	<u>10,316</u>
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	.....
Deferred revenues	.....	.....	.....	.....
Other	.....	.....	.....	.....
Total noncurrent liabilities	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
Total liabilities	<u>21,653</u>	<u>9,314</u>	<u>180</u>	<u>10,316</u>
<u>Fund balances</u>				
Nonspendable	.....	.....	.....	331
Restricted	11,968	5,652	.....	18,692
Committed	71,788	54,755	851	391
Total fund balances	<u>83,756</u>	<u>60,407</u>	<u>851</u>	<u>19,414</u>
Total liabilities and fund balances	<u>\$ 105,409</u>	<u>\$ 69,721</u>	<u>\$ 1,031</u>	<u>\$ 29,730</u>

2012 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
\$ 730	\$ 221	\$	\$ 12,981	\$	\$
.....	1,644	29,962	.....	170,094	.....
6,214	10,318	.....	.....	120,018	1
13,129	42	11,517	1,547	103,981	.....
16,911	101	.....	.....	.....	.....
.....
.....	.....	.....	43	.....	.....
36,984	12,326	41,479	14,571	394,093	1
633	.....	.....	.....	.....	.....
156,693	.....	.....	.....	852,114	.....
157,326	.....	.....	.....	852,114	.....
\$ 194,310	\$ 12,326	\$ 41,479	\$ 14,571	\$ 1,246,207	\$ 1
\$ 18,491	\$ 353	\$ 25,580	\$ 1,786	\$	\$
4,802	.....	13	.....	23	.....
.....
.....
.....
.....
.....	.....	2,768	.....	16,317	.....
23,293	353	28,361	1,786	16,340	.....
.....
.....	.....	.....	12,053	.....	.....
.....
.....	.....	.....	12,053	.....	.....
23,293	353	28,361	13,839	16,340	.....
.....
.....	11,637	.....	732	1,227,272	.....
171,017	336	13,118	.....	2,595	1
171,017	11,973	13,118	732	1,229,867	1
\$ 194,310	\$ 12,326	\$ 41,479	\$ 14,571	\$ 1,246,207	\$ 1

2012 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012
(in thousands)**

	Blended Component Units				
	Surplus Lines	Corrections Foundation Inc	Scripps Florida Funding Corp	Space Florida	Totals 6/30/12
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 11,854	\$ 593	\$ 867	\$ 5,096	\$ 37,656
Pooled investments with State Treasury	.....	.....	.....	.....	1,425,806
Other investments	1,140	.....	35,738	4,190	273,016
Receivables, net	38	.....	.....	6,790	371,399
Due from other funds	.....	.....	.....	.....	48,331
Inventories	.....	1	.....	.....	1,694
Other	12	.....	13	829	1,074
Total current assets	13,044	594	36,618	16,905	2,158,976
<u>Noncurrent assets</u>					
Long-term investments	7,887	.....	.....	.....	8,620
Other loans and notes receivable, net	.....	.....	.....	6,699	1,033,951
Total noncurrent assets	7,887	.....	.....	6,699	1,042,571
Total assets	\$ 20,931	\$ 594	\$ 36,618	\$ 23,604	\$ 3,201,547
LIABILITIES AND FUND BALANCES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 392	\$ 3	\$ 8,201	\$ 6,565	\$ 230,977
Due to other funds	.....	.....	.....	.....	131,131
Due to component units/primary	.....	.....	.....	.....	2,955
Compensated absences	.....	.....	.....	70	2,447
Claims payable	.....	.....	.....	.....	11,950
Deposits	.....	.....	.....	.....	84,362
Deferred revenues	.....	.....	.....	144	7,894
Obligations under security lending agreements	.....	.....	1	.....	88,070
Total current liabilities	392	3	8,202	6,779	559,786
<u>Noncurrent liabilities</u>					
Advances from other funds	.....	.....	.....	.....	625
Deferred revenues	.....	.....	.....	.....	16,285
Other	.....	.....	.....	.....	3,055
Total noncurrent liabilities	.....	.....	.....	.....	19,965
Total liabilities	392	3	8,202	6,779	579,751
<u>Fund balances</u>					
Nonspendable	.....	1	13	.....	1,839
Restricted	.....	94	28,387	.....	1,763,488
Committed	20,539	496	16	16,825	856,469
Total fund balances	20,539	591	28,416	16,825	2,621,796
Total liabilities and fund balances	\$ 20,931	\$ 594	\$ 36,618	\$ 23,604	\$ 3,201,547

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2012 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, 2012
(in thousands)**

	Employment Services	Government Administration	Business and Community Development	Regulation and Licensing
REVENUES				
Taxes	\$	\$	\$	\$ 178,191
Licenses and permits	.....	.....	.....	963,102
Fees and charges	97,857	93,750	5,158	114,395
Grants and donations	654,347	13,664	646,742	60
Investment earnings	7,244	2,869	2,957	3,929
Fines, forfeits, settlements and judgments	25,525	.....	.....	11,333
Other	4,251	5	23,427	794
Total revenues	789,224	110,288	678,284	1,271,804
EXPENDITURES				
Current:				
General government	770,723	183,530	516,644	223,152
Education	175,163	.....	.....	.....
Human services	.....	.....	.....	.....
Criminal justice and corrections	.....	.....	.....	.....
Natural resources and environment	.....	.....	181,075	.....
State courts	.....	.....	.....	.....
Capital outlay	2,402	534	1,203	2,532
Debt service:				
Principal retirement	.....	.....	.....	36
Interest and fiscal charges	.....	.....	.....	2
Total expenditures	948,288	184,064	698,922	225,722
Excess (deficiency) of revenues over expenditures	(159,064)	(73,776)	(20,638)	1,046,082
OTHER FINANCING SOURCES (USES)				
Operating transfers in	219,608	78,572	65,630	84,951
Operating transfers out	(113,358)	(10,403)	(58,339)	(1,114,261)
Total other financing sources (uses)	106,250	68,169	7,291	(1,029,310)
Net change in fund balances	(52,814)	(5,607)	(13,347)	16,772
Fund balances - beginning	320,270	95,553	215,430	129,792
Fund balances - ending	\$ 267,456	\$ 89,946	\$ 202,083	\$ 146,564

2012 STATE OF FLORIDA CAFR

Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$	\$	\$	\$	\$	\$
.....	.....	.....	.....	23,545	.....
.....	81,912	6,850	3,380	79,702	65,912
44	39,717	15,045	47,591	718,615	5,391
741	528	104	748	1,903	142
358,687	45,926	16	23,495	3,700	1,852
373	750	8,377	24,116	4,812	186
359,845	168,833	30,392	99,330	832,277	73,483
42	25,031	.....	13,403	.....	.....
.....
376,455	.....	.....	.....	.....	.....
.....	142,244	20,311	78,825	.....	140,423
.....	.....	.....	11,539	842,200	.....
.....
3,431	5,738	7,818	516	8,314	254
.....	485	.....	.....	.....	.....
.....	15	.....	.....	.....	.....
379,928	173,513	28,129	104,283	850,514	140,677
(20,083)	(4,680)	2,263	(4,953)	(18,237)	(67,194)
13,800	39,254	13,092	25,755	44,947	74,243
(26,669)	(26,341)	(14,811)	(12,397)	(16,236)	(2,933)
(12,869)	12,913	(1,719)	13,358	28,711	71,310
(32,952)	8,233	544	8,405	10,474	4,116
42,300	60,384	13,126	64,202	56,019	23,389
\$ 9,348	\$ 68,617	\$ 13,670	\$ 72,607	\$ 66,493	\$ 27,505

2012 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, 2012
(in thousands)**

	Judicial Services	Military and Veterans' Affairs	Florida Clerks of Court Operations Corp	Citrus Commission
REVENUES				
Taxes	\$	\$	\$	\$ 42,333
Licenses and permits	561	.....	.....	.....
Fees and charges	229,591	41,873	1,825	22
Grants and donations	13,625	73,350	.....	5,170
Investment earnings	.....	1,259	.....	660
Fines, forfeits, settlements and judgments	501,358	.....	.....	.....
Other	958	464	.....	1,194
Total revenues	746,093	116,946	1,825	49,379
EXPENDITURES				
Current:				
General government	199	46,901	.....	50,529
Education	.....	.....	.....	.....
Human services	.....	66,433	.....	.....
Criminal justice and corrections	532,022	.....	1,227	.....
Natural resources and environment	.....	.....	.....	.....
State courts	356,386	.....	.....	.....
Capital outlay	1,366	3,535	2	37
Debt service:				
Principal retirement	8	.....	.....	.....
Interest and fiscal charges	2	.....	.....	.....
Total expenditures	889,983	116,869	1,229	50,566
Excess (deficiency) of revenues over expenditures	(143,890)	77	596	(1,187)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	221,429	7,658	.....	.....
Operating transfers out	(63,190)	(991)	(146)	(1,787)
Total other financing sources (uses)	158,239	6,667	(146)	(1,787)
Net change in fund balances	14,349	6,744	450	(2,974)
Fund balances - beginning	69,407	53,663	401	22,388
Fund balances - ending	\$ 83,756	\$ 60,407	\$ 851	\$ 19,414

2012 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
\$	\$	\$	\$	\$	\$
.....
.....
.....	299	114,924	.....	15	.....
.....	2,000	.....	12,701	.....	.....
4,276	327	881	.....	21,413	.....
.....
.....	1	.....	30	.....	.....
4,276	2,627	115,805	12,731	21,428	.....
190,955	.....	119,808	12,711	234	.....
.....	4,290	.....	.....	.....	.....
.....
.....
.....
.....	21	.....	.....	.....	.....
.....
.....	.....	.....	.....	4	.....
190,955	4,311	119,808	12,711	238	.....
(186,679)	(1,684)	(4,003)	20	21,190	.....
191,004	1,748	.....	.....	.....	.....
(19,114)	(38)	(77)	.....	(56,127)	.....
171,890	1,710	(77)	.....	(56,127)	.....
(14,789)	26	(4,080)	20	(34,937)	.....
185,806	11,947	17,198	712	1,264,804	1
\$ 171,017	\$ 11,973	\$ 13,118	\$ 732	\$ 1,229,867	\$ 1

2012 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, 2012
(in thousands)**

	Blended Component Units				
	Surplus Lines	Corrections Foundation Inc	Scripps Florida Funding Corp	Space Florida	Totals 6/30/12
REVENUES					
Taxes	\$	\$	\$	\$	\$ 220,524
Licenses and permits	.....	.....	.....	.....	987,208
Fees and charges	2,940	.....	.....	475	940,880
Grants and donations	.....	874	.....	23,111	2,272,047
Investment earnings	172	.....	239	18	50,410
Fines, forfeits, settlements and judgments	.....	.....	.....	.....	971,892
Other	115	.....	.....	.....	69,853
Total revenues	<u>3,227</u>	<u>874</u>	<u>239</u>	<u>23,604</u>	<u>5,512,814</u>
EXPENDITURES					
Current:					
General government	4,822	.....	39,862	22,164	2,220,710
Education	.....	.....	.....	.....	179,453
Human services	.....	.....	.....	.....	442,888
Criminal justice and corrections	.....	867	.....	.....	915,919
Natural resources and environment	.....	.....	.....	.....	1,034,814
State courts	.....	.....	.....	.....	356,386
Capital outlay	1,027	.....	.....	.....	38,730
Debt service:					
Principal retirement	.....	.....	.....	.....	529
Interest and fiscal charges	.....	.....	.....	.....	23
Total expenditures	<u>5,849</u>	<u>867</u>	<u>39,862</u>	<u>22,164</u>	<u>5,189,452</u>
Excess (deficiency) of revenues over expenditures	<u>(2,622)</u>	<u>7</u>	<u>(39,623)</u>	<u>1,440</u>	<u>323,362</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	.....	.....	.....	.....	1,081,691
Operating transfers out	.....	.....	.....	.....	(1,537,218)
Total other financing sources (uses)	.....	.....	.....	.....	(455,527)
Net change in fund balances	<u>(2,622)</u>	<u>7</u>	<u>(39,623)</u>	<u>1,440</u>	<u>(132,165)</u>
Fund balances - beginning	23,161	584	68,039	15,385	2,753,961
Fund balances - ending	<u>\$ 20,539</u>	<u>\$ 591</u>	<u>\$ 28,416</u>	<u>\$ 16,825</u>	<u>\$ 2,621,796</u>

2012 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Employment Services		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 132,323	\$ 132,323	\$
Reversions	23,351	23,351	.....
Fund Balances, July 1, 2011, restated	155,674	155,674	.....
REVENUES			
Fees and charges	110,672	88,339	(22,333)
Licenses	909	894	(15)
Miscellaneous	595	842	247
Interest	5,900	5,338	(562)
Grants	666,704	692,643	25,939
Refunds	4,360	8,040	3,680
Transfers and distributions	208,004	215,672	7,668
Other	12,471	13,046	575
Total Revenues	1,009,615	1,024,814	15,199
Total Available Resources	1,165,289	1,180,488	15,199
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	133,172	125,199	7,973
Other personal services	20,249	12,935	7,314
Expenses	45,489	35,112	10,377
Grants and aids	4,522	3,718	804
Operating capital outlay	2,009	538	1,471
Food products	200	103	97
Special categories	710,955	657,731	53,224
Data processing services	5,059	4,505	554
Total Operating Expenditures	921,655	839,841	81,814
Nonoperating expenditures:			
Transfers	71,507	71,507	.....
Refunds	834	834	.....
Other	86,984	86,984	.....
Total Nonoperating Expenditures	159,325	159,325	.....
Total Expenditures	1,080,980	999,166	81,814
Fund Balances, June 30, 2012	\$ 84,309	\$ 181,322	\$ 97,013

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)

	Government Administration		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 88,974	\$ 88,974	\$
Reversions	231	231	.....
Fund Balances, July 1, 2011, restated	89,205	89,205	.....
REVENUES			
Fees and charges	157,799	69,559	(88,240)
Interest	1,968	1,893	(75)
Grants	15,291	15,329	38
Refunds	.....	398	398
Transfers and distributions	18,929	106,008	87,079
Other	3	2	(1)
Total Revenues	193,990	193,189	(801)
Total Available Resources	283,195	282,394	(801)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	33,925	32,755	1,170
Other personal services	2,579	1,393	1,186
Expenses	8,131	7,355	776
Grants and aids	3,004	2,896	108
Operating capital outlay	197	183	14
Fixed capital outlay	2,148	2,148	.....
Special categories	81,110	73,447	7,663
Data processing services	399	159	240
Total Operating Expenditures	131,493	120,336	11,157
Nonoperating expenditures:			
Transfers	73,219	73,219	.....
Refunds	241	241	.....
Other	1,286	1,286	.....
Total Nonoperating Expenditures	74,746	74,746	.....
Total Expenditures	206,239	195,082	11,157
Fund Balances, June 30, 2012	\$ 76,956	\$ 87,312	\$ 10,356

2012 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Business and Community Development		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 46,465	\$ 46,465	\$
Reversions	168,496	168,496	.....
Fund Balances, July 1, 2011, restated	214,961	214,961	.....
REVENUES			
Fees and charges	11,585	4,954	(6,631)
Interest	177	864	687
Grants	928,980	492,326	(436,654)
Refunds	22,193	23,875	1,682
Employee/employer contributions	3	3	.....
Transfers and distributions	144,505	96,474	(48,031)
Other	542	612	70
Total Revenues	1,107,985	619,108	(488,877)
Total Available Resources	1,322,946	834,069	(488,877)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	10,812	9,456	1,356
Other personal services	2,488	1,293	1,195
Expenses	4,138	2,920	1,218
Grants and aids	5,522	5,522	.....
Operating capital outlay	88	21	67
Fixed capital outlay	1,020	1,020	.....
Special categories	674,406	460,524	213,882
Grants/aids to local governments	211,529	211,529	.....
Data processing services	314	289	25
Total Operating Expenditures	910,317	692,574	217,743
Nonoperating expenditures:			
Transfers	66,648	66,648	.....
Refunds	2,252	2,252	.....
Other	550	550	.....
Total Nonoperating Expenditures	69,450	69,450	.....
Total Expenditures	979,767	762,024	217,743
Fund Balances, June 30, 2012	\$ 343,179	\$ 72,045	\$ (271,134)

2012 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Regulation and Licensing		
	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$
Fund Balances, July 1, 2011	213,929	213,929	.....
Reversions	1,057	1,057	.....
Fund Balances, July 1, 2011, restated	214,986	214,986	.....
REVENUES			
Fees and charges	120,489	123,522	3,033
Licenses	960,818	1,012,701	51,883
Taxes	202,364	176,857	(25,507)
Miscellaneous	935	456	(479)
Interest	605	2,783	2,178
Grants	.....	60	60
Refunds	307	599	292
Transfers and distributions	12,887	51,013	38,126
Other	6,820	11,348	4,528
Total Revenues	1,305,225	1,379,339	74,114
Total Available Resources	1,520,211	1,594,325	74,114
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	115,266	110,910	4,356
Other personal services	3,351	2,617	734
Expenses	21,106	18,906	2,200
Operating capital outlay	1,604	1,523	81
Special categories	49,743	32,639	17,104
Data processing services	2,330	2,176	154
Total Operating Expenditures	193,400	168,771	24,629
Nonoperating expenditures:			
Transfers	1,109,453	1,109,453	.....
Refunds	4,858	4,858	.....
Other	73,102	73,102	.....
Total Nonoperating Expenditures	1,187,413	1,187,413	.....
Total Expenditures	1,380,813	1,356,184	24,629
Fund Balances, June 30, 2012	\$ 139,398	\$ 238,141	\$ 98,743

