



Office of the Secretary
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Tallahassee, Florida 32399-0950
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Fax: 850.922.6149
www.dms.MyFlorida.com

Governor Charlie Crist

Secretary Linda H. South

LEGISLATIVE BUDGET REQUEST

Department of Management Services

Tallahassee, Florida

October 15, 2008

Mr. Jerry L. McDaniel, Director
Office of Policy and Budget
Executive Office of the Governor
1701 Capitol
Tallahassee, Florida 32399-0001

Mr. Michael Hansen, Budget Director
House Policy and Budget Council
418 Capitol
Tallahassee, Florida 32399-1300

Ms. Cynthia Kelly, Staff Director
Senate Fiscal Policy & Calendar Committee
201 Capitol
Tallahassee, Florida 32399-1300

Dear Directors:

Pursuant to Chapter 216, *Florida Statutes*, our Legislative Budget Request for the Department of Management Services is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our proposed needs for the 2009-10 Fiscal Year.

Below is a list of additional budget issues not included in our official LBR. These budget items would help us manage our programs more successfully and provide better services to our customers. However, with funding limitations and understanding the need to balance the budget, we are just disclosing the issues noted below:

- **Capital Depreciation Back Log \$93M**

The Capital Depreciation Reserve Fund was established in 1987 to finance maintenance and improvement projects associated with the Florida Facilities Pool through the normal depreciation of pool assets over time. However, while the intent was sound, the actual execution of this practice has met with considerable challenges. The State now faces pool deficiency levels at an all time high, while the Fixed Capital Outlay (FCO) funding for capital depreciation is being reduced. This is causing DMS managed facilities to face increasing


Directors
October 15, 2008
Page Two

hardships as major maintenance items are deferred year after year and the service and investment value of the pool continues to diminish. The current backlog is estimated at \$93M and there are no available funds for emergencies.

- **Aircraft Hangar Projects/Fixed Capital Outlay \$1,323,776 General Revenue**

There is a critical need for maintenance and repairs to the hangar built in 1972. If funding is not provided, the state's hangar could be severely impacted by wind or water damage, leaving the aircraft with no protection or security. The department's facility experts evaluated the hangar and created the repair list based on manufacturers' recommendations and industry standards.

Sincerely,



Linda H. South
Secretary

LHS/ucm



FISCAL YEAR 2009-10

**DEPARTMENT LEVEL
EXHIBITS AND
SCHEDULES**

Schedule VII: Agency Litigation Inventory

For directions on completing this schedule, please see the "Legislative Budget Request (LBR) Instructions" located on the Governor's website.

Agency:	Department of Management Services		
Contact Person:	Cliff Taylor Chief of Litigation	Phone Number:	(850) 488-7281
Names of the Case: (If no case name, list the names of the plaintiff and defendant.)	Shands Teaching Hospital and Clinics, Inc. v. Unisys Corporation and Beech Street Corporation (Alachua) Beech Street Corporation v. DMS (Leon)		
Court with Jurisdiction:	Eighth Judicial Circuit – Alachua County Second Judicial Circuit – Leon County		
Case Number:	2000 CA 003366 – Alachua County 2005 CA 001935 – Leon County		
Summary of the Complaint:	The Department of Management Services estimates a potential claim between \$2 and 4 million from a complaint filed by Shands Teaching Hospital and Clinics, Inc. against Unisys Corporation and Beech Street Corporation. The allegations are that the medical provider services were paid late with an improper discount. Beech Street maintains that if it is liable to Shands, then the Department is liable to Beech Street under an indemnification theory. DMS has pending a Motion to Dismiss the claim of Beech Street which will be heard on September 24, 2008. The dismissal motion is based upon governmental immunity.		
Amount of the Claim:	Estimated amount between 2 million and 4 million		
Specific Statutes or Laws (including GAA) Challenged:			
Status of the Case:	The Alachua county trial court has denied the Defendants' Motions for Partial Summary Judgment and has set the case for trial in February of 2009. Discovery is ongoing.		
Who is representing (of record) the state in this lawsuit? Check all that apply.	<input type="checkbox"/>	Agency Counsel	
	<input checked="" type="checkbox"/>	Office of the Attorney General or Division of Risk Management	
	<input type="checkbox"/>	Outside Contract Counsel	
If the lawsuit is a class action (whether the class is certified or not), provide the name of the firm or firms representing the plaintiff(s).			