2012 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Tobacco Settlement		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 41,461	\$ 41,461	\$
Reversions	1,093	1,093	.....
Fund Balances, July 1, 2011, restated	42,554	42,554	.....
REVENUES			
Interest	2,003	810	(1,193)
Refunds	.....	203	203
Transfers and distributions	397,734	392,008	(5,726)
Other	360,000	372,737	12,737
Total Revenues	759,737	765,758	6,021
Total Available Resources	802,291	808,312	6,021
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	295	294	1
Grants and aids	17,143	17,131	12
Fixed capital outlay	8,536	8,536	.....
Special categories	375,737	374,873	864
Grants/aids to local governments	6,005	6,005	.....
Total Operating Expenditures	407,716	406,839	877
Nonoperating expenditures:			
Transfers	393,001	393,001	.....
Other	207	207	.....
Total Nonoperating Expenditures	393,208	393,208	.....
Total Expenditures	800,924	800,047	877
Fund Balances, June 30, 2012	\$ 1,367	\$ 8,265	\$ 6,898

2012 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Public Safety		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 53,150	\$ 53,150	\$
Reversions	1,684	1,684	.....
Fund Balances, July 1, 2011, restated	54,834	54,834	.....
REVENUES			
Fees and charges	78,680	76,448	(2,232)
Miscellaneous	.....	924	924
Interest	2,443	400	(2,043)
Grants	51,655	39,745	(11,910)
Refunds	349	1,622	1,273
Transfers and distributions	40,068	48,009	7,941
Other	58,186	52,366	(5,820)
Total Revenues	231,381	219,514	(11,867)
Total Available Resources	286,215	274,348	(11,867)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	56,279	46,943	9,336
Other personal services	4,567	1,443	3,124
Expenses	26,685	19,181	7,504
Grants and aids	29,692	17,110	12,582
Operating capital outlay	6,806	3,462	3,344
Fixed capital outlay	402	402	.....
Special categories	90,240	90,240	.....
Data processing services	91	4	87
Total Operating Expenditures	214,762	178,785	35,977
Nonoperating expenditures:			
Transfers	4,766	4,766	.....
Refunds	704	704	.....
Other	26,664	26,664	.....
Total Nonoperating Expenditures	32,134	32,134	.....
Total Expenditures	246,896	210,919	35,977
Fund Balances, June 30, 2012	\$ 39,319	\$ 63,429	\$ 24,110

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)

	Corrections		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 28,460	\$ 28,460	\$
Reversions	518	518	.....
Fund Balances, July 1, 2011, restated	28,978	28,978	.....
REVENUES			
Fees and charges	6,952	6,738	(214)
Grants	15,042	15,033	(9)
Refunds	.....	4,707	4,707
Transfers and distributions	13,700	13,866	166
Other	164	374	210
Total Revenues	35,858	40,718	4,860
Total Available Resources	64,836	69,696	4,860
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	9,752	5,323	4,429
Other personal services	1,225	511	714
Expenses	8,031	3,073	4,958
Operating capital outlay	1,812	1,812	.....
Food products	1,127	1,127	.....
Fixed capital outlay	2,888	2,888	.....
Special categories	22,748	22,748	.....
Data processing services	7	.....	7
Total Operating Expenditures	47,590	37,482	10,108
Nonoperating expenditures:			
Transfers	498	498	.....
Refunds	241	241	.....
Other	541	541	.....
Total Nonoperating Expenditures	1,280	1,280	.....
Total Expenditures	48,870	38,762	10,108
Fund Balances, June 30, 2012	\$ 15,966	\$ 30,934	\$ 14,968

2012 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Consumer Protection and Safety		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 47,767	\$ 47,767	\$
Reversions	11,588	11,588	.....
Fund Balances, July 1, 2011, restated	59,355	59,355	.....
REVENUES			
Fees and charges	2,887	3,293	406
Interest	500	501	1
Grants	92,255	72,776	(19,479)
Refunds	1,873	23,819	21,946
Transfers and distributions	40,557	30,120	(10,437)
Other	21,779	19,688	(2,091)
Total Revenues	159,851	150,197	(9,654)
Total Available Resources	219,206	209,552	(9,654)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	28,535	20,422	8,113
Other personal services	477	91	386
Expenses	3,591	2,356	1,235
Operating capital outlay	571	160	411
Special categories	71,495	57,567	13,928
Grants/aids to local governments	652	652	.....
Data processing services	166	13	153
Total Operating Expenditures	105,487	81,261	24,226
Nonoperating expenditures:			
Transfers	9,336	9,336	.....
Refunds	24,975	24,975	.....
Other	2,712	2,712	.....
Total Nonoperating Expenditures	37,023	37,023	.....
Total Expenditures	142,510	118,284	24,226
Fund Balances, June 30, 2012	\$ 76,696	\$ 91,268	\$ 14,572

2012 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Agriculture		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 50,038	\$ 50,038	\$
Reversions	6,267	6,267	.....
Fund Balances, July 1, 2011, restated	56,305	56,305	.....
REVENUES			
Fees and charges	74,853	74,228	(625)
Licenses	23,579	23,369	(210)
Taxes	520	521	1
Miscellaneous	1	1	.....
Interest	1,833	1,808	(25)
Grants	762,805	603,625	(159,180)
Refunds	5,072	5,083	11
Transfers and distributions	57,473	57,689	216
Other	4,265	4,361	96
Total Revenues	930,401	770,685	(159,716)
Total Available Resources	986,706	826,990	(159,716)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	97,106	85,121	11,985
Other personal services	6,422	4,052	2,370
Expenses	32,353	25,988	6,365
Grants and aids	583,952	528,198	55,754
Operating capital outlay	2,096	1,357	739
Fixed capital outlay	6,525	6,525	.....
Special categories	87,899	87,899	.....
Grants/aids to local governments	33,309	33,309	.....
Data processing services	45	.....	45
Total Operating Expenditures	849,707	772,449	77,258
Nonoperating expenditures:			
Payments to U.S. Treasury	5,316	5,316	.....
Transfers	12,914	12,914	.....
Refunds	2,573	2,573	.....
Other	10,675	10,675	.....
Total Nonoperating Expenditures	31,478	31,478	.....
Total Expenditures	881,185	803,927	77,258
Fund Balances, June 30, 2012	\$ 105,521	\$ 23,063	\$ (82,458)

2012 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Juvenile Justice		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 22,733	\$ 22,733	\$
Reversions	2,541	2,541	.....
Fund Balances, July 1, 2011, restated	25,274	25,274	.....
REVENUES			
Fees and charges	73,281	70,190	(3,091)
Interest	150	107	(43)
Grants	6,680	3,747	(2,933)
Refunds	.....	183	183
Transfers and distributions	75,109	74,343	(766)
Other	1,932	1,859	(73)
Total Revenues	157,152	150,429	(6,723)
Total Available Resources	182,426	175,703	(6,723)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	72,011	61,553	10,458
Other personal services	3,274	2,282	992
Expenses	9,566	8,345	1,221
Grants and aids	413	.....	413
Operating capital outlay	307	233	74
Food products	3,107	1,670	1,437
Special categories	68,698	68,698	.....
Total Operating Expenditures	157,376	142,781	14,595
Nonoperating expenditures:			
Refunds	220	220	.....
Other	1,652	1,652	.....
Total Nonoperating Expenditures	1,872	1,872	.....
Total Expenditures	159,248	144,653	14,595
Fund Balances, June 30, 2012	\$ 23,178	\$ 31,050	\$ 7,872

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)

	Judicial Services		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 78,178	\$ 78,178	\$
Reversions	1,482	1,482	.....
Fund Balances, July 1, 2011, restated	79,660	79,660	.....
REVENUES			
Fees and charges	235,442	232,532	(2,910)
Licenses	560	561	1
Miscellaneous	3	2	(1)
Grants	13,585	13,431	(154)
Refunds	802	746	(56)
Transfers and distributions	530,564	530,564	.....
Other	496,536	495,234	(1,302)
Total Revenues	1,277,492	1,273,070	(4,422)
Total Available Resources	1,357,152	1,352,730	(4,422)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	414,109	379,056	35,053
Other personal services	12,371	3,667	8,704
Expenses	20,407	14,011	6,396
Operating capital outlay	877	425	452
Fixed capital outlay	8	8	.....
Special categories	493,591	493,591	.....
Data processing services	1,949	1,661	288
Total Operating Expenditures	943,312	892,419	50,893
Nonoperating expenditures:			
Transfers	314,065	314,065	.....
Refunds	215	215	.....
Other	55,839	55,839	.....
Total Nonoperating Expenditures	370,119	370,119	.....
Total Expenditures	1,313,431	1,262,538	50,893
Fund Balances, June 30, 2012	\$ 43,721	\$ 90,192	\$ 46,471

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**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(in thousands)**

	Military and Veterans' Affairs		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 45,181	\$ 45,181	\$
Reversions	2,895	2,895	.....
Fund Balances, July 1, 2011, restated	48,076	48,076	.....
REVENUES			
Fees and charges	30,756	30,366	(390)
Miscellaneous	2	2	.....
Interest	838	859	21
Grants	65,583	65,964	381
Refunds	18,782	18,629	(153)
Transfers and distributions	10,961	6,176	(4,785)
Other	4	25	21
Total Revenues	126,926	122,021	(4,905)
Total Available Resources	175,002	170,097	(4,905)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	49,988	47,512	2,476
Other personal services	3,092	2,833	259
Expenses	25,061	24,149	912
Operating capital outlay	1,004	905	99
Food products	3,677	3,187	490
Fixed capital outlay	11,607	11,607	.....
Special categories	30,478	23,184	7,294
Total Operating Expenditures	124,907	113,377	11,530
Nonoperating expenditures:			
Transfers	2,580	2,580	.....
Refunds	652	652	.....
Other	238	238	.....
Total Nonoperating Expenditures	3,470	3,470	.....
Total Expenditures	128,377	116,847	11,530
Fund Balances, June 30, 2012	\$ 46,625	\$ 53,250	\$ 6,625

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)

	Citrus Commission		
	Budget	Actual	Variance with Final Budget Positive (Negative)
	\$	\$	\$
Fund Balances, July 1, 2011	18,745	18,745	.....
Reversions	1,598	1,598	.....
Fund Balances, July 1, 2011, restated	20,343	20,343	.....
REVENUES			
Fees and charges	1,191	1,191	.....
Licenses	.....	.....	.....
Taxes	41,030	42,331	1,301
Miscellaneous	43	25	(18)
Interest	400	503	103
Grants	5,492	6,053	561
Refunds	25	.....	(25)
Other	.....	38	38
Total Revenues	48,181	50,141	1,960
Total Available Resources	68,524	70,484	1,960
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	5,456	4,066	1,390
Other personal services	229	132	97
Expenses	3,064	704	2,360
Operating capital outlay	371	37	334
Special categories	57,023	47,930	9,093
Data processing services	75	21	54
Total Operating Expenditures	66,218	52,890	13,328
Nonoperating expenditures:			
Refunds	7	7	.....
Other	1,937	1,937	.....
Total Nonoperating Expenditures	1,944	1,944	.....
Total Expenditures	68,162	54,834	13,328
Fund Balances, June 30, 2012	\$ 362	\$ 15,650	\$ 15,288

BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)

	School for the Deaf and the Blind		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 1,586	\$ 1,586	\$
Carry forward adjustment	.....	.....	.....
Fund Balances, July 1, 2011, restated	1,586	1,586	.....
REVENUES			
Grants	1,121	1,116	(5)
Refunds	.....	1	1
Transfers and distributions	1,741	1,819	78
Total Revenues	2,862	2,936	74
Total Available Resources	4,448	4,522	74
EXPENDITURES			
Operating expenditures:			
Special categories	2,700	2,700	.....
Continuing appropriations	177	177	.....
Total Operating Expenditures	2,877	2,877	.....
Nonoperating expenditures:			
Transfers	1	1	.....
Total Nonoperating Expenditures	1	1
Total Expenditures	2,878	2,878
Fund Balances, June 30, 2012	\$ 1,570	\$ 1,644	\$ 74

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**BUDGETARY COMPARISON SCHEDULES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Wireless Emergency Telephone System		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2011	\$ 4,753	\$ 4,753	\$
Reversions	407	407	.....
Fund Balances, July 1, 2011, restated	5,160	5,160	.....
REVENUES			
Interest	731	723	(8)
Refunds	.....	251	251
Other	116,000	115,542	(458)
Total Revenues	116,731	116,516	(215)
Total Available Resources	121,891	121,676	(215)
EXPENDITURES			
Operating expenditures:			
Salaries and benefits	417	390	27
Other personal services	84	81	3
Expenses	516	113	403
Grants and aids	119,204	119,204	.....
Operating capital outlay	4	.....	4
Special categories	656	656	.....
Data processing services	4	3	1
Total Operating Expenditures	120,885	120,447	438
Nonoperating expenditures:			
Transfers	71	71	.....
Refunds	38	38	.....
Total Nonoperating Expenditures	109	109	.....
Total Expenditures	120,994	120,556	438
Fund Balances, June 30, 2012	\$ 897	\$ 1,120	\$ 223

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CAPITAL PROJECTS FUNDS

GENERAL GOVERNMENT

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

OTHER

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

FLORIDA SCHOOL FOR THE DEAF AND THE BLIND

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

2012 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2012
(in thousands)**

	General Government	Other	School for the Deaf and the Blind	Totals 6/30/12
ASSETS				
<u>Current assets</u>				
Pooled investments with State Treasury	\$ 207	\$ 5,123	\$ 904	\$ 6,234
Receivables, net	.....	8	.....	8
Due from other funds	6,346	.....	.....	6,346
Total current assets	<u>6,553</u>	<u>5,131</u>	<u>904</u>	<u>12,588</u>
Total assets	<u>\$ 6,553</u>	<u>\$ 5,131</u>	<u>\$ 904</u>	<u>\$ 12,588</u>
LIABILITIES AND FUND BALANCES				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	\$ 15	\$ 267	\$ 311	\$ 593
Due to other funds	.....	2	.....	2
Obligations under security lending agreements	.....	462	.....	462
Total current liabilities	<u>15</u>	<u>731</u>	<u>311</u>	<u>1,057</u>
Total liabilities	<u>15</u>	<u>731</u>	<u>311</u>	<u>1,057</u>
<u>Fund balances</u>				
Restricted	.....	.....	592	592
Committed	6,538	4,400	1	10,939
Total fund balances	<u>6,538</u>	<u>4,400</u>	<u>593</u>	<u>11,531</u>
Total liabilities and fund balances	<u>\$ 6,553</u>	<u>\$ 5,131</u>	<u>\$ 904</u>	<u>\$ 12,588</u>

2012 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	General Government	Other	School for the Deaf and the Blind	Totals 6/30/12
REVENUES				
Fees and charges	\$	\$ 500	\$	\$ 500
Investment earnings	.....	135	.....	135
Total revenues	.....	635	.....	635
EXPENDITURES				
Current:				
General government	900	330	.....	1,230
Education	.....	.....	1,858	1,858
Human services	760	.....	.....	760
Criminal justice and corrections	67,443	.....	.....	67,443
Capital outlay	3,666	28	7,022	10,716
Debt service:				
Principal retirement	2,970	.....	.....	2,970
Total expenditures	75,739	358	8,880	84,977
Excess (deficiency) of revenues over expenditures	(75,739)	277	(8,880)	(84,342)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	73,160	.....	8,292	81,452
Operating transfers out	.....	(8)	.....	(8)
Total other financing sources (uses)	73,160	(8)	8,292	81,444
Net change in fund balances	(2,579)	269	(588)	(2,898)
Fund balances - beginning	9,117	4,131	1,181	14,429
Fund balances - ending	\$ 6,538	\$ 4,400	\$ 593	\$ 11,531

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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, Florida Statutes.

2012 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2012
(in thousands)**

	Other	FL Engineers Management Corp	Totals 6/30/12
ASSETS			
<u>Current assets</u>			
Cash and cash equivalents	\$ 1,399	\$ 154	\$ 1,553
Pooled investments with State Treasury	270,794	.....	270,794
Other investments	8,016	.....	8,016
Receivables, net	8,850	.....	8,850
Due from other funds	3,613	.....	3,613
Due from component units/primary	11	.....	11
Other	.....	90	90
Total current assets	292,683	244	292,927
<u>Noncurrent assets</u>			
Long-term investments	61,589	.....	61,589
<u>Capital assets</u>			
Buildings, equipment, and other depreciable assets	29,630	407	30,037
Accumulated depreciation	(23,256)	(247)	(23,503)
Total noncurrent assets	67,963	160	68,123
Total assets	360,646	404	361,050
LIABILITIES			
<u>Current liabilities</u>			
Accounts payable and accrued liabilities	8,944	99	9,043
Due to other funds	6,702	.....	6,702
Due to component units/primary	498	55	553
Compensated absences	4,087	.....	4,087
Deferred revenues	44,028	.....	44,028
Obligations under security lending agreements	21,062	.....	21,062
Total current liabilities	85,321	154	85,475
<u>Noncurrent liabilities</u>			
Compensated absences	12,548	.....	12,548
Other noncurrent liabilities	11,981	.....	11,981
Total noncurrent liabilities	24,529	.....	24,529
Total liabilities	109,850	154	110,004
NET ASSETS			
Invested in capital assets, net of related debt	6,374	160	6,534
Restricted - other	.....	90	90
Unrestricted	244,422	.....	244,422
Total net assets	\$ 250,796	\$ 250	\$ 251,046

2012 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, 2012
(in thousands)**

	Other	FL Engineers Management Corp	Totals 6/30/12
OPERATING REVENUES			
Sales - nonstate	\$ 72,583	\$	\$ 72,583
Fees	233,585	2,124	235,709
Sales - state	23,353	.....	23,353
Rents and royalties - nonstate	4	.....	4
Rents - state	87	.....	87
Fines, forfeits, settlements and judgments	17,835	.....	17,835
Other	4	.....	4
Total operating revenues	347,451	2,124	349,575
OPERATING EXPENSES			
Contractual services	59,205	390	59,595
Personal services	153,404	1,170	154,574
Depreciation	1,959	46	2,005
Materials and supplies	5,979	280	6,259
Repairs and maintenance	1,419	20	1,439
Basic services	29,226	.....	29,226
Interest and fiscal charges	2,538	55	2,593
Total operating expenses	253,730	1,961	255,691
Operating income (loss)	93,721	163	93,884
NONOPERATING REVENUES (EXPENSES)			
Grants and donations	42	.....	42
Investment earnings	6,526	.....	6,526
Interest and fiscal charges	(225)	.....	(225)
Property disposition gain (loss)	(48)	.....	(48)
Grant expense and client benefits	(919)	.....	(919)
Other	(97)	.....	(97)
Total nonoperating revenues (expenses)	5,279	.....	5,279
Income (loss) before transfers and contributions	99,000	163	99,163
Operating transfers in	17,410	.....	17,410
Operating transfers out	(129,438)	.....	(129,438)
Capital contributions	21	.....	21
Change in net assets	(13,007)	163	(12,844)
Total net assets - beginning	263,803	87	263,890
Total net assets - ending	\$ 250,796	\$ 250	\$ 251,046

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Other	FL Engineers Management Corporation	Totals 6/30/12
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 356,971	\$ 2,124	\$ 359,095
Cash paid to vendors	(96,324)	(781)	(97,105)
Cash paid to employees	(148,558)	(1,185)	(149,743)
Cash paid for insurance claims	(40)	.....	(40)
Unemployment benefits	(655)	.....	(655)
Net cash provided (used) by operating activities	111,394	158	111,552
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	(106,913)	.....	(106,913)
Advances, grants or loans (to) from or repayment from others	(913)	.....	(913)
Cash received from noncapital grants or donations	41	.....	41
Net cash provided (used) by noncapital financing activities	(107,785)	.....	(107,785)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from sale of capital assets	4	.....	4
Purchase or construction of capital assets	(494)	(119)	(613)
Net cash provided (used) by capital and related financing activities	(490)	(119)	(609)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security lending	(1,511)	.....	(1,511)
Proceeds from the sale or maturity of investments	120,315	.....	120,315
Investment earnings	6,289	.....	6,289
Purchase of investments	(117,241)	.....	(117,241)
Net cash provided (used) by investing activities	7,852	.....	7,852
Net increase (decrease) in cash and cash equivalents	10,971	39	11,010
Cash and cash equivalents - beginning	261,222	115	261,337
Cash and cash equivalents - ending	\$ 272,193	\$ 154	\$ 272,347

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

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

	Other	FL Engineers Management Corporation	Totals 6/30/12
Operating income (loss)	\$ 93,721	\$ 163	\$ 93,884
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	1,959	46	2,005
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(1,577)	.....	(1,577)
(Increase) decrease in due from other funds	2,329	.....	2,329
Increase (decrease) in allowance for uncollectibles	3,023	.....	3,023
Increase (decrease) in accounts payable	2,943	(18)	2,925
Increase (decrease) in compensated absences	28	.....	28
Increase (decrease) in due to other funds	(525)	.....	(525)
Increase (decrease) in other non-current liability	3,859	.....	3,859
Increase (decrease) in deposits	.....	(33)	(33)
Increase (decrease) in deferred revenue	5,634	.....	5,634
Net cash provided (used) by operating activities	<u>\$ 111,394</u>	<u>\$ 158</u>	<u>\$ 111,552</u>

Noncash investing, capital, and financing activities

Change in fair value of investments	79	79
Contribution of capital assets	89	89

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INTERNAL SERVICE FUNDS

EMPLOYEE HEALTH AND DISABILITY

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

DATA CENTERS

These funds are used to account for services provided by the state's primary data centers and 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).

2012 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2012
(in thousands)**

	Employee Health and Disability	Data Centers	Communications and Facilities	Other	Totals 6/30/12
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 1,002	\$	\$ 46,682	\$	\$ 47,684
Pooled investments with State Treasury	354,529	3,328	134,770	8,717	501,344
Other investments	.....	.....	61,869	.....	61,869
Receivables, net	19,438	55	5,421	990	25,904
Due from other funds	15	11,804	28,222	3,699	43,740
Due from component units/primary	.....	4	945	1	950
Total current assets	374,984	15,191	277,909	13,407	681,491
<u>Noncurrent assets</u>					
Capital assets					
Land and other nondepreciable assets	.....	.....	325	.....	325
Buildings, equipment, and other depreciable assets	48	51,017	1,328,068	12,957	1,392,090
Accumulated depreciation	(38)	(41,532)	(345,788)	(9,057)	(396,415)
Construction work in progress	.....	.....	156,168	.....	156,168
Total noncurrent assets	10	9,485	1,138,773	3,900	1,152,168
Total assets	374,994	24,676	1,416,682	17,307	1,833,659
LIABILITIES					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	136,114	7,719	18,696	1,620	164,149
Due to other governments	.....	.....	.....	17	17
Due to other funds	21,570	252	459	1,266	23,547
Due to component units/primary	.....	132	.....	6	138
Compensated absences	.....	1,137	575	1,607	3,319
Installment purchases/capital leases	.....	980	692	.....	1,672
Bonds payable	.....	.....	21,435	.....	21,435
Deposits	89,552	.....	2,732	238	92,522
Obligations under security lending agreements	33,885	229	12,453	170	46,737
Certificates of participation payable	.....	.....	35,355	.....	35,355
Total current liabilities	281,121	10,449	92,397	4,924	388,891
<u>Noncurrent liabilities</u>					
Advances from other funds	.....	1,478	500	800	2,778
Bonds payable	.....	.....	336,847	.....	336,847
Certificates of participation payable	.....	.....	615,486	.....	615,486
Installment purchases/capital leases	.....	3,242	7,171	.....	10,413
Compensated absences	126	3,032	1,957	6,365	11,480
Other noncurrent liabilities	14,898	2,015	2,108	4,963	23,984
Total noncurrent liabilities	15,024	9,767	964,069	12,128	1,000,988
Total liabilities	296,145	20,216	1,056,466	17,052	1,389,879
NET ASSETS					
Invested in capital assets, net of related debt	9	5,263	191,881	3,900	201,053
Unrestricted	78,840	(803)	168,335	(3,645)	242,727
Total net assets	\$ 78,849	\$ 4,460	\$ 360,216	\$ 255	\$ 443,780

2012 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, 2012
(in thousands)**

	Employee Health and Disability	Data Centers	Communications and Facilities	Other	Totals 6/30/12
OPERATING REVENUES					
Sales - nonstate	\$	\$ 83	\$ 37,792	\$ 7,413	\$ 45,288
Sales - state	1,804,494	89,820	84,052	57,907	2,036,273
Rents and royalties - nonstate	.....	.....	144	.....	144
Rents - state	.....	.....	165,092	.....	165,092
Other	16,031	.....	.....	.....	16,031
Total operating revenues	<u>1,820,525</u>	<u>89,903</u>	<u>287,080</u>	<u>65,320</u>	<u>2,262,828</u>
OPERATING EXPENSES					
Contractual services	627,037	39,174	129,494	5,235	800,940
Insurance claims expense	1,185,204	.....	.....	.....	1,185,204
Personal services	8,202	29,624	10,326	51,326	99,478
Depreciation	4	2,689	20,513	1,258	24,464
Materials and supplies	36	14,646	736	1,751	17,169
Repairs and maintenance	.....	373	5,686	342	6,401
Basic services	125	5,890	5,089	3,532	14,636
Interest and fiscal charges	.....	167	.....	.....	167
Total operating expenses	<u>1,820,608</u>	<u>92,563</u>	<u>171,844</u>	<u>63,444</u>	<u>2,148,459</u>
Operating income (loss)	<u>(83)</u>	<u>(2,660)</u>	<u>115,236</u>	<u>1,876</u>	<u>114,369</u>
NONOPERATING REVENUES/(EXPENSES)					
Investment earnings	8,688	97	4,089	64	12,938
Interest and fiscal charges	(265)	(6)	(46,945)	(2)	(47,218)
Property disposition gain (loss)	.....	107	(1,760)	(599)	(2,252)
Other	.....	(32)	.....	.....	(32)
Total nonoperating revenues (expenses)	<u>8,423</u>	<u>166</u>	<u>(44,616)</u>	<u>(537)</u>	<u>(36,564)</u>
Income (loss) before transfers and contributions	8,340	(2,494)	70,620	1,339	77,805
Operating transfers in	19,000	753	6,478	1,000	27,231
Operating transfers out	(348)	(725)	(14,864)	(2,799)	(18,736)
Capital contributions	.....	3,320	25	37	3,382
Change in net assets	26,992	854	62,259	(423)	89,682
Total net assets - beginning	<u>51,857</u>	<u>3,606</u>	<u>297,957</u>	<u>678</u>	<u>354,098</u>
Total net assets - ending	<u>\$ 78,849</u>	<u>\$ 4,460</u>	<u>\$ 360,216</u>	<u>\$ 255</u>	<u>\$ 443,780</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)

	Employee Health and Disability	Data Centers	Communications and Facilities
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,830,723	\$ 86,040	\$ 281,618
Cash paid to vendors	(353,538)	(57,415)	(124,523)
Cash paid to employees	(1,196)	(28,082)	(17,923)
Cash paid for insurance claims	(1,383,491)	.....	.....
Net cash provided (used) by operating activities	92,498	543	139,172
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	18,650	(5)	(14,131)
Advances from or repayment from other funds	.....	.....	.....
Net cash provided (used) by noncapital financing activities	18,650	(5)	(14,131)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment of bond principal	.....	.....	(54,230)
Payment of principal on installment purchase/capital lease	.....	(677)	(1,032)
Payment of interest on bonds/installment purchase/capital lease	.....	.....	(54,283)
Purchase or construction of capital assets	(4)	(1,680)	(72,586)
Net cash provided (used) by capital and related financing activities	(4)	(2,357)	(182,131)
CASH FLOWS FROM INVESTING ACTIVITIES			
Security lending	10,028	85	(9,553)
Investment earnings	8,423	93	7,187
Net cash provided (used) by investing activities	18,451	178	(2,366)
Net increase (decrease) in cash and cash equivalents	129,595	(1,641)	(59,456)
Cash and cash equivalents - beginning	225,936	4,969	240,908
Cash and cash equivalents - ending	\$ 355,531	\$ 3,328	\$ 181,452

Other	Totals 6/30/12
\$ 65,561	\$ 2,263,942
(10,291)	(545,767)
(49,665)	(96,866)
.....	(1,383,491)
5,605	237,818
(215)	4,299
(1,537)	(1,537)
(1,752)	2,762
.....	(54,230)
.....	(1,709)
.....	(54,283)
(409)	(74,679)
(409)	(184,901)
138	698
63	15,766
201	16,464
3,645	72,143
5,072	476,885
\$ 8,717	\$ 549,028

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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)	\$ (83)	\$ (2,660)	\$ 115,236
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	4	2,689	20,513
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(6,251)	(42)	(1,050)
(Increase) decrease in due from other funds	14,827	(3,791)	(4,041)
Increase (decrease) in allowance for uncollectibles	.....	.....	(11)
Increase (decrease) in accounts payable	73,909	2,132	4,585
Increase (decrease) in compensated absences	(2)	1,376	(70)
Increase (decrease) in due to other funds	1,495	94	3,679
Increase (decrease) in other non-current liability	6,976	771	683
Increase (decrease) in deferred revenue	1,623	(26)	(352)
Net cash provided (used) by operating activities	<u>\$ 92,498</u>	<u>\$ 543</u>	<u>\$ 139,172</u>

<u>Other</u>	<u>Totals 6/30/12</u>
\$ 1,876	\$ 114,369
1,258	24,464
(21)	(7,364)
170	7,165
.....	(11)
563	81,189
(125)	1,179
40	5,308
1,700	10,130
144	1,389
<u>\$ 5,605</u>	<u>\$ 237,818</u>

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PRIVATE-PURPOSE TRUST FUNDS

TRUST ESCROW ADMINISTRATION

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

UNCLAIMED PROPERTY

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

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COMBINING STATEMENT OF FIDUCIARY NET ASSETS

PRIVATE-PURPOSE TRUST FUNDS

JUNE 30, 2012

(in thousands)

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
ASSETS				
Cash and cash equivalents	\$ 304	\$ 308	\$	\$
Pooled investments with State Treasury	577,236	8,611	20,887	1,897
Total cash and cash equivalents	577,540	8,919	20,887	1,897
<u>Investments</u>				
U.S. government & federally guaranteed obligations	84	.....	.....	.....
Federal agencies	.....	.....	.....	.....
Bonds and notes	.....	.....	.....	.....
International bonds and notes	.....	.....	.....	.....
Mutual fund investments	1,631	506	.....	.....
Money market and short-term investments	1,512	.....	.....	.....
Domestic equity	.....	12,804	.....	.....
International equity	.....	.....	.....	.....
Total investments	3,227	13,310	.....	.....
<u>Receivables</u>				
Accounts receivable	24,665	594	.....	.....
Interest receivable	969	4	19	.....
Dividends receivable	.....	.....	.....	.....
Nonstate contributions receivable	.....	.....	124	.....
Pending investment sales	.....	.....	.....	.....
Due from state funds	.....	.....	54	.....
Due from other governments	.....	.....	15,523	.....
Total receivables	25,634	598	15,720	.....
Security lending collateral	.....	.....	.....	.....
Advances to other funds	.....	755,925	.....	.....
Advances to other entities	1,207,832	.....	.....	.....
Capital assets	14,195	1,434	25	.....
Accumulated depreciation	.....	(932)	(25)	.....
Other assets	3,187	.....	.....	.....
Total assets	1,831,615	779,254	36,607	1,897
LIABILITIES				
Accounts payable and accrued liabilities	4,162	13,320	.....	.....
Due to other funds	765	3	2,223	.....
Pending investment purchases	.....	.....	.....	.....
Broker rebate fees	.....	.....	.....	.....
Due to other governments	.....	.....	6,413	.....
Obligations under security lending agreements	55,352	237	1,787	.....
Claims payable	.....	.....	3,612	.....
Deposits payable	90	.....	.....	.....
Compensated absences	.....	367	.....	.....
Other liabilities	10,322	312	.....	.....
Total liabilities	70,691	14,239	14,035	.....
NET ASSETS				
Held in trust for individuals, organizations, and other governments	\$ 1,760,924	\$ 765,015	\$ 22,572	\$ 1,897

College Savings Plan	Totals 6/30/12
\$ 1,014	\$ 1,626
.....	608,631
<u>1,014</u>	<u>610,257</u>
23,244	23,328
39,018	39,018
43,316	43,316
5,356	5,356
.....	2,137
28,622	30,134
133,911	146,715
1,886	1,886
<u>275,353</u>	<u>291,890</u>
1	25,260
726	1,718
189	189
.....	124
298	298
.....	54
.....	15,523
<u>1,214</u>	<u>43,166</u>
31,309	31,309
.....	755,925
.....	1,207,832
6	15,660
(6)	(963)
.....	3,187
<u>308,890</u>	<u>2,958,263</u>
328	17,810
.....	2,991
1,967	1,967
2	2
.....	6,413
31,544	88,920
.....	3,612
6,626	6,716
7	374
.....	10,634
<u>40,474</u>	<u>139,439</u>
<u>\$ 268,416</u>	<u>\$ 2,818,824</u>