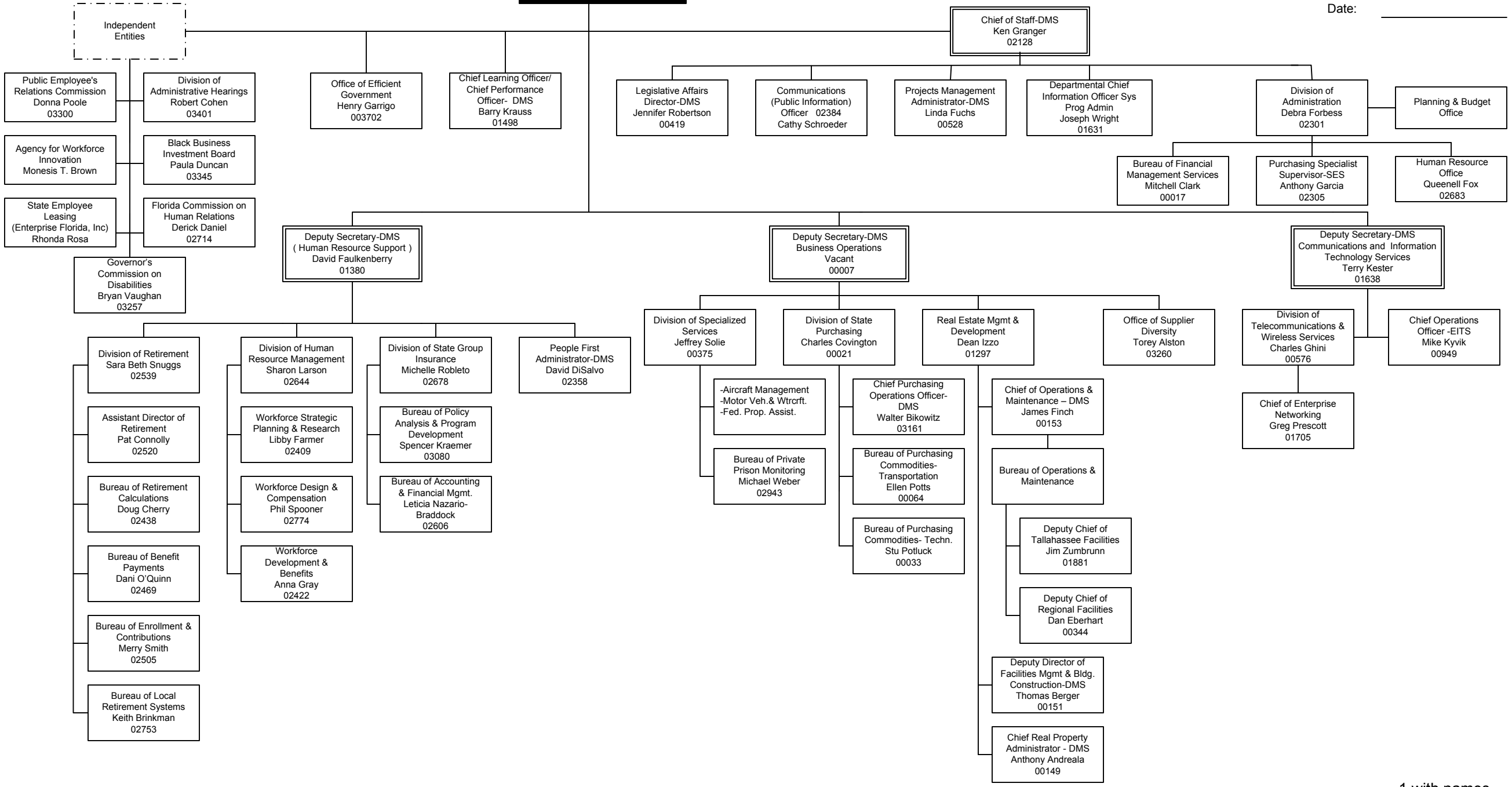
Department of Management Services
Agency Organizational Chart
(With Names)

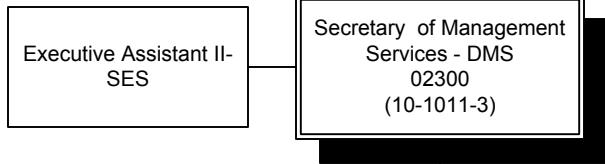
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John Brenneis
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Secretary - DMS
Linda South
02300