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**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
ADDITIONS				
<u>Contributions and other deposits</u>				
Fees	\$	\$	\$	\$
Grants and contributions	.....	.....	181,844	.....
Fines, forfeits, settlements and judgments	.....	864	.....	.....
Unclaimed property remittances	.....	377,310	.....	.....
Receivership assets acquired	55,899	.....	.....	.....
Transfers in from state funds	.....	.....	40	.....
Total contributions and other deposits	55,899	378,174	181,884	.....
<u>Investment income</u>				
Interest income	16,549	63	445	.....
Dividends	.....	.....	.....	.....
Other investment income	390	.....	.....	.....
Net increase (decrease) in fair market value	.....	.....	.....	.....
Total investment income	16,939	63	445	.....
Investment activity expense	(247)	(1)	.....	.....
Net income (loss) from investing activity	16,692	62	445	.....
<u>Security lending activity</u>				
Security lending income	.....	.....	.....	.....
Security lending expense	.....	.....	.....	.....
Net income from security lending	.....	.....	.....	.....
Total net investment income (loss)	16,692	62	445	.....
Other additions	120	75	5,349	.....
Total additions	72,711	378,311	187,678	.....
DEDUCTIONS				
Insurance claims expense	14,323	.....	.....	.....
Interest expense	671	2	18	.....
Student loan default payments	.....	.....	187,433	.....
Payments to unclaimed property claimants	.....	210,603	.....	.....
Distribution to State School Fund	.....	56,999	.....	.....
Administrative expense	14,787	3,251	.....	.....
Transfers out to state funds	.....	3,324	539	.....
Other deductions	5,290	756	3,034	.....
Total deductions	35,071	274,935	191,024	.....
<u>Depositor activity</u>				
Deposits	149,272	.....	.....	17
Withdrawals	(51,548)	.....	.....	.....
Excess (deficiency) of deposits over withdrawals	97,724	.....	.....	17
Change in net assets	135,364	103,376	(3,346)	17
Net assets - beginning	1,625,560	661,639	25,918	1,880
Net assets - ending	\$ 1,760,924	\$ 765,015	\$ 22,572	\$ 1,897

College Savings Plan	Totals 6/30/12
\$ 1,933	\$ 1,933
30,116	211,960
2	866
.....	377,310
.....	55,899
1,292	1,332
<u>33,343</u>	<u>649,300</u>
4,252	21,309
2,879	2,879
.....	390
5,227	5,227
<u>12,358</u>	<u>29,805</u>
(308)	(556)
<u>12,050</u>	<u>29,249</u>
91	91
(13)	(13)
<u>78</u>	<u>78</u>
12,128	29,327
.....	5,544
<u>45,471</u>	<u>684,171</u>
.....	14,323
.....	691
.....	187,433
.....	210,603
.....	56,999
4,606	22,644
.....	3,863
13,917	22,997
<u>18,523</u>	<u>519,553</u>
.....	149,289
.....	(51,548)
.....	97,741
26,948	262,359
<u>241,468</u>	<u>2,556,465</u>
<u>\$ 268,416</u>	<u>\$ 2,818,824</u>

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PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

DEFINED BENEFIT PENSION PLAN

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

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.

2012 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
JUNE 30, 2012
(in thousands)**

	Defined Benefit Pension Plan	Other Defined Contribution Plans	Deferred Compensation Plan	Life and Other Benefits
ASSETS				
Cash and cash equivalents	\$ 207,757	\$	\$ 58,891	\$
Pooled investments with State Treasury	48,346	5,207	1,815	17,811
Total cash and cash equivalents	256,103	5,207	60,706	17,811
<u>Investments</u>				
Certificates of deposit	899,769	.....	.....	.....
U.S. government & federally guaranteed obligations	9,430,834	.....	.....	.....
Federal agencies	9,699,691	.....	.....	.....
Commercial paper	3,638,372	.....	.....	.....
Repurchase agreements	2,055,000	.....	.....	.....
Bonds and notes	8,815,755	.....	1,209,139	.....
International bonds and notes	3,353,042	.....	.....	.....
Real estate contracts	8,176,282	.....	.....	.....
Mutual fund investments	5,966,638	.....	1,402,867	.....
Money market and short-term investments	16,064	.....	7,426	.....
Domestic equity	33,407,722	.....	12,929	.....
Alternative Investments - Domestic	7,832,316	.....	.....	.....
Alternative Investments - International	3,400,754	.....	.....	.....
International equity	30,177,809	.....	1,939	.....
Deferred compensation annuities	.....	.....	35,642	.....
Other investments	59	.....	.....	.....
Total investments	126,870,107	.....	2,669,942	.....
<u>Receivables</u>				
Accounts receivable	20,090	.....	97	.....
State contributions receivable	39,744	5	.....	.....
Nonstate contributions receivable	182,953	.....	.....	.....
Interest receivable	202,926	9	3	58
Dividends receivable	160,110	.....	.....	.....
Pending investment sales	1,487,379	.....	.....	.....
Forward contracts	270,859	.....	.....	.....
Due from state funds	.....	.....	.....	.....
Total receivables	2,364,061	14	100	58
Security lending collateral	4,938,460	.....	.....	.....
Capital assets	879	.....	.....	.....
Accumulated depreciation	(516)	.....	.....	.....
Other assets	6,399	.....	.....	.....
Total assets	134,435,493	5,221	2,730,748	17,869
LIABILITIES				
Accounts payable and accrued liabilities	73,065	3	.....	11
Due to other funds	1,537	1	.....	3
DROP	2,939,924	.....	.....	.....
Pending investment purchases	5,708,173	.....	.....	.....
Short sell obligations	380,076	.....	.....	.....
Forward contracts payable	272,261	.....	.....	.....
Broker rebate fees	165	.....	.....	.....
Obligations under security lending agreements	5,041,305	481	173	1,600
Claims payable	.....	.....	.....	3,292
Deposits payable	.....	.....	.....	8,016
Compensated absences	903	29	.....	55
Other liabilities	963	10	.....	7,029
Total liabilities	14,418,372	524	173	20,006
NET ASSETS				
Held in trust for pension benefits and other purposes	\$ 120,017,121	\$ 4,697	\$ 2,730,575	\$ (2,137)

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Retiree Health Insurance Subsidy	Defined Contribution Pension Plan	Totals 6/30/12
\$ 1,056	\$ 1,631	\$ 269,335
184	8,466	81,829
1,240	10,097	351,164
.....	.....	899,769
.....	.....	9,430,834
.....	.....	9,699,691
.....	.....	3,638,372
.....	.....	2,055,000
2,219	.....	10,027,113
.....	.....	3,353,042
.....	.....	8,176,282
42	5,983,990	13,353,537
179,931	1,153,469	1,356,890
.....	.....	33,420,651
.....	.....	7,832,316
.....	.....	3,400,754
.....	.....	30,179,748
.....	.....	35,642
.....	.....	59
182,192	7,137,459	136,859,700
.....	359	20,546
6,682	12,662	59,093
30,236	38,722	251,911
.....	.....	202,996
.....	1,084	161,194
.....	.....	1,487,379
.....	.....	270,859
.....	26	26
36,918	52,853	2,454,004
.....	.....	4,938,460
.....	.....	879
.....	.....	(516)
.....	.....	6,399
220,350	7,200,409	144,610,090
4	1,359	74,442
.....	900	2,441
.....	.....	2,939,924
.....	.....	5,708,173
.....	.....	380,076
.....	.....	272,261
.....	.....	165
.....	.....	5,043,559
.....	.....	3,292
.....	.....	8,016
.....	.....	987
.....	.....	8,002
4	2,259	14,441,338
\$ 220,346	\$ 7,198,150	\$ 130,168,752

2012 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, 2012
(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	\$ 351,933	\$ 123,542	\$	\$
Pension fund contributions - nonstate	1,460,514	133	.....	.....
Employer/employee contributions	57	.....	.....	147,322
Purchase of time by employees	12,814	97,395	.....	.....
Fees	.....	.....	1,179	.....
Flexible benefits contributions	.....	.....	244,745	.....
Transfers in from state funds	41,248	.....	.....	62
Total contributions and other deposits	1,866,566	221,070	245,924	147,384
<u>Investment income</u>				
Interest income	1,578,547	175	51	713
Dividends	1,907,278	.....	.....	.....
Other investment income	.....	.....	.....	.....
Net increase (decrease) in fair market value	(3,286,665)	.....	46,404	.....
Total investment income (loss)	199,160	175	46,455	713
Investment activity expense	(355,857)	(5)	.....	(29)
Net income (loss) from investing activity	(156,697)	170	46,455	684
<u>Security lending activity</u>				
Security lending income	50,100	.....	.....	.....
Security lending expense	(9,063)	.....	.....	.....
Net income from security lending	41,037	.....	.....	.....
Total net investment income (loss)	(115,660)	170	46,455	684
Other additions	.....	.....	25	.....
Total additions	1,750,906	221,240	292,404	148,068
DEDUCTIONS				
Benefit payments	7,355,052	.....	203,035	.....
Supplemental insurance payments	.....	.....	.....	70,082
Flexible reimbursement payments	.....	.....	.....	26,777
Life insurance premium payments	.....	.....	.....	29,774
Remittances to annuity companies	.....	212,489	.....	.....
Insurance claims expense	.....	.....	.....	62
Interest expense	.....	.....	2	.....
Administrative expense	34,169	144	44	2,545
Property disposition gain (loss)	1	.....	.....	.....
Transfers out to state funds	968,250	7,569	1,718	19,237
Other deductions	24,544	9	.....	.....
Total deductions	8,382,016	220,211	204,799	148,477
Change in net assets	(6,631,110)	1,029	87,605	(409)
Net assets - beginning	126,648,231	3,668	2,642,970	(1,728)
Net assets - ending	\$ 120,017,121	\$ 4,697	\$ 2,730,575	\$ (2,137)

2012 STATE OF FLORIDA CAFR

Retiree Health Insurance Subsidy	Defined Contribution Pension Plan	Totals 6/30/12
\$ 62,860	\$ 123,408	\$ 661,743
259,750	404,622	2,125,019
.....	.....	147,379
.....	712	110,921
.....	.....	1,179
.....	.....	244,745
.....	967,164	1,008,474
<u>322,610</u>	<u>1,495,906</u>	<u>4,299,460</u>
665	4	1,580,155
.....	51,657	1,958,935
.....	14	14
219	20,563	(3,219,479)
<u>884</u>	<u>72,238</u>	<u>319,625</u>
(2)	(2,169)	(358,062)
<u>882</u>	<u>70,069</u>	<u>(38,437)</u>
.....	.....	50,100
.....	.....	(9,063)
.....	.....	41,037
<u>882</u>	<u>70,069</u>	<u>2,600</u>
.....	.....	25
<u>323,492</u>	<u>1,565,975</u>	<u>4,302,085</u>
374,444	1,104,216	9,036,747
.....	.....	70,082
.....	.....	26,777
.....	.....	29,774
.....	.....	212,489
.....	.....	62
.....	.....	2
50	9,862	46,814
.....	.....	1
.....	41,675	1,038,449
.....	.....	24,553
<u>374,494</u>	<u>1,155,753</u>	<u>10,485,750</u>
(51,002)	410,222	(6,183,665)
<u>271,348</u>	<u>6,787,928</u>	<u>136,352,417</u>
<u>\$ 220,346</u>	<u>\$ 7,198,150</u>	<u>\$ 130,168,752</u>

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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.

2012 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
INVESTMENT TRUST FUNDS
JUNE 30, 2012
(in thousands)

	External Treasury Pool	Investment Pool A	Investment Pool B	Other Investment Trust Funds	Totals 6/30/12
ASSETS					
Cash and cash equivalents	\$	\$ 537	\$	\$	\$ 537
Pooled investments with State Treasury	1,713,972	.....	.....	.....	1,713,972
Total cash and cash equivalents	1,713,972	537	.....	.....	1,714,509
<u>Investments</u>					
Certificates of deposit	.....	2,092,427	.....	.....	2,092,427
U.S. government & federally guaranteed obligations	.....	12,537	.....	.....	12,537
Commercial paper	.....	1,495,446	.....	.....	1,495,446
Repurchase agreements	.....	1,073,895	.....	.....	1,073,895
Bonds and notes	.....	418,275	171,971	34	590,280
International bonds and notes	.....	45,435	.....	.....	45,435
Money market and short-term investments	.....	437,480	4,143	1	441,624
Total investments	.....	5,575,495	176,114	35	5,751,644
<u>Receivables</u>					
Interest receivable	.....	2,999	17	.....	3,016
Total receivables	.....	2,999	17	.....	3,016
Other assets	.....	17	.....	.....	17
Total assets	1,713,972	5,579,048	176,131	35	7,469,186
LIABILITIES					
Accounts payable and accrued liabilities	.....	297	.....	.....	297
Due to other funds	.....	27	1	.....	28
Due to other governments	.....	713	.....	.....	713
Obligations under security lending agreements	165,144	.....	.....	.....	165,144
Total liabilities	165,144	1,037	1	.....	166,182
NET ASSETS					
Held in trust for pool participants	\$ 1,548,828	\$ 5,578,011	\$ 176,130	\$ 35	\$ 7,303,004

2012 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
INVESTMENT TRUST FUNDS
JUNE 30, 2012
(in thousands)**

	External Treasury Pool	Investment Pool A	Investment Pool B	Other Investment Trust Funds	Totals 6/30/12
ADDITIONS					
<u>Contributions and other deposits</u>					
Transfers in from state funds	\$	\$ 42,766	\$	\$	\$ 42,766
Total contributions and other deposits	.....	42,766	.....	.....	42,766
<u>Investment income</u>					
Interest income	49,133	18,035	2,298	1	69,467
Net increase (decrease) in fair market value	.....	.....	16,372	2	16,374
Total investment income (loss)	49,133	18,035	18,670	3	85,841
Investment activity expense	(1,883)	(1,412)	(140)	.....	(3,435)
Total net investment income (loss)	47,250	16,623	18,530	3	82,406
Total additions	47,250	59,389	18,530	3	125,172
DEDUCTIONS					
Administrative expense	.....	54	.....	.....	54
Transfers out to state funds	.....	.....	42,766	.....	42,766
Total deductions	.....	54	42,766	.....	42,820
<u>Depositor activity</u>					
Deposits	1,034,112	13,437,048	.....	.....	14,471,160
Withdrawals	(1,091,334)	(13,797,374)	(3)	(7)	(14,888,718)
Excess (deficiency) of deposits over withdrawals	(57,222)	(360,326)	(3)	(7)	(417,558)
Change in net assets	(9,972)	(300,991)	(24,239)	(4)	(335,206)
Net assets, beginning	1,558,800	5,896,705	200,550	39	7,656,094
Adjustments to increase (decrease) beginning net assets	.....	(17,703)	(181)	.....	(17,884)
Net assets - beginning, as restated	1,558,800	5,879,002	200,369	39	7,638,210
Net assets, ending	\$ 1,548,828	\$ 5,578,011	\$ 176,130	\$ 35	\$ 7,303,004

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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.