Inspector General
-DMS
Steve Rumph
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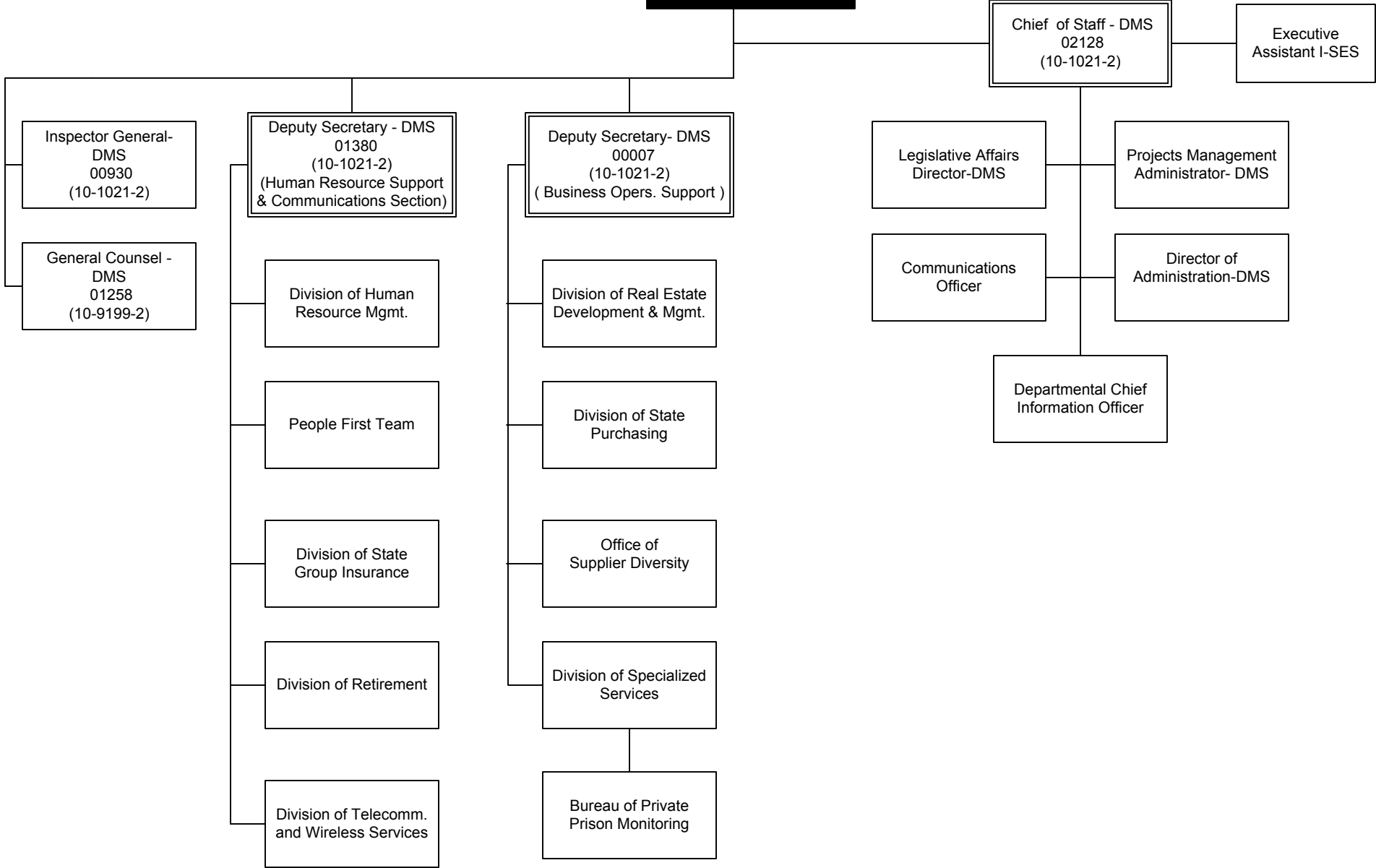
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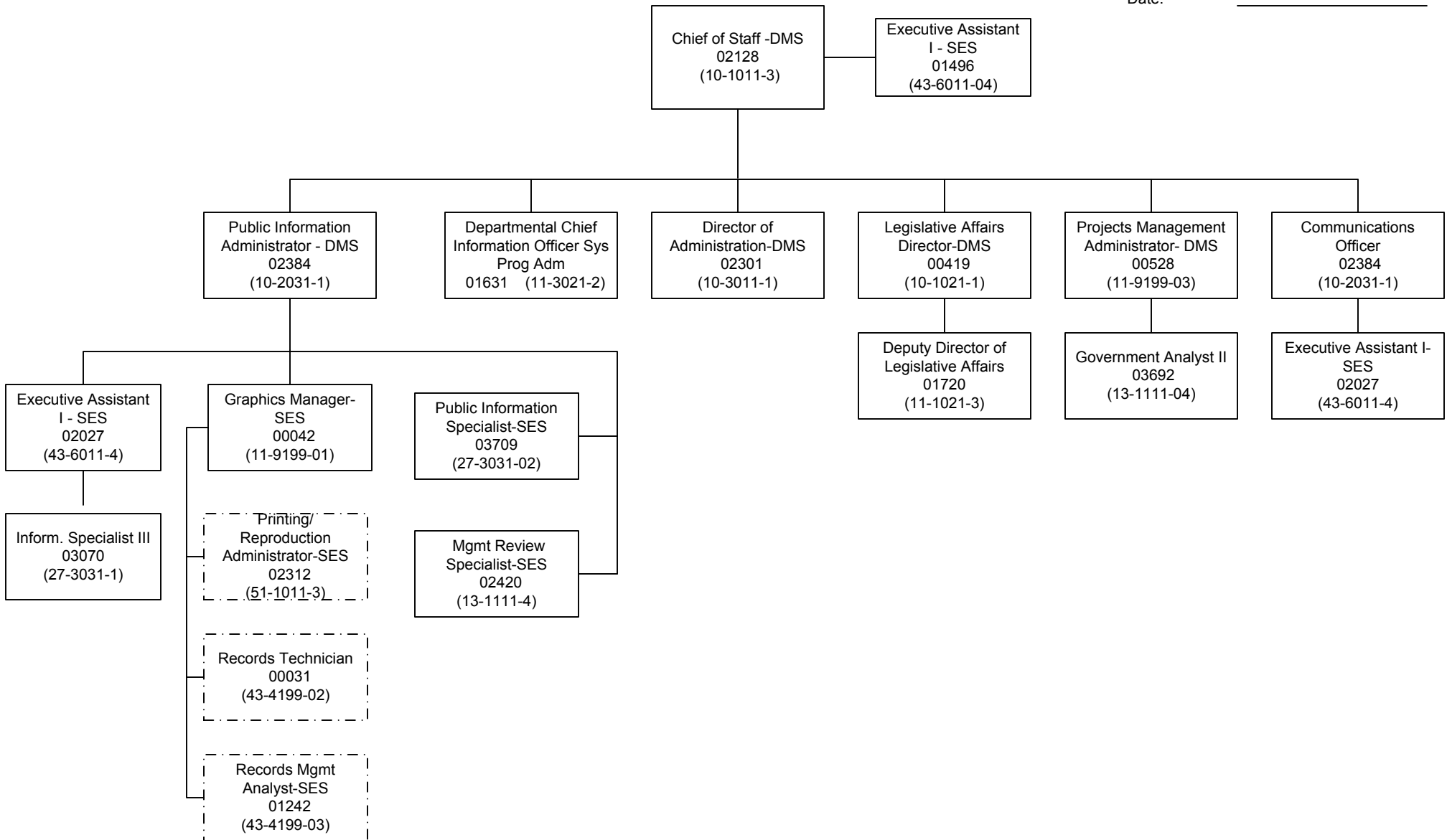