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2012 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2012
(in thousands)

	Tax Distribution and Administration	Other	School for the Deaf and the Blind	State Board of Administration	Totals 6/30/12
ASSETS					
Cash and cash equivalents	\$ 4,177	\$ 10,629	\$ 51	\$ 5,225	\$ 20,082
Pooled investments with State Treasury	692,268	198,357	.....	684,214	1,574,839
Total cash and cash equivalents	696,445	208,986	51	689,439	1,594,921
<u>Investments</u>					
U.S. government & federally guaranteed obligations	.....	.....	.....	96,962	96,962
Federal agencies	.....	.....	.....	12,129	12,129
Total investments	.....	.....	.....	109,091	109,091
<u>Receivables</u>					
Accounts receivable	512,091	29,789	.....	.....	541,880
Interest receivable	.....	848	.....	2,875	3,723
Pending investment sales	.....	.....	.....	13,206	13,206
Due from state funds	52,321	21,928	.....	.....	74,249
Total receivables	564,412	52,565	.....	16,081	633,058
Total assets	\$ 1,260,857	\$ 261,551	\$ 51	\$ 814,611	\$ 2,337,070
LIABILITIES					
Accounts payable and accrued liabilities	\$ 676,396	\$ 39,887	\$ 51	\$ 10,440	\$ 726,774
Due to other funds	129,771	326	.....	49,891	179,988
Due to other governments	454,690	2,095	.....	5,304	462,089
Obligations under security lending agreements	.....	16,580	.....	65,637	82,217
Claims payable	.....	19,192	.....	.....	19,192
Deposits payable	.....	183,471	.....	683,339	866,810
Total liabilities	\$ 1,260,857	\$ 261,551	\$ 51	\$ 814,611	\$ 2,337,070

2012 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(in thousands)

	Balance 6/30/11	Additions	Deductions	Balance 6/30/12
<u>Tax Distribution and Administration</u>				
ASSETS				
Cash and cash equivalents	\$ 6,202	\$ 3,163	\$ 5,188	\$ 4,177
Pooled investments with State Treasury	657,731	1,629,778	1,595,241	692,268
Accounts receivable	467,332	512,092	467,333	512,091
Due from state funds	49,453	4,226,313	4,223,445	52,321
Total assets	<u>\$ 1,180,718</u>	<u>\$ 6,371,346</u>	<u>\$ 6,291,207</u>	<u>\$ 1,260,857</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 578,898	\$ 1,181,513	\$ 1,084,015	\$ 676,396
Due to other funds	92,958	725,478	688,665	129,771
Due to other governments	508,862	5,550,293	5,604,465	454,690
Total liabilities	<u>\$ 1,180,718</u>	<u>\$ 7,457,284</u>	<u>\$ 7,377,145</u>	<u>\$ 1,260,857</u>
<u>Other</u>				
ASSETS				
Cash and cash equivalents	\$ 21,384	\$ 197,573	\$ 208,328	\$ 10,629
Pooled investments with State Treasury	156,615	1,382,875	1,341,133	198,357
Investments	100	.....	100	.....
Accounts receivable	17,852	23,796	11,859	29,789
Interest receivable	854	376	382	848
Due from state funds	20,743	21,928	20,743	21,928
Total assets	<u>\$ 217,548</u>	<u>\$ 1,626,548</u>	<u>\$ 1,582,545</u>	<u>\$ 261,551</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 32,597	\$ 300,338	\$ 293,048	\$ 39,887
Due to other funds	964	221	859	326
Due to other governments	3,073	557	1,535	2,095
Obligations under security lending agreements	15,553	1,156	129	16,580
Claims payable	16,673	19,192	16,673	19,192
Deposits payable	148,688	48,552	13,769	183,471
Total liabilities	<u>\$ 217,548</u>	<u>\$ 370,016</u>	<u>\$ 326,013</u>	<u>\$ 261,551</u>
<u>School for the Deaf and the Blind</u>				
ASSETS				
Cash and cash equivalents	\$ 50	\$ 76	\$ 75	\$ 51
Total assets	<u>\$ 50</u>	<u>\$ 76</u>	<u>\$ 75</u>	<u>\$ 51</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 50	\$ 41	\$ 40	\$ 51
Total liabilities	<u>\$ 50</u>	<u>\$ 41</u>	<u>\$ 40</u>	<u>\$ 51</u>

2012 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(in thousands)

<u>State Board of Administration</u>	Balance 6/30/11	Additions	Deductions	Balance 6/30/12
ASSETS				
Cash and cash equivalents	\$ 3,794	\$ 5,865,729	\$ 5,864,298	\$ 5,225
Pooled investments with State Treasury	594,740	2,649,375	2,559,901	684,214
Investments	156,746	164,111	211,766	109,091
Interest receivable	3,613	3,825	4,563	2,875
Pending investment sales	.....	13,206	.....	13,206
Total assets	<u>\$ 758,893</u>	<u>\$ 8,696,246</u>	<u>\$ 8,640,528</u>	<u>\$ 814,611</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 5,231	\$ 61,041	\$ 55,832	\$ 10,440
Due to other funds	68	53,912	4,089	49,891
Due to other governments	8,872	41,418	44,986	5,304
Obligations under security lending agreements	64,410	1,227	.....	65,637
Deposits payable	680,312	2,956,989	2,953,962	683,339
Total liabilities	<u>\$ 758,893</u>	<u>\$ 3,114,587</u>	<u>\$ 3,058,869</u>	<u>\$ 814,611</u>
<u>Totals - All Agency Funds</u>				
ASSETS				
Cash and cash equivalents	\$ 31,430	\$ 6,066,541	\$ 6,077,889	\$ 20,082
Pooled investments with State Treasury	1,409,086	5,662,028	5,496,275	1,574,839
Investments	156,846	164,111	211,866	109,091
Accounts receivable	485,184	535,888	479,192	541,880
Interest receivable	4,467	4,201	4,945	3,723
Pending investment sales	.....	13,206	.....	13,206
Due from state funds	70,196	4,248,241	4,244,188	74,249
Total assets	<u>\$ 2,157,209</u>	<u>\$ 16,694,216</u>	<u>\$ 16,514,355</u>	<u>\$ 2,337,070</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 616,776	\$ 1,542,933	\$ 1,432,935	\$ 726,774
Due to other funds	93,990	779,611	693,613	179,988
Due to other governments	520,807	5,592,268	5,650,986	462,089
Obligations under security lending agreements	79,963	2,383	129	82,217
Claims payable	16,673	19,192	16,673	19,192
Deposits payable	829,000	3,005,541	2,967,731	866,810
Total liabilities	<u>\$ 2,157,209</u>	<u>\$ 10,941,928</u>	<u>\$ 10,762,067</u>	<u>\$ 2,337,070</u>

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NONMAJOR COMPONENT UNITS

WATER MANAGEMENT DISTRICTS

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

OTHER STATE UNIVERSITIES

This category includes 10 state universities. Refer to Note 1 for additional information.

FLORIDA COLLEGES

This category includes 28 Florida College System Institutions. Refer to Note 1 for additional information.

OTHER NONMAJOR COMPONENT UNITS

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

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2012 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET ASSETS
NONMAJOR COMPONENT UNITS
JUNE 30, 2012
(in thousands)**

	Water Management Districts	Other State Universities	Florida Colleges	Other Nonmajor Component Units	Totals 6/30/12
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents	\$ 232,367	\$ 340,427	\$ 155,254	\$ 143,665	\$ 871,713
Pooled investments with State Treasury	49,326	1,201,309	257,641	28,359	1,536,635
Other investments	848,400	1,612,041	724,973	960,027	4,145,441
Receivables, net	20,440	433,696	380,278	140,615	975,029
Due from component units/primary	25,193	392,840	14,871	2,402	435,306
Inventories	6,253	9,086	14,850	10,111	40,300
Restricted cash and cash equivalents	.....	162,383	203,739	88,789	454,911
Restricted pooled investments with State Treasury	.....	229,088	309,379	.....	538,467
Restricted investments	540,234	1,341,148	873,862	.....	2,755,244
Other loans and notes receivable, net	.....	49,739	.....	1,288	51,027
Other assets	5,959	253,613	72,345	3,918	335,835
Capital assets, net	7,003,916	7,826,065	3,833,623	587,842	19,251,446
Total assets	<u>8,732,088</u>	<u>13,851,435</u>	<u>6,840,815</u>	<u>1,967,016</u>	<u>31,391,354</u>
LIABILITIES					
Accounts payable and accrued liabilities	124,719	310,871	223,476	90,718	749,784
Due to component units/primary	75	105,986	16,213	43	122,317
Deferred revenues	12,770	262,278	29,548	22,621	327,217
Long-term liabilities					
Due within one year	178,210	136,332	122,327	5,251	442,120
Due in more than one year	618,353	2,830,632	425,351	949,449	4,823,785
Total liabilities	<u>934,127</u>	<u>3,646,099</u>	<u>816,915</u>	<u>1,068,082</u>	<u>6,465,223</u>
NET ASSETS					
Invested in capital assets, net of related debt	6,499,284	5,722,195	3,611,432	550,432	16,383,343
Restricted for					
Debt service	36,472	27,627	5,492	.....	69,591
Other	691,863	918,196	1,339,522	6,069	2,955,650
Funds held for permanent endowment					
Expendable	.....	171,985	100,081	.....	272,066
Nonexpendable	.....	1,626,204	449,653	.....	2,075,857
Unrestricted	570,342	1,739,129	517,720	342,433	3,169,624
Total net assets	<u>\$ 7,797,961</u>	<u>\$ 10,205,336</u>	<u>\$ 6,023,900</u>	<u>\$ 898,934</u>	<u>\$ 24,926,131</u>

**COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(in thousands)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Water Management Districts	\$ 784,087	\$ 30,287	\$ 92,293	\$ 86,001
Other State Universities	5,919,320	2,095,337	1,765,700	200,782
Florida Colleges	3,243,527	691,495	1,317,884	109,071
Other Nonmajor Component Units	833,195	164,282	535,451	36,699
Total component units	\$ 10,780,129	\$ 2,981,401	\$ 3,711,328	\$ 432,553

General revenues

Property taxes

Investment earnings

Gain (loss) on sale of capital assets

Payments from the State of Florida

Miscellaneous

Contributions to permanent funds

Total general revenues and contributions

Change in net assets

Net assets - beginning

Net assets - ending

2012 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 6/30/12
\$ (575,506)	\$	\$	\$	\$ (575,506)
.....	(1,857,501)	.....	.....	(1,857,501)
.....	.....	(1,125,077)	.....	(1,125,077)
.....	.....	.....	(96,763)	(96,763)
(575,506)	(1,857,501)	(1,125,077)	(96,763)	(3,654,847)
694,322	.....	.....	.....	694,322
8,938	55,449	34,106	20,985	119,478
90	(42,019)	52	.....	(41,877)
.....	1,459,521	1,068,554	.....	2,528,075
19,370	326,768	78,975	76,305	501,418
.....	12,165	6,084	.....	18,249
722,720	1,811,884	1,187,771	97,290	3,819,665
147,214	(45,617)	62,694	527	164,818
7,650,747	10,250,953	5,961,206	898,407	24,761,313
\$ 7,797,961	\$ 10,205,336	\$ 6,023,900	\$ 898,934	\$ 24,926,131

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**STATISTICAL
SECTION**

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STATISTICAL SECTION

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**Net Assets by Component
For the Last Ten Fiscal Years
(in thousands)**

SCHEDULE A-1

(Accrual Basis of Accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental Activities					
Invested in capital assets, net of related debt	\$ 40,382,471	\$ 41,779,939	\$ 43,469,131	\$ 46,546,117	\$ 49,603,845
Restricted					
Environment, Recreation and Conservation	2,234,858	2,058,225	2,251,215	2,974,802	2,861,436
Public Education ^{(1),(2)}	1,098,987	1,019,230	1,037,249	.....	.....
Health and Family Services	701,820	642,614	682,991	800,337	843,301
Transportation	975,640	804,510	1,017,620	1,624,834	1,680,338
Tax Collection and Administration ⁽¹⁾	200,005	208,388	220,221	.....	.....
Employment Services ⁽¹⁾	288,006	350,380	405,403	.....	.....
Nonmajor governmental funds	655,501	321,728	339,061	2,056,047	2,664,650
Debt Service	79,921	75,732	82,955	75,671	72,890
Other	.....	.....	.....	.....	.....
Funds held for permanent endowment					
Expendable	.....	.....	.....	.....	44,830
Nonexpendable	1,528,134	1,739,038	1,873,866	2,023,738	2,287,402
Unrestricted	(10,107,344)	(7,990,134)	(6,051,178)	(5,844,743)	(7,552,727)
Total governmental activities net assets	\$ 38,037,999	\$ 41,009,650	\$ 45,328,534	\$ 50,256,803	\$ 52,505,965
Percent change from prior year	8.20%	7.81%	10.53%	10.87%	4.48%
Business-type Activities					
Invested in capital assets, net of related debt	\$ 3,145,435	\$ 2,890,246	\$ 3,331,056	\$ 3,829,792	\$ 4,164,740
Restricted					
Transportation	.....	.....	.....	.....	.....
Lottery	350,440	201,371	204,037	98,472	90,869
Prepaid College Program ⁽³⁾	583,816	842,793
Hurricane Catastrophe Fund	4,942,992	5,476,178	2,387,054	.....	.....
Unemployment compensation	1,382,235	1,372,721	1,698,824	2,185,249	2,286,489
Other	121,088	252,193	395,216	211,257	198,010
Unrestricted	228,259	591,731	310,405	(1,103,433)	393,589
Total business-type activities net assets	\$ 10,170,449	\$ 10,784,440	\$ 8,326,592	\$ 5,805,153	\$ 7,976,490
Percent change from prior year	8.32%	6.04%	-22.79%	-30.28%	37.40%
Total Primary Government					
Invested in capital assets, net of related debt	\$ 43,527,906	\$ 44,670,185	\$ 46,800,187	\$ 50,375,909	\$ 53,768,585
Restricted					
Environment, Recreation and Conservation	2,234,858	2,058,225	2,251,215	2,974,802	2,861,436
Public Education ^{(1),(2)}	1,098,987	1,019,230	1,037,249	.....	.....
Health and Family Services	701,820	642,614	682,991	800,337	843,301
Transportation ⁽³⁾	975,640	804,510	1,017,620	1,624,834	1,680,338
Tax Collection and Administration ⁽¹⁾	200,005	208,388	220,221	.....	.....
Employment Services ⁽¹⁾	288,006	350,380	405,403	.....	.....
Nonmajor governmental funds ⁽¹⁾	653,567	321,728	339,061	2,056,047	2,664,650
Debt Service	79,921	75,732	82,955	75,671	72,890
Lottery	350,440	201,371	204,037	98,472	90,869
Prepaid College Program ⁽⁴⁾	583,816	842,793
Hurricane Catastrophe Fund	4,942,992	5,476,178	2,387,054	.....	.....
Unemployment Compensation	1,382,235	1,372,721	1,698,824	2,185,249	2,286,489
Other ⁽³⁾	123,022	252,193	395,216	211,257	198,010
Funds held for permanent endowment					
Expendable	.....	.....	.....	.....	44,830
Nonexpendable	1,528,134	1,739,038	1,873,866	2,023,738	2,287,402
Unrestricted	(9,879,085)	(7,398,403)	(5,740,773)	(6,948,176)	(7,159,138)
Total primary government net assets	\$ 48,208,448	\$ 51,794,090	\$ 53,655,126	\$ 56,061,956	\$ 60,482,455
Percent change from prior year	8.22%	7.44%	3.59%	4.49%	7.89%

Note: 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.

Fiscal Year				
2008	2009	2010	2011	2012
\$ 51,937,584	\$ 54,585,016	\$ 56,935,300	\$ 57,100,033	\$ 58,403,581
2,910,269	2,563,254	2,440,804	2,359,437	2,409,211
1,438,845	1,223,164	1,064,284	700,343	593,657
760,644	835,026	1,166,423	2,117,546	1,042,253
1,564,767	1,131,641	1,092,578	1,440,141	1,706,083
.....
.....
1,852,966	1,886,160	1,666,747	1,401,380	1,195,232
84,221	142,933	247,039	286,787	289,922
.....	.....	476,495	173,331	571,203
409,958	.....	.....	.....	.....
1,312,289	.....	.....	.....	.....
(11,996,949)	(15,242,901)	(15,840,018)	(15,117,243)	(13,435,170)
<u>\$ 50,274,594</u>	<u>\$ 47,124,293</u>	<u>\$ 49,249,652</u>	<u>\$ 50,461,755</u>	<u>\$ 52,775,972</u>
-4.25%	-6.27%	4.51%	2.46%	4.59%
\$ 4,360,753	\$ 4,929,637	\$ 4,910,794	\$ 5,256,229	\$ 5,365,538
154,853	.....	.....	.....	283,979
158,532	120,944	132,687	120,722	135,245
727,678	345,340	483,365	591,401	565,037
856,986	1,749,163	3,230,193	4,729,314	6,424,436
1,974,312	63,026	(903,588)	(1,058,871)	.....
.....	221,745	269,844	279,983	90
622,176	278,870	613,896	549,270	617,183
<u>\$ 8,855,290</u>	<u>\$ 7,708,725</u>	<u>\$ 8,737,191</u>	<u>\$ 10,468,048</u>	<u>\$ 13,391,508</u>
11.02%	-12.95%	13.34%	19.81%	27.93%
\$ 56,298,337	\$ 59,514,653	\$ 61,846,094	\$ 62,356,262	\$ 63,769,119
2,910,269	2,563,254	2,440,804	2,359,437	2,409,211
1,438,845	1,223,164	1,064,284	700,343	593,657
760,644	835,026	1,166,423	2,117,546	1,042,253
1,719,620	1,131,641	1,092,578	1,440,141	1,990,062
.....
.....
1,852,966	1,886,160	1,666,747	1,401,380	1,195,232
84,221	142,933	247,039	286,787	289,922
158,532	120,944	132,687	120,722	135,245
727,678	345,340	483,365	591,401	565,037
856,986	1,749,163	3,230,193	4,729,314	6,424,436
1,974,312	63,026	(903,588)	(1,058,871)	.....
.....	221,745	746,339	453,314	571,293
409,958	.....	.....	.....	.....
1,312,289	.....	.....	.....	.....
(11,374,773)	(14,964,031)	(15,226,122)	(14,567,973)	(12,817,987)
<u>\$ 59,129,884</u>	<u>\$ 54,833,018</u>	<u>\$ 57,986,843</u>	<u>\$ 60,929,803</u>	<u>\$ 66,167,480</u>
-2.24%	-7.27%	5.75%	5.08%	8.60%

**Changes in Net Assets
For the Last Ten Fiscal Years
(in thousands)**

(Accrual Basis of Accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 6,273,119	\$ 6,637,809	\$ 6,902,109	\$ 7,410,799	\$ 8,410,918
Education	15,120,426	16,413,985	17,439,674	18,210,639	19,739,622
Human services	16,638,643	18,119,304	19,865,453	19,765,378	20,634,220
Criminal justice and corrections	3,103,379	3,285,460	3,466,376	3,811,677	3,992,990
Natural resources and environment	1,945,496	2,038,909	3,298,381	4,284,896	2,767,852
Transportation	2,397,921	2,632,638	3,147,739	3,308,209	3,545,752
State courts	278,589	273,091	367,941	414,044	436,825
Indirect interest on long-term debt	1,832	17,526	20,028	7,062	11,731
Total governmental activities expenses	<u>45,759,405</u>	<u>49,418,722</u>	<u>54,507,701</u>	<u>57,212,704</u>	<u>59,539,910</u>
Business-type activities:					
Transportation	286,254	316,629	321,595	329,966	403,982
Lottery	2,000,291	2,170,062	2,528,646	2,874,533	3,029,103
Hurricane Catastrophe Fund	32,924	35,844	3,811,900	4,758,156	241,568
Prepaid College Program	.....	.....	.....	459,404	855,997
Unemployment Compensation	1,485,479	1,330,824	981,954	.....	.....
Nonmajor enterprise funds	156,979	159,046	176,683	994,182	1,146,532
Total business-type activities expenses	<u>3,961,927</u>	<u>4,012,405</u>	<u>7,820,778</u>	<u>9,416,241</u>	<u>5,677,182</u>
Total primary government expenses	<u>\$ 49,721,332</u>	<u>\$ 53,431,127</u>	<u>\$ 62,328,479</u>	<u>\$ 66,628,945</u>	<u>\$ 65,217,092</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	\$ 2,515,133	\$ 2,913,634	\$ 3,469,736	\$ 3,485,512	\$ 3,765,988
Education	292,036	266,020	209,149	211,352	250,023
Human services	692,270	822,255	885,836	954,495	1,302,926
Criminal justice and corrections	176,606	210,415	192,988	267,248	307,550
Natural resources and environment	330,364	275,774	288,837	346,037	368,511
Transportation	263,274	246,640	174,836	651,776	371,726
State courts	8,775	10,226	13,517	17,187	18,512
Operating grants and contributions	13,538,407	15,874,370	17,492,835	18,057,457	17,105,209
Capital grants and contributions	1,699,464	1,522,849	1,998,133	1,374,611	2,163,715
Total governmental activities program revenues	<u>19,516,329</u>	<u>22,142,183</u>	<u>24,725,867</u>	<u>25,365,675</u>	<u>25,654,160</u>
Business-type activities:					
Charges for services					
Transportation	539,808	578,631	665,097	698,409	766,190
Lottery	3,154,034	3,073,191	3,635,052	3,993,788	4,286,152
Hurricane Catastrophe Fund	632,563	580,514	787,759	891,506	1,476,660
Prepaid College Program	.....	.....	.....	502,579	1,114,978
Unemployment Compensation	823,410	1,059,811	1,253,872	.....	.....
Nonmajor enterprise funds	330,922	276,832	264,304	1,552,136	1,324,114
Operating grants and contributions	394,770	258,398	49,151	45,214	39,258
Capital grants and contributions	911	9,259	432	307	2,287
Total business-type activities program revenues	<u>5,876,418</u>	<u>5,836,636</u>	<u>6,655,667</u>	<u>7,683,939</u>	<u>9,009,639</u>
Total primary government program revenues	<u>\$ 25,392,747</u>	<u>\$ 27,978,819</u>	<u>\$ 31,381,534</u>	<u>\$ 33,049,614</u>	<u>\$ 34,663,799</u>
Net (Expense) Revenue⁽¹⁾					
Governmental activities	\$ (26,243,076)	\$ (27,276,539)	\$ (29,781,834)	\$ (31,847,029)	\$ (33,885,750)
Business-type activities	1,914,491	1,824,231	(1,165,111)	(1,732,302)	3,332,457
Total primary government net (expense)	<u>\$ (24,328,585)</u>	<u>\$ (25,452,308)</u>	<u>\$ (30,946,945)</u>	<u>\$ (33,579,331)</u>	<u>\$ (30,553,293)</u>

Fiscal Year				
2008	2009	2010	2011	2012
\$ 7,492,475	\$ 6,878,903	\$ 6,882,931	\$ 6,830,398	\$ 6,342,471
20,459,549	18,722,159	18,946,684	20,423,515	17,695,809
21,715,055	23,988,006	27,692,169	29,040,946	29,650,274
4,296,298	4,037,197	4,448,382	4,534,992	4,245,923
2,749,924	2,614,491	2,588,478	2,339,268	2,265,464
4,098,203	3,850,791	3,176,790	3,613,936	3,614,062
464,190	426,639	427,319	435,153	409,441
12,314	15,586	18,759	6,751	6,257
<u>61,288,008</u>	<u>60,533,772</u>	<u>64,181,512</u>	<u>67,224,959</u>	<u>64,229,701</u>
446,489	402,235	383,106	385,564	421,724
2,987,265	2,765,729	2,747,599	2,864,709	3,188,011
1,044,927	676,970	362,318	236,475	113,808
1,302,094	1,037,026	1,523,217	691,977	2,010,300
.....	4,307,809	7,656,494	5,743,471	3,407,135
1,654,422	267,722	264,580	268,936	256,936
<u>7,435,197</u>	<u>9,457,491</u>	<u>12,937,314</u>	<u>10,191,132</u>	<u>9,397,914</u>
<u>\$ 68,723,205</u>	<u>\$ 69,991,263</u>	<u>\$ 77,118,826</u>	<u>\$ 77,416,091</u>	<u>\$ 73,627,615</u>
\$ 3,167,668	\$ 3,411,639	\$ 3,938,356	\$ 4,092,321	\$ 4,680,250
291,975	133,346	229,149	152,217	156,917
1,020,441	1,629,514	1,156,988	1,491,338	1,901,175
340,143	293,457	772,557	775,476	729,837
451,363	346,240	400,700	382,261	352,007
514,737	333,953	343,782	255,995	361,627
19,479	43,385	421,501	232,771	247,645
17,500,769	20,164,996	26,831,434	27,920,491	23,925,002
2,144,946	1,986,579	1,974,293	2,058,453	2,036,464
<u>25,451,521</u>	<u>28,343,109</u>	<u>36,068,760</u>	<u>37,361,323</u>	<u>34,390,924</u>
738,450	747,347	700,803	699,675	715,835
4,338,303	4,017,816	4,006,864	4,044,597	4,524,446
1,188,703	1,242,072	1,524,012	1,358,918	1,362,133
1,619,334	654,688	1,661,241	799,886	1,983,897
.....	931,516	1,242,684	1,722,484	2,200,841
1,413,825	352,554	386,372	362,184	358,972
29,476	1,665,431	5,453,925	3,863,733	2,165,114
3,589	659	6,055	270	289
<u>9,331,680</u>	<u>9,612,083</u>	<u>14,981,956</u>	<u>12,851,747</u>	<u>13,311,527</u>
<u>\$ 34,783,201</u>	<u>\$ 37,955,192</u>	<u>\$ 51,050,716</u>	<u>\$ 50,213,070</u>	<u>\$ 47,702,451</u>
\$ (35,836,487)	\$ (32,190,663)	\$ (28,112,752)	\$ (29,863,636)	\$ (29,838,777)
1,896,483	154,592	2,044,642	2,660,615	3,913,613
<u>\$ (33,940,004)</u>	<u>\$ (32,036,071)</u>	<u>\$ (26,068,110)</u>	<u>\$ (27,203,021)</u>	<u>\$ (25,925,164)</u>

Continues

Changes in Net Assets
For the Last Ten Fiscal Years
(in thousands)

(Accrual Basis of Accounting)

General Revenues and Other Changes in
Net Assets

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Taxes					
Sales and use tax	\$ 15,561,382	\$ 17,128,515	\$ 19,056,249	\$ 20,729,364	\$ 20,684,191
Fuel taxes	2,199,375	2,316,572	2,414,012	2,591,946	2,575,303
Corporate income tax	1,228,130	1,441,338	1,785,213	2,363,056	2,450,357
Documentary stamp tax	2,005,168	2,613,194	3,376,210	4,051,479	3,022,536
Intangible personal property tax	820,212	860,046	998,904	1,104,008	757,163
Communication service tax	1,230,132	1,250,208	1,343,835	1,433,092	1,484,954
Beverage and tobacco taxes	1,001,636	1,041,042	1,088,542	1,102,408	1,112,580
Insurance premium tax	624,369	711,145	764,559	879,079	995,340
Gross receipts utilities tax	424,146	462,172	496,725	585,520	615,280
Other taxes	1,281,391	1,088,378	1,010,806	477,156	518,536
Investment earnings (loss)	720,280	(66,838)	300,620	174,039	812,617
Gain (loss) on sale of capital assets	.....	.....	.....	(75,501)	(250,925)
Miscellaneous	.....	11	.....	.....	.....
Transfers	1,257,679	1,216,769	1,249,753	1,321,420	1,356,980
Total governmental activities	<u>28,353,900</u>	<u>30,062,552</u>	<u>33,885,428</u>	<u>36,737,066</u>	<u>36,134,912</u>
Business-type activities:					
Investment earnings	19,197	13,181	28,872	15,877	10,640
Gain (loss) on sale of capital assets	.....	(17,063)	(17,018)	(10,341)	(10,006)
Emergency assessments	.....	.....	.....	.....	195,226
Miscellaneous	171	(2,544)	(1,272)	(808)	.....
Transfers	(1,257,679)	(1,216,769)	(1,249,753)	(1,321,420)	(1,356,980)
Total business-type activities	<u>(1,238,311)</u>	<u>(1,223,195)</u>	<u>(1,239,171)</u>	<u>(1,316,692)</u>	<u>(1,161,120)</u>
Total primary government	<u>\$ 27,115,589</u>	<u>\$ 28,839,357</u>	<u>\$ 32,646,257</u>	<u>\$ 35,420,374</u>	<u>\$ 34,973,792</u>
Change in Net Assets					
Governmental activities	\$ 2,110,824	\$ 2,786,013	\$ 4,103,594	\$ 4,890,035	\$ 2,249,162
Business-type activities ⁽²⁾	676,180	601,036	(2,404,282)	(3,048,994)	2,171,337
Total primary government ⁽³⁾	<u>\$ 2,787,004</u>	<u>\$ 3,387,049</u>	<u>\$ 1,699,312</u>	<u>\$ 1,841,041</u>	<u>\$ 4,420,499</u>

⁽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.

Fiscal Year				
2008	2009	2010	2011	2012
\$ 19,716,442	\$ 17,277,989	\$ 17,102,054	\$ 17,822,003	\$ 18,632,812
2,548,254	2,495,280	2,505,193	2,512,393	2,515,654
2,253,781	1,698,356	1,785,291	1,880,365	2,042,537
1,924,526	1,104,758	1,077,836	1,152,222	1,289,321
428,804	197,391	158,643	163,553	190,247
1,546,853	1,541,548	1,515,675	1,427,851	1,389,752
1,043,526	1,063,483	1,872,646	1,886,065	1,847,468
940,534	846,851	862,520	876,744	884,180
670,442	662,059	673,013	647,558	611,534
657,981	668,137	971,197	1,022,728	1,068,535
578,770	(290,686)	555,053	369,459	288,425
(107,535)	(126,527)	(59,943)	(3,450)	(21,408)
.....	.....	.....	68	.....
1,377,500	1,469,607	1,352,669	1,318,180	1,452,437
<u>33,579,878</u>	<u>28,608,246</u>	<u>30,371,847</u>	<u>31,075,739</u>	<u>32,191,494</u>
11,270	2,055	9,526	4,353	5,148
(6,425)	(1,694)	(2,374)	(2,732)	(717)
356,697	336,963	329,341	386,676	456,797
.....	.....	.....	127	1,056
<u>(1,377,500)</u>	<u>(1,469,607)</u>	<u>(1,352,669)</u>	<u>(1,318,180)</u>	<u>(1,452,437)</u>
<u>(1,015,958)</u>	<u>(1,132,283)</u>	<u>(1,016,176)</u>	<u>(929,756)</u>	<u>(990,153)</u>
<u>\$ 32,563,920</u>	<u>\$ 27,475,963</u>	<u>\$ 29,355,671</u>	<u>\$ 30,145,983</u>	<u>\$ 31,201,341</u>
\$ (2,256,609)	\$ (3,582,417)	\$ 2,259,095	\$ 1,212,103	\$ 2,352,717
880,525	(977,691)	1,028,466	1,730,859	2,923,460
<u>\$ (1,376,084)</u>	<u>\$ (4,560,108)</u>	<u>\$ 3,287,561</u>	<u>\$ 2,942,962</u>	<u>\$ 5,276,177</u>

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

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund (Per GASB 54)⁽¹⁾:					
Nonspendable	\$	\$	\$	\$	\$
Restricted	.....	.....	.....	.....	.....
Committed	.....	.....	.....	.....	.....
Unassigned	.....	.....	.....	.....	.....
Total general fund ⁽²⁾
Percent change from prior year	.....	.....	.....	.....	.....
Other Governmental Funds (Per GASB 54)⁽¹⁾:					
Nonspendable	.....	.....	.....	.....	.....
Restricted	.....	.....	.....	.....	.....
Committed	.....	.....	.....	.....	.....
Unassigned	.....	.....	.....	.....	.....
Total other governmental funds	.....	.....	.....	.....	.....
Total Governmental Funds ⁽³⁾	\$	\$	\$	\$	\$
Percent change from prior year	.....	.....	.....	.....	.....
General Fund (Prior to GASB 54):					
Reserved for:					
Encumbrances	\$ 75,511	\$ 43,172	\$ 78,253	\$ 51,988	\$ 106,922
Inventories	20,159	26,024	16,091	19,040	25,272
Advances	2,722	16,748	12,719	2,712	2,628
Long-term receivables	18,389	37,895	78,494	65,974	61,373
Capital outlay	170,645	62,855	93,857	243,947	207,807
Budget Stabilization Fund	958,890	966,390	995,805	1,092,081	1,248,490
Working Capital Fund	416,146	1,473,221	316,562	.....	.....
Other	2,546	1,437	2,067	2,031	2,597
Unreserved	1,964,500	2,426,497	5,257,271	6,572,190	5,574,678
Total general fund ⁽²⁾	3,629,508	5,054,239	6,851,119	8,049,963	7,229,767
Percent change from prior year	8.79%	39.25%	35.55%	17.50%	-10.19%
Other Governmental Funds (Prior to GASB 54):					
Reserved for:					
Encumbrances	66,499	54,250	719,895	1,214,792	135,249
Inventories	42,556	52,426	52,309	57,319	64,374
Advances	154,178	153,602	173,247	187,722	211,340
Long-term receivables	1,730,875	1,680,902	1,461,031	1,586,949	2,047,689
Capital outlay	2,507,156	2,178,477	1,839,728	2,294,027	3,503,486
Debt service	79,921	75,732	82,955	75,671	72,890
Permanent trust	1,521,518	1,739,038	1,873,866	2,023,738	2,332,232
Working Capital Fund	.....	.....	107,171	.....	.....
Other	104,639	91,242	.....	158,088	155,275
Unreserved, reported in:					
Special revenue funds	2,750,357	3,173,987	3,705,392	4,093,227	3,631,599
Capital projects funds	6,963	21,741	41,250	28,779	45,703
Permanent funds	3,099	2,640	1,982	2,649	3,005
Total other governmental funds	8,967,761	9,224,037	10,058,826	11,722,961	12,202,842
Total Governmental Funds ⁽³⁾	\$ 12,597,269	\$ 14,278,276	\$ 16,909,945	\$ 19,772,924	\$ 19,432,609
Percent change from prior year	18.55%	13.34%	18.43%	16.93%	-1.72%

⁽¹⁾ The state implemented GASB Statement 54 in Fiscal Year 2011, which significantly changed the fund balance classifications.

Fiscal year 2011 fund balance classifications are not comparable to prior years' classifications.

⁽²⁾ For additional information about the change in fund balance from fiscal year 2010 to 2011 for the General Fund, refer to the Economic Factors and Fund Analysis sections of the MD&A.

⁽³⁾ See Schedule A-4 for changes in fund balances from year to year.

Fiscal Year				
2008	2009	2010	2011	2012
\$	\$	\$	\$ 76,554	\$ 33,323
.....	.....	.....	52,767	49,739
.....	.....	.....	887,891	982,189
.....	.....	.....	2,609,956	3,735,358
.....	.....	.....	3,627,168	4,800,609
.....	.....	.....	-13.01%	32.35%
.....	.....	.....	59,967	74,260
.....	.....	.....	4,565,723	4,651,214
.....	.....	.....	5,598,547	4,389,415
.....
.....	.....	.....	10,224,237	9,114,889
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 13,851,405</u>	<u>\$ 13,915,498</u>
.....	.....	.....	1.42%	0.46%
\$ 104,614	\$ 103,142	\$ 67,330	\$	\$
14,628	15,422	11,779	.....	.....
2,631	64,390	54,904	.....	.....
50,686	168	137	.....	.....
177,049	102,685	91,868	.....	.....
1,353,690	273,874	274,916	.....	.....
.....
2,806	616,822	684,063	.....	.....
2,324,588	2,191,735	2,984,775	.....	.....
4,030,692	3,368,238	4,169,772	.....	.....
-44.25%	-16.44%	23.80%	.....	.....
81,220	116,822	190,104	.....	.....
75,957	63,167	44,172	.....	.....
222,848	374,379	1,064,894	.....	.....
2,341,669	2,361,484	2,433,814	.....	.....
3,568,444	2,621,895	2,424,194	.....	.....
84,221	142,933	247,039	.....	.....
1,722,247	.....	.....	.....	.....
.....
113,439	245,016	233,217	.....	.....
.....
3,323,598	2,806,191	2,829,255	.....	.....
17,733	5,913	19,072	.....	.....
412,246	1,687	2,276	.....	.....
11,963,622	8,739,487	9,488,037	.....	.....
<u>\$ 15,994,314</u>	<u>\$ 12,107,725</u>	<u>\$ 13,657,809</u>	<u>\$</u>	<u>\$</u>
-17.69%	-24.30%	12.80%	.....	.....

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
Taxes	\$ 26,383,810	\$ 28,912,610	\$ 32,334,920	\$ 35,317,243	\$ 34,216,240
Licenses and permits	1,150,823	1,165,928	1,263,525	1,318,920	1,349,929
Fees and charges	1,938,438	2,351,133	2,488,530	3,141,434	3,366,361
Grants and donations	15,246,839	17,254,145	19,270,292	19,567,321	19,204,113
Investment earnings	1,052,603	210,791	729,118	455,205	1,418,723
Fines, forfeits, settlements and judgments	721,984	594,967	630,682	804,869	830,178
Other revenue	2,435	214,840	317,190	17,881	73,878
Total revenues	46,496,932	50,704,414	57,034,257	60,622,873	60,459,422
Expenditures					
Current:					
General government	5,967,332	6,610,855	6,891,380	7,428,922	8,351,906
Education	14,556,332	15,828,609	16,844,368	17,643,897	19,168,847
Human services	16,616,067	18,083,861	19,810,089	19,755,015	20,586,256
Criminal justice and corrections	2,977,748	3,172,357	3,384,667	3,673,967	3,912,691
Natural resources and environment	1,764,731	1,747,445	3,030,371	4,030,076	2,733,006
Transportation	2,280,017	2,520,378	3,021,534	3,188,602	3,456,266
State courts	274,951	269,972	360,374	412,793	435,531
Capital outlay	2,515,501	2,109,937	2,148,634	2,639,161	3,005,688
Gain/(loss) on disposal of general fixed assets	.....	.....	.....	.....	768
Debt service:					
Principal retirement	612,272	674,697	795,954	736,331	810,726
Interest and fiscal charges	768,136	838,163	825,872	835,993	842,558
Total expenditures	48,333,087	51,856,274	57,113,243	60,344,757	63,304,243
Excess (deficiency) of revenues over expenditures	(1,836,155)	(1,151,860)	(78,986)	278,116	(2,844,821)
Other Financing Sources (Uses)					
Proceeds of bond issues	1,635,797	1,333,158	1,231,340	1,152,268	1,110,197
Proceeds of refunding bonds	1,865,860	166,383	2,470,805	426,107	401,977
Operating transfers in	13,668,486	12,931,311	13,472,264	10,901,916	9,982,178
Operating transfers out	(12,319,538)	(11,552,231)	(12,107,675)	(9,559,920)	(8,606,547)
Proceeds of financing agreements	19,043	57,383	44,819	23,751	18,678
Payments to refunded bond agent	(1,865,860)	(166,383)	(2,470,805)	(426,107)	(401,977)
Total other financing sources (uses)	3,003,788	2,769,621	2,640,748	2,518,015	2,504,506
Net change in fund balances	\$ 1,167,633	\$ 1,617,761	\$ 2,561,762	\$ 2,796,131	\$ (340,315)
Debt Service as a Percentage of Noncapital Expenditures	3.0%	3.0%	3.0%	2.7%	2.7%

		Fiscal Year				
	2008	2009	2010	2011	2012	
\$	31,544,362	\$ 27,693,512	\$ 28,391,262	\$ 29,355,780	\$ 30,480,459	
	1,300,154	1,261,366	1,396,105	1,462,002	1,519,256	
	3,517,982	3,521,215	4,507,761	4,543,730	5,236,550	
	19,610,900	22,075,028	28,302,772	30,231,722	25,891,493	
	772,331	(164,294)	776,902	495,585	461,343	
	818,804	764,621	1,231,959	1,183,431	1,234,008	
	44,062	58,267	54,325	119,190	171,866	
	<u>57,608,595</u>	<u>55,209,715</u>	<u>64,661,086</u>	<u>67,391,440</u>	<u>64,994,975</u>	
	7,684,863	6,633,032	6,830,572	6,750,211	6,363,177	
	19,842,205	18,048,122	18,201,985	19,685,314	16,960,772	
	21,768,923	23,436,257	27,506,447	29,070,430	29,663,993	
	4,173,403	3,949,006	4,293,598	4,436,318	4,106,400	
	2,721,304	2,418,472	2,353,990	2,162,579	2,095,042	
	3,971,868	3,727,772	3,050,317	3,504,054	3,183,656	
	457,883	403,267	430,980	426,559	401,216	
	2,636,135	2,523,481	2,171,050	1,239,097	2,276,467	
	
	860,289	943,493	1,093,865	1,153,973	1,310,958	
	903,637	971,752	1,024,211	1,054,036	1,019,426	
	<u>65,020,510</u>	<u>63,054,654</u>	<u>66,957,015</u>	<u>69,482,571</u>	<u>67,381,107</u>	
	(7,411,915)	(7,844,939)	(2,295,929)	(2,091,131)	(2,386,132)	
	2,571,311	1,901,696	1,705,534	962,333	317,936	
	94,760	.....	1,961,934	1,540,777	2,799,911
	9,847,759	9,659,500	10,203,770	9,413,135	9,611,610	
	(8,456,830)	(8,185,220)	(8,841,850)	(8,091,465)	(8,141,874)	
	8,984	117,960	9,594	724	662,553	
	(94,760)	.....	(1,961,934)	(1,540,777)	(2,799,911)
	<u>3,971,224</u>	<u>3,493,936</u>	<u>3,077,048</u>	<u>2,284,727</u>	<u>2,450,225</u>	
\$	<u>(3,440,691)</u>	<u>(4,351,003)</u>	<u>781,119</u>	<u>193,596</u>	<u>64,093</u>	
	2.8%	3.2%	3.3%	3.2%	3.5%	

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

SCHEDULE B-1

	Calendar Year				
	2002	2003	2004	2005	2006
Agriculture	\$ 1,523,823	\$ 2,113,243	\$ 2,227,668	\$ 2,242,702	\$ 2,076,127
Mining	475,976	487,506	570,630	751,037	849,709
Construction	4,339,103	3,896,686	4,186,326	4,881,040	5,220,010
Manufacturing	9,973,528	13,314,291	14,619,140	17,726,833	18,880,215
Transportation	7,297,988	7,585,459	8,735,773	9,548,276	10,823,084
Communications ⁽¹⁾	12,044,981	12,185,447	13,165,323	14,253,972	15,042,938
Wholesale	8,946,443	12,559,558	17,282,512	22,480,523	25,890,934
Retail trade	155,667,230	171,423,008	178,084,155	198,092,426	192,829,254
Finance and insurance	19,188,005	20,805,219	21,102,170	23,697,839	18,872,894
Services	37,431,731	36,410,711	39,880,201	44,364,948	45,374,785
Government	195,930	264,591	147,522	102,172	211,732
Other	1,202,541	1,995,127	1,942,456	1,470,912	1,235,108
Total	\$ 258,287,279	\$ 283,040,846	\$ 301,943,876	\$ 339,612,680	\$ 337,306,790
State direct sales tax rate	6.0%	6.0%	6.0%	6.0%	6.0%

Note: The sales tax rate on non-residential electricity is 7.0%. The sales tax rate on communication services (nonresidential phone and all cable) was 6.8% from October 1, 2001 until July 2010, at which point it was reduced to 6.65%. 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				
2007	2008	2009	2010	2011
\$ 1,652,121	\$ 1,369,553	\$ 1,169,974	\$ 1,114,023	\$ 1,165,247
663,193	469,944	320,213	295,621	311,842
3,990,215	3,343,767	2,813,374	2,820,903	2,804,215
16,277,337	14,056,016	11,479,034	10,878,166	11,513,052
10,852,559	10,965,637	11,215,193	10,838,604	11,436,895
15,677,020	15,924,520	16,084,681	17,837,511	15,104,143
21,307,898	19,899,564	17,283,554	19,514,708	19,661,065
182,161,612	164,058,988	158,206,374	161,552,218	173,087,498
20,875,323	21,022,328	27,554,293	27,456,593	28,324,565
46,330,585	46,799,729	44,001,387	45,724,851	47,962,744
274,053	354,338	331,221	307,812	345,215
1,708,341	817,777	757,198	741,152	811,416
<u>\$ 321,770,257</u>	<u>\$ 299,082,161</u>	<u>\$ 291,216,496</u>	<u>\$ 299,082,162</u>	<u>\$ 312,527,897</u>
6.0%	6.0%	6.0%	6.0%	6.0%

Principal Sales Tax Payers By Industry
Calendar Years 2011 and 2002
(dollars are in thousands)

SCHEDULE B-2

Industry	Calendar Year 2011			Calendar Year 2002		
	Number of filers	Sales Tax Liability	Percentage of Total	Number of filers	Sales Tax Liability	Percentage of Total
Agriculture	8,858	\$ 76,478	0.37%	10,655	\$ 97,291	0.58%
Mining	848	20,263	0.10%	992	29,584	0.18%
Construction	9,193	183,350	0.89%	11,481	275,971	1.65%
Manufacturing	33,286	750,877	3.64%	25,904	622,849	3.72%
Transportation, communications, electric, gas, and sanitation	13,381	1,783,165	8.65%	12,493	1,316,116	7.86%
Wholesale	59,058	1,295,772	6.28%	40,718	562,713	3.36%
Retail trade	272,630	11,370,250	55.13%	317,598	9,935,536	59.37%
Finance and insurance	174,475	1,878,523	9.11%	130,018	1,230,621	7.35%
Services	111,237	3,186,509	15.45%	115,463	2,387,867	14.27%
Government	194	24,139	0.12%	198	195,303	1.17%
Other	4,089	53,332	0.26%	2,048	81,648	0.49%
Total	687,249	\$ 20,622,658	100.00%	667,568	\$ 16,735,499	100.00%

Note: 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 Ten Fiscal Years
(dollars in millions, except per capita)

Fiscal Year	Governmental Activities						Business-type Activities	Total Primary Government	Debt as a Percentage of Tax-supported Revenues ⁽¹⁾	Debt Per Capita ⁽²⁾
	Full Faith and Credit	Pledged Revenue	Installment Purchases and Capital Leases	Public-Private Partnerships ⁽³⁾	Certificates of Participation	Total Governmental	Pledged Revenue			
2003	\$10,586	\$ 5,286	\$ 132	\$	\$ 96	\$ 16,100	\$ 1,716	\$ 17,816	73.70%	\$ 1,049.25
2004	11,170	5,301	182	.....	91	16,744	2,159	18,903	72.41%	1,087.95
2005	12,035	5,245	174	.....	85	17,539	2,071	19,610	66.37%	1,103.04
2006	11,476	5,379	144	.....	279	17,278	3,358	20,636	62.56%	1,136.69
2007	12,004	5,227	135	.....	267	17,633	6,361	23,994	74.28%	1,300.72
2008	12,939	5,912	111	.....	256	19,218	10,220	29,438	98.97%	1,581.51
2009	13,417	6,395	207	.....	395	20,414	7,714	28,128	108.18%	1,505.18
2010	13,782	7,362	70	.....	846	22,060	8,600	30,660	108.16%	1,630.74
2011	14,067	7,235	53	.....	807	22,162	8,230	30,392	102.83%	1,607.61
2012	13,405	6,760	60	1,649	766	22,640	7,990	30,630	99.75%	1,605.88

Note: 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.
- ⁽³⁾ This column accounts for Public-Private Partnership agreements and includes current and prior years' costs. Refer to Notes 1(J), 9, and 10 for further detail.

**Ratios of Net General Bonded Debt Outstanding
Last Ten 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) (3)}	Per Capita ^{(2) (3)}
	Full Faith and Credit	Certificates of Participation	Total				
2003	\$ 10,586	\$ 96	\$ 10,682	\$ 80	\$ 10,602	43.86%	\$ 624.39
2004	11,170	91	11,261	76	11,185	42.85%	643.75
2005	12,035	85	12,120	83	12,037	40.74%	677.07
2006	11,476	279	11,755	76	11,679	35.41%	643.31
2007	12,004	267	12,271	73	12,198	37.76%	661.25
2008	12,939	256	13,195	84	13,111	44.08%	704.37
2009	13,417	395	13,812	143	13,669	52.57%	731.45
2010	13,782	846	14,628	247	14,381	50.73%	764.89
2011	14,067	807	14,874	287	14,587	49.35%	771.59
2012	13,405	766	14,171	290	13,881	45.20%	727.76

Note: 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.
- ⁽³⁾ Installment purchases and capital leases reported in prior years have been removed from this schedule to only include General Bonded Debt. As a result, ratios for years prior to 2012 have been restated.

Legal Debt Margin
Last Ten Fiscal Years
(dollars in millions)

SCHEDULE C-3

Legal debt margin calculated for fiscal year 2011-2012:

Tax-supported revenues ⁽¹⁾	\$ 30,708
Debt limit ⁽²⁾	1,843
Debt applicable to limit:	
Aggregate debt service on tax-supported debt	<u>2,191</u>
Legal debt margin	<u>\$ (348)</u>

	2003	2004	2005	2006	2007	2008	2009 ⁽³⁾	2010 ⁽³⁾	2011 ⁽³⁾	2012 ⁽³⁾
Debt limit ⁽²⁾	\$ 1,450	\$ 1,566	\$ 1,773	\$ 1,979	\$ 1,938	\$ 1,785	\$ 1,560	\$ 1,701	\$ 1,773	\$ 1,843
Total debt applicable to limit	1,460	1,552	1,596	1,681	1,772	1,898	2,058	2,095	2,204	2,191
Legal debt margin	\$ (10)	\$ 14	\$ 177	\$ 298	\$ 166	\$ (113)	\$ (498)	\$ (394)	\$ (431)	\$ (348)

Total net debt applicable to the limit as a percentage of debt limit.	100.69%	99.11%	90.02%	84.94%	91.43%	106.33%	131.92%	123.19%	124.31%	118.88%
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⁽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, 2012, the total outstanding balance of tax-supported debt was approximately \$21,592,800,000.

⁽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, 2010, 2011, and 2012 tax-supported debt service exceeded 7% of tax-supported revenues.

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

2012 STATE OF FLORIDA CAFR

SCHEDULE C-4

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

The schedules below contain information regarding revenues pledged to repay debt obligations. For each bond type, the schedules disclose Gross Revenue, Operating Expenses, Net Revenue Available for Debt Service, Principal, Interest, and Coverage Ratio. The bond types with operating expenses are considered self-supporting debt and are paid from the associated facilities being financed. If operating expenses are not shown, the bond type is considered to be Net Tax Supported Debt and serviced by dedicated tax or fee revenues.

Year Ended 6/30	Revenue ⁽¹⁾	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Principal	Interest ⁽²⁾	
Florida Turnpike						
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
2011	611,946	180,060	431,886	99,000	144,061	1.78
2012	620,201	173,704	446,497	105,060	138,179	1.84
Save Our Coast						
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
2011	83,150	.....	83,150	5,985	455	12.91
2012	.....	.....	.....	4,785	156	.....
Florida Forever/Preservation 2000/Everglades						
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
2011	669,440	.....	669,440	308,085	125,948	1.54
2012	729,901	.....	729,901	321,675	104,460	1.71
Lottery Education ⁽³⁾						
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
2011	1,184,000	.....	1,184,000	168,607	146,329	3.76
2012	1,321,663	.....	1,321,663	176,845	134,745	4.24
Alligator Alley						
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
2011	19,737	7,059	12,678	1,525	1,923	3.68
2012	19,647	7,243	12,404	1,590	1,858	3.60

2012 STATE OF FLORIDA CAFR

**Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)**
**SCHEDULE C-4
(Continued)**

Year Ended 6/30	Revenue ⁽¹⁾	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Principal	Interest ⁽²⁾	
State Infrastructure Bank						
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
2011	56,698	.....	56,698	8,265	4,962	4.29
2012	76,531	.....	76,531	11,200	4,548	4.86
Florida Hurricane Catastrophe Fund Finance Corporation						
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
2011	1,714,728	15,644	1,699,084	269,485	122,919	4.33
2012	1,791,238	14,642	1,776,596	282,660	121,597	4.39
State University System Bonds						
2011	37,798	.....	37,798	16,240	11,306	1.37
2012	40,055	.....	40,055	16,495	10,766	1.47
University Auxiliary Bonds						
Parking System Revenue Bonds						
Florida International University						
2011	10,009	3,212	6,797	2,230	2,165	1.55
2012	11,435	4,673	6,762	2,710	2,865	1.21
University of South Florida						
2011	12,544	7,277	5,267	1,990	1,570	1.48
2012	13,549	7,944	5,605	2,130	1,429	1.57
Florida Agricultural & Mechanical University						
2011	2,628	1,338	1,290	155	77	5.56
2012	2,708	1,261	1,447	160	70	6.29
University of Florida						
2011	12,276	7,388	4,888	1,905	1,225	1.56
2012	12,255	7,320	4,935	2,075	1,055	1.58
Florida Atlantic University						
2011	5,708	2,233	3,475	750	508	2.76
2012	6,962	3,486	3,476	805	456	2.76
University of Central Florida						
2011	16,181	3,379	12,801	2,235	1,567	3.37
2012	18,576	3,149	15,427	2,880	1,833	3.27
Florida State University						
2011	9,857	2,145	7,712	2,605	1,901	1.71
2012	11,104	2,347	8,757	3,395	2,223	1.56

2012 STATE OF FLORIDA CAFR

Pledged-Revenue Coverage

SCHEDULE C-4

Last Ten Fiscal Years

(dollars in thousands)

Year Ended 6/30	Revenue ⁽¹⁾	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Principal	Interest ⁽²⁾	
Housing System Revenue Bonds						
Florida International University						
2011	23,518	12,418	11,099	3,430	3,694	1.56
2012	25,069	14,049	11,020	3,765	3,395	1.54
University of Florida						
2011	44,885	27,209	17,676	2,235	2,625	3.64
2012	45,673	33,519	12,154	2,630	2,265	2.48
Florida Atlantic University						
2011	14,802	6,119	8,683	2,405	3,357	1.51
2012	16,299	6,419	9,880	2,585	3,177	1.71
University of Central Florida						
2011	22,872	11,509	11,363	2,740	3,766	1.75
2012	24,712	11,910	12,802	2,985	3,382	2.01
Florida State University						
2011	32,671	16,925	15,745	3,215	5,628	1.78
2012	35,639	16,416	19,223	3,815	5,998	1.96
Student Health and Wellness Center Revenue Bonds						
University of Central Florida						
2011	10,856	.....	10,856	320	299	17.55
2012	12,754	.....	12,754	345	271	20.70
Florida State University						
2011	8,734	.....	8,734	.....	.....	3.67 ⁽⁴⁾
2012	13,404	.....	13,404	1,075	1,305	5.63
University of North Florida						
2012	3,834	.....	3,834	400	929	2.88
Bookstore Revenue Bonds						
University of Central Florida						
2011	1,978	434	1,543	195	95	5.31
2012	1,788	485	1,303	220	76	4.40
Student Services Center Revenue Bonds						
Florida Agricultural & Mechanical University						
2011	2,603	1,396	1,207	365	159	2.29
2012	2,416	1,153	1,263	385	141	2.40
Water Pollution Control Bonds						
2011	96,063	.....	96,063	21,285	19,019	2.38
2012	120,674	.....	120,674	25,405	24,721	2.41
Inland Protection Bonds						
2011	211,533	.....	211,533	5,080	4,695	21.64
2012	189,683	.....	189,683	5,335	3,403	21.71

⁽¹⁾ Refer to Note 8A.2. for information on the sources of pledged revenues⁽²⁾ Debt service interest is shown net of interest subsidy payments received from the Federal Government for Build America Bonds.⁽³⁾ Source Department of Lottery, Audited Financial Statements⁽⁴⁾ Coverage shown based on maximum annual debt service of \$2,382,950 for illustrative purposes

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

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Demographic and Economic Statistics
For the Last Ten Calendar Years

SCHEDULE D-1

Year	Population				Personal Income (in millions)	
	Florida - April 1	Percent Change from Prior Year	U.S. - July 1	Percent Change from Prior Year	Florida	U.S.
2003	16,979,706	2.08%	290,107,933	0.86%	531,218	9,369,072
2004	17,374,824	2.33%	292,805,298	0.93%	582,766	9,928,790
2005	17,778,156	2.32%	295,516,599	0.93%	633,193	10,476,669
2006	18,154,475	2.12%	298,379,912	0.97%	690,268	11,256,516
2007	18,446,768	1.61%	301,231,207	0.96%	721,052	11,900,562
2008	18,613,905	0.91%	304,093,966	0.95%	740,312	12,451,599
2009	18,687,425	0.39%	306,771,529	0.88%	697,362	11,916,808
2010	18,801,310	0.61%	309,330,219	0.83%	720,222	12,357,113
2011	18,905,048	0.55%	311,591,917	0.73%	753,575	12,961,658
2012	19,073,710	0.89%	314,507,643	0.94%	772,908	13,366,400

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

(2) School enrollment is by state fiscal year and other data are by calendar year, April 1, or July 1.

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 based on the Florida Demographic Estimating Conference, **July 2012**; National and Florida Economic Estimating Conferences, **July 2012**.

Sources: Florida Legislature, Florida Department of Education

State of Florida Population by Age

Age Group	2000 Census	Percent	2010 Census	Percent	2020 Projection	Percent
0 - 14	3,034,656	18.99	3,284,608	17.47	3,539,019	16.84
15 - 24	1,942,430	12.15	2,457,140	13.07	2,554,396	12.15
25 - 44	4,569,515	28.59	4,720,799	25.11	5,186,671	24.67
45 - 64	3,628,573	22.70	5,079,161	27.01	5,438,134	25.87
65 and Over	2,807,650	17.57	3,259,602	17.34	4,303,423	20.47
Total	15,982,824	100.00	18,801,310	100.00	21,021,643	100.00

Source: Forecast from November 2011 Florida Demographic Estimating Conference adjusted by age percentages from Florida Population Studies Volume 44, Bulletin 160, December 2011, 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
31,285	32,295	5.3%	6.0%	39.4	2,539,932
33,541	33,909	4.7%	5.5%	39.6	2,596,524
35,616	35,452	3.8%	5.1%	39.7	2,634,223
38,022	37,725	3.4%	4.6%	39.9	2,668,337
39,088	39,506	4.1%	4.6%	39.9	2,662,701
39,772	40,947	6.2%	5.8%	40.1	2,652,684
37,317	38,846	10.3%	9.4%	40.4	2,628,754
38,307	39,948	11.9%	9.6%	40.6	2,634,382
39,861	41,598	10.9%	9.0%	40.9	2,643,396
40,522	42,499	8.8%	8.1%	40.8	2,667,830

Industry Sector Employment
For Calendar Years 2011 and 2002
(in thousands)

SCHEDULE D-2

Industry	2011		2002	
	Employment	Percentage of Total Employment ⁽¹⁾	Employment	Percentage of Total Employment ⁽¹⁾
Retail Trade	955	12.98%	940	12.93%
Health Care and Social Assistance	951	12.92%	785	10.80%
Accommodation and Food Services	767	10.42%	694	9.55%
Local Government	746	10.15%	709	9.75%
Administrative and Waste Services	525	7.13%	511	7.03%
Professional and Technical Services	445	6.05%	377	5.19%
Finance and Insurance	331	4.50%	329	4.53%
Construction	330	4.49%	505	6.95%
Manufacturing	311	4.23%	428	5.89%
Wholesale Trade	309	4.20%	316	4.34%
Total	5,670	77.08%	5,594	76.96%

Note: Privacy requirements prevent the state from obtaining and reporting specific information about the largest employers in the state's jurisdiction. Reporting by industry reveals the degree of concentration in the state's total employment base.

The Florida economy is gradually recovering from the worst recession since record-keeping began in 1970. In December 2011, Florida's seasonally adjusted total nonagricultural employment was 7,333,200, an increase of 115,700 jobs (+1.6 percent) over the year. Florida's annual job growth rate had been positive for 17 consecutive months. Prior to August 2010, the state had been losing jobs for three years. In December 2011, six out of the ten major industries gained jobs over the year with trade, transportation, and utilities (+43,300 jobs) gaining the most jobs followed by private education and health services (+36,200 jobs). Three major industries continued to experience job losses over the year with the construction industry losing the most jobs (-10,900).

⁽¹⁾ "Employment" is being calculated based on average total employment by industry for each calendar year. Ratios of "Total" employment are based on the following:

	2011	2002
Total non-agricultural employment (in thousands)	7,272	7,169
Total agricultural employment (in thousands)	85	100
Total employment	7,357	7,269

Sources: Florida Department of Economic Opportunity, Labor Market Statistics Center, Current Employment Statistics Program, Quarterly Census of Employment and Wages Program, and the University of Florida.

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2012 STATE OF FLORIDA CAFR

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

SCHEDULE E-1

Function	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Financial administration	15,385	15,453	15,498	15,416	15,551	15,409	15,510
Streets and highways	7,606	7,356	7,173	7,074	7,030	7,156	7,229
Public welfare	21,647	19,369	17,194	12,673	12,458	12,507	12,528
Police protection	4,328	5,270	5,314	5,342	5,355	5,248	5,137
Natural resources	8,489	7,711	7,691	7,698	7,791	7,761	7,773
Health	15,014	15,197	15,583	15,959	16,434	16,388	17,105
Housing ⁽¹⁾	29	27	28	29	28	27
Community development	295	291	277	292	303	284	289
Criminal justice and corrections	37,471	37,710	38,870	39,555	40,756	40,558	40,555
Utility and transportation	369	346	317	315	296	323	321
Employee security	1,445	1,307	1,345	1,315	1,272	1,243	1,269
Education	2,386	2,367	2,386	2,461	2,481	2,499	2,359
State courts	1,953	2,735	3,869	4,137	4,457	4,401	4,113
Other	1,980	2,024	2,007	2,154	2,140	2,059	1,908
Total	118,368	117,165	117,551	114,419	116,353	115,864	116,123

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		
2010	2011	2012
15,542	15,212	16,778
7,048	6,751	6,116
12,723	12,278	14,148
5,079	4,981	5,201
7,687	7,481	7,437
16,917	16,303	15,437
28	31	39
256	278	53
41,229	39,051	35,875
315	301	270
1,439	1,481	1,563
2,251	2,272	2,251
4,117	4,009	4,042
1,802	1,724	2,698
<u>116,433</u>	<u>112,153</u>	<u>111,908</u>

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

SCHEDULE E-2

	Fiscal Year				
	2003	2004	2005	2006	2007
<u>General Government</u>					
Department of Revenue					
Total administered taxes (<i>in millions</i>)	27,811	30,756	34,742	38,736	37,477
Department of Management Services ⁽¹⁾					
Number of retired members covered	208,680	224,813	236,974	250,496	263,198
<u>Education</u>					
Universities					
University enrollments	262,354	271,337	277,583	287,375	294,016
Degrees awarded	54,863	58,554	59,771	61,215	64,778
<u>Human Services</u>					
Department of Health ⁽²⁾					
Number of live births	212,243	218,045	226,219	237,166	239,120
Number of deaths	168,459	168,364	170,300	169,365	167,708
Department of Children and Families					
Food stamp recipients	1,042,418	1,238,517	1,286,530	1,248,359	1,266,308
Food stamp households	505,452	602,323	629,685	623,270	650,277
<u>Criminal Justice and Corrections</u>					
Department of Corrections					
Inmate admissions	28,882	31,896	32,204	35,098	37,864
Community supervision admissions	99,123	100,557	99,616	103,387	107,203
Facility population	77,316	81,974	84,901	88,576	92,844
<u>Natural Resources and Environment</u>					
Department of Environmental Protection					
State park and trail visitations ⁽³⁾	18,240,624	19,106,966	17,296,273	18,174,879	19,516,852
Florida Fish and Wildlife Conservation Commission					
Fishing and hunting licenses holders	1,221,884	1,272,549	1,221,884	1,471,395	1,538,965
<u>Transportation</u>					
Department of Highway Safety & Motor Vehicles					
Registrations ⁽⁴⁾	17,249,305	17,948,464	18,762,439	21,773,396	22,126,592
Titles issued ⁽⁴⁾	5,127,520	6,477,928	6,829,690	7,181,742	6,668,861
Traffic crashes ⁽²⁾	243,294	252,902	268,605	256,200	256,206
Department of Transportation ⁽²⁾					
Daily vehicle miles traveled (<i>in thousands</i>)	273,744	280,754	292,398	300,010	303,603
<u>State Courts</u>					
State Courts System					
Number of cases filed/added:					
Circuit criminal defendants	182,893	193,870	199,009	219,157	230,417
County criminal	489,437	489,422	485,864	509,525	523,274
County civil	459,959	473,660	425,012	479,514	541,823
Traffic	487,413	523,072	510,513	571,858	604,054
Family court	369,652	378,429	365,990	365,468	356,485
Circuit civil	184,858	178,970	162,116	164,245	226,288
Probate	101,736	108,183	109,505	111,583	105,486

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 employer groups.

(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

⁽³⁾ As of July 1, 2011, Office of Greenways and Trails merged with the Division of Recreation and Parks within the Department of Environmental Protection.

⁽⁴⁾ Includes motor vehicles, manufactured homes and vessel.

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, Florida Department of Agriculture and Consumer Services, Department of Highway Safety & Motor Vehicle, Department of Transportation, Florida State Court.

Fiscal Year				
2008	2009	2010	2011	2012
34,152	30,140	29,677	31,391	31,989
274,842	288,216	302,978	318,881	333,870
301,135	302,513	312,259	321,503	329,737
68,423	70,616	73,579	76,021	79,323
231,417	221,391	214,519	213,237	Unavailable
170,473	169,854	172,509	172,856	Unavailable
1,523,273	2,109,289	2,726,167	3,170,445	3,326,637
783,282	1,084,754	1,452,191	1,725,855	1,815,239
41,054	39,354	36,992	34,992	32,279
107,861	100,619	94,387	92,258	90,880
98,192	100,894	102,232	102,319	100,527
20,737,052	21,458,588	20,110,021	20,442,212	24,983,179
1,588,227	1,605,617	1,576,518	1,534,518	1,544,549
22,125,361	20,918,645	19,496,005	19,197,024	20,024,942
5,920,326	4,901,295	5,104,919	5,361,258	5,039,215
243,342	235,778	235,461	227,998	Unavailable
305,253	293,858	286,902	288,007	Unavailable
235,451	209,593	201,785	196,453	188,669
515,552	464,090	433,437	405,248	367,478
615,290	503,314	483,521	459,538	477,024
618,506	538,406	500,316	483,644	Unavailable
350,477	335,854	347,049	349,222	322,854
418,579	547,194	490,092	293,415	305,732
102,532	98,345	98,553	100,849	101,606

Capital Assets by Function
Last Ten Fiscal Years

SCHEDULE E-3

	Fiscal Year				
	2003	2004	2005	2006	2007
<u>General Government</u>					
Department of Management Services:					
Buildings	90	90	90	85	85
<u>Education</u>					
Universities and colleges: ⁽¹⁾					
Assignable square feet (in thousands)	39,666	40,114	40,495	41,779	45,460
<u>Human Services</u>					
Department of Health					
Buildings ⁽²⁾	42	45	48	49	49
Vehicles	136	179	212	209	235
Department of Children and Families					
Buildings ⁽²⁾	507	514	515	227	211
<u>Criminal Justice and Corrections</u>					
Department of Corrections					
Correctional institutions	56	58	59	59	60
Work camps, forestry camps	36	35	37	40	41
Work release centers	24	23	26	30	30
Other facilities	7	7	6	6	6
<u>Natural Resources and Environment</u>					
Division of Recreation and Parks					
Number of state parks, greenways and trails	156	157	158	159	159
Acres of land owned	593,459	603,953	730,573	723,852	724,629
Department of Environmental Protection					
Acres of land owned ⁽³⁾	4,035,686	4,143,860	4,257,103	4,316,161	4,429,484
Florida Fish and Wildlife Conservation Commission					
Vehicles	1,637	1,591	1,562	1,514	1,519
<u>Transportation</u>					
Department of Transportation					
Highway lane miles	40,696	40,970	41,295	41,613	42,022
Vehicles	5,679	4,872	5,709	5,841	5,445
Buildings ⁽²⁾	1,624	1,619	1,584	1,578	1,622
<u>State Courts</u>					
State Courts System					
Machinery and equipment	4,646	4,496	4,800	7,825	8,608

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⁾ The building count for this agency has been revised to reflect only those structures that allow occupancy.

⁽³⁾ Acreage information includes a cumulative total of acres acquired through each program 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.

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				
2008	2009	2010	2011	2012
85	85	85	84	86
49,990	50,702	51,787	54,488	54,890
53	51	57	57	73
319	300	327	328	323
211	211	223	530	296
60	78	62	61	63
42	42	43	41	40
32	34	34	34	33
5	5	5	4	7
161	161	160	160	171
698,648	700,296	702,730	704,139	788,982
4,500,719	4,521,508	4,535,931	4,563,632	4,239,023
1,549	1,520	1,669	1,637	1,876
42,181	42,542	42,711	42,883	43,138
5,313	5,125	5,125	4,683	4,607
1,691	1,719	1,774	1,745	391
9,335	9,400	9,760	9,697	9,199

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FLORIDA



JEFF ATWATER | CHIEF FINANCIAL OFFICER
FLORIDA DEPARTMENT OF FINANCIAL SERVICES