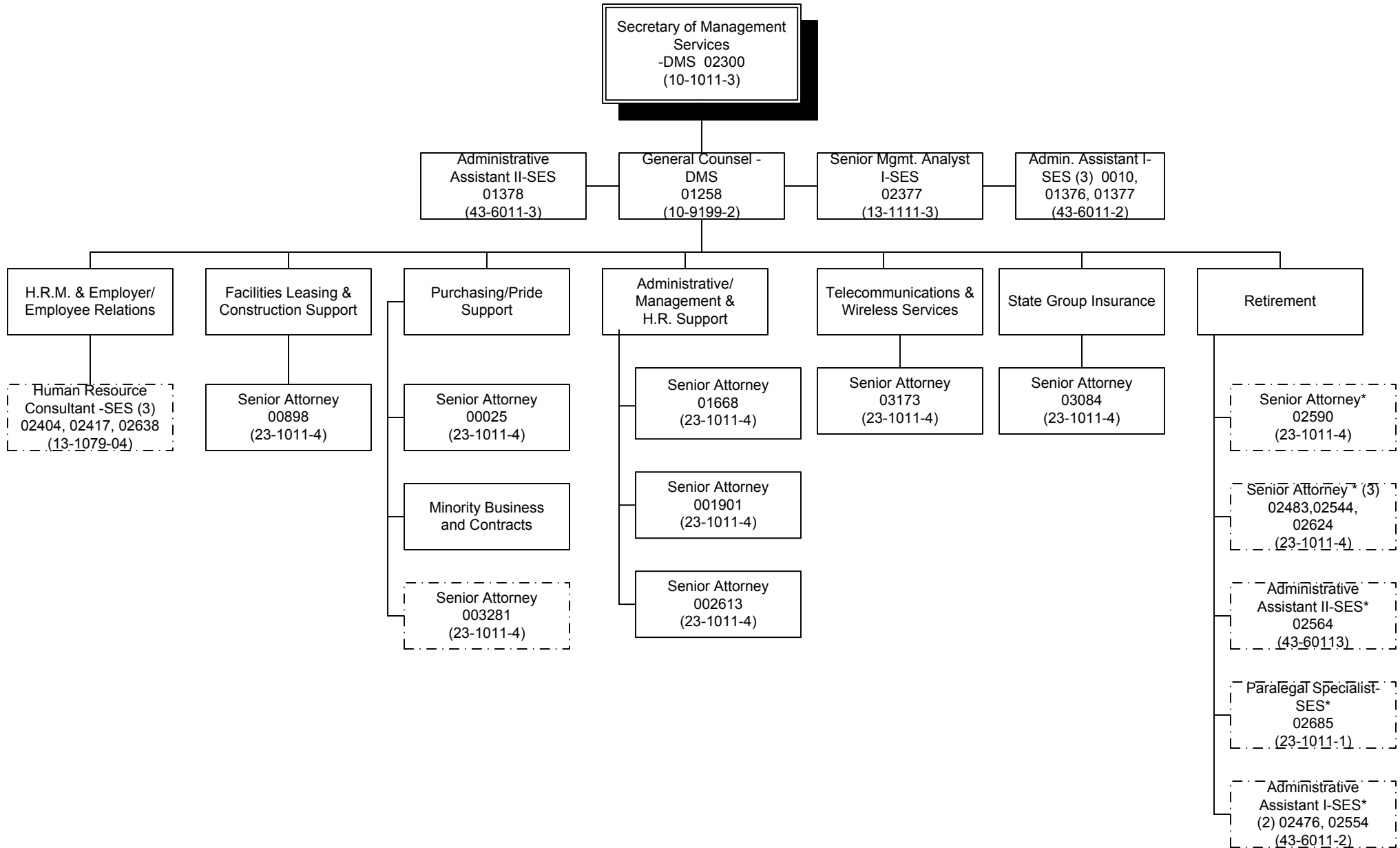


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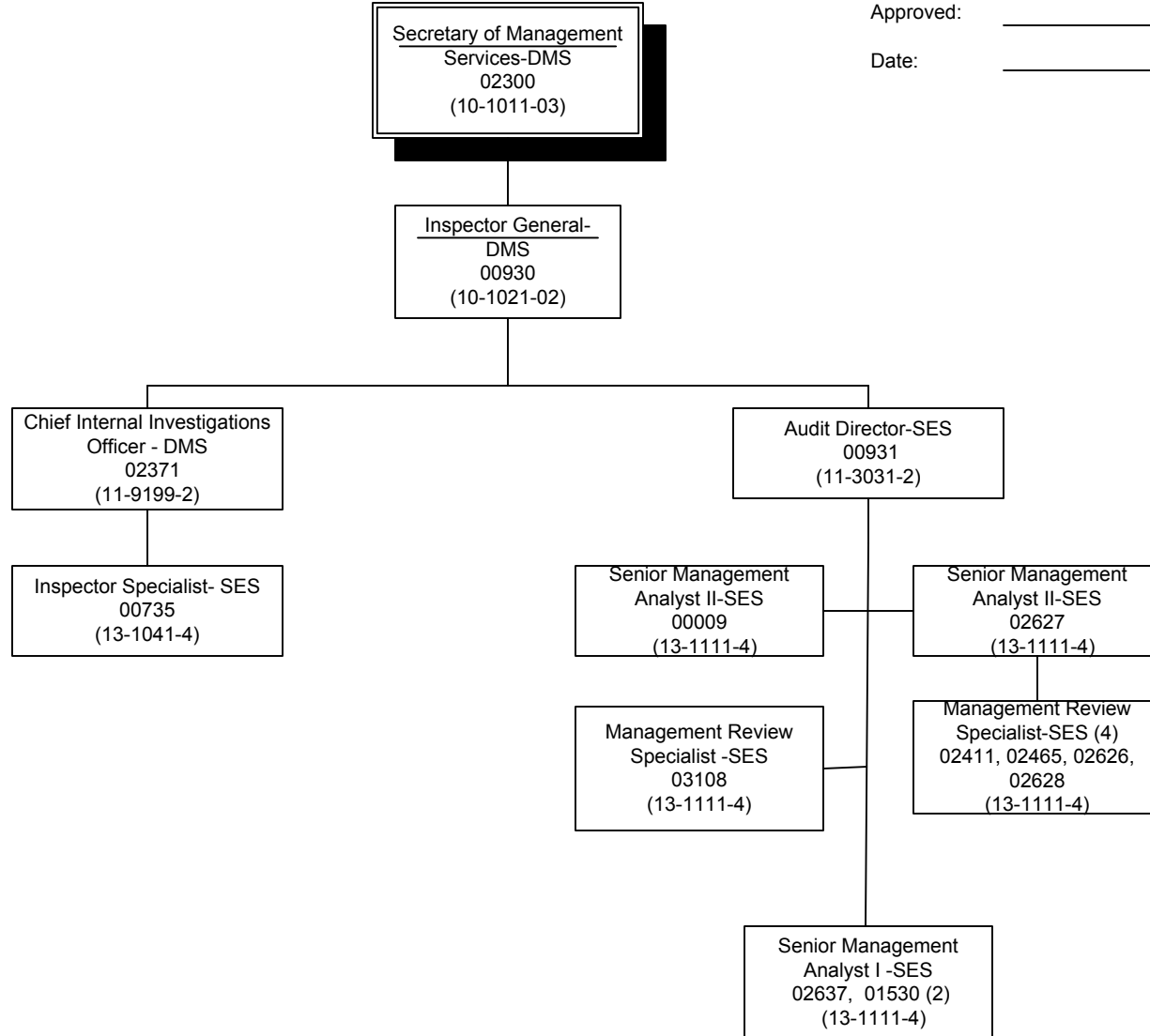






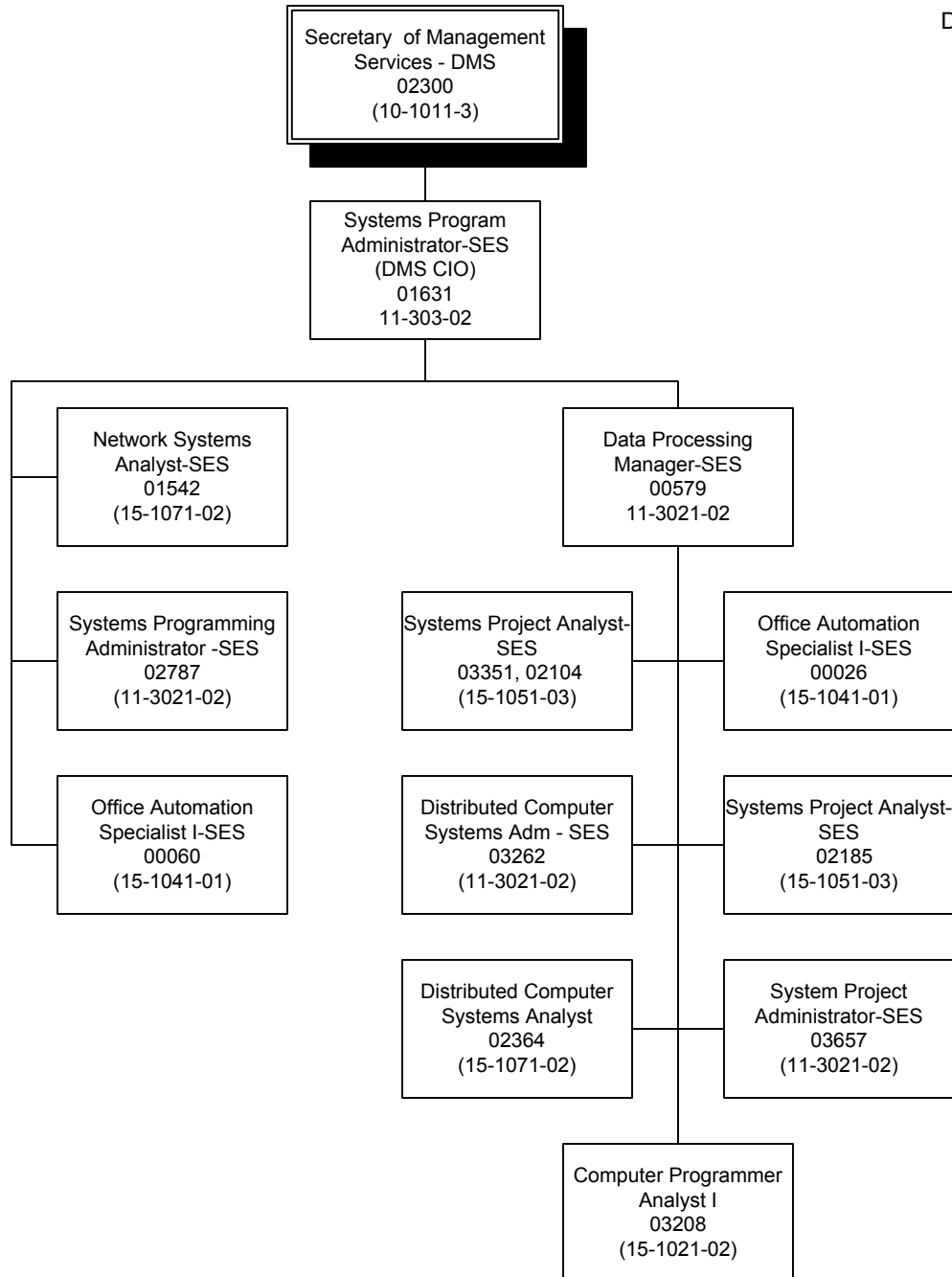
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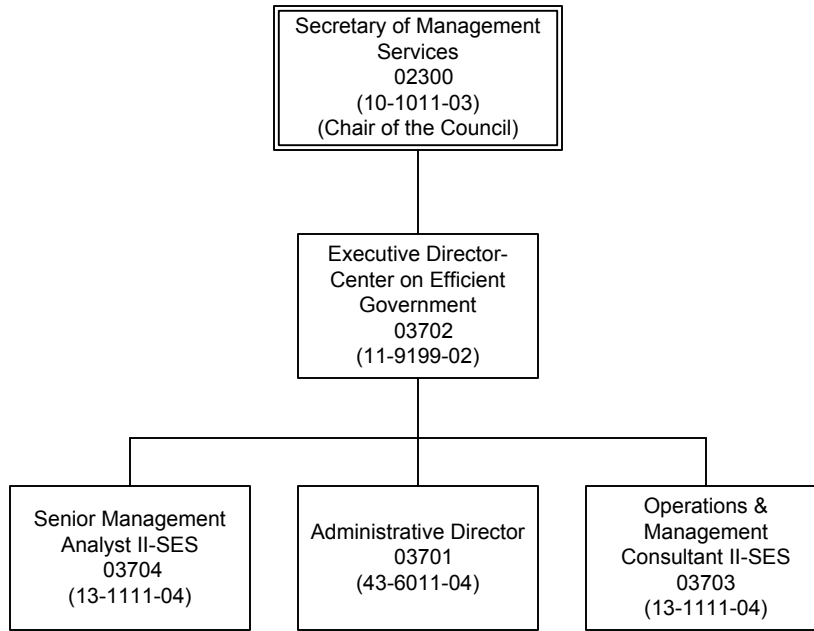
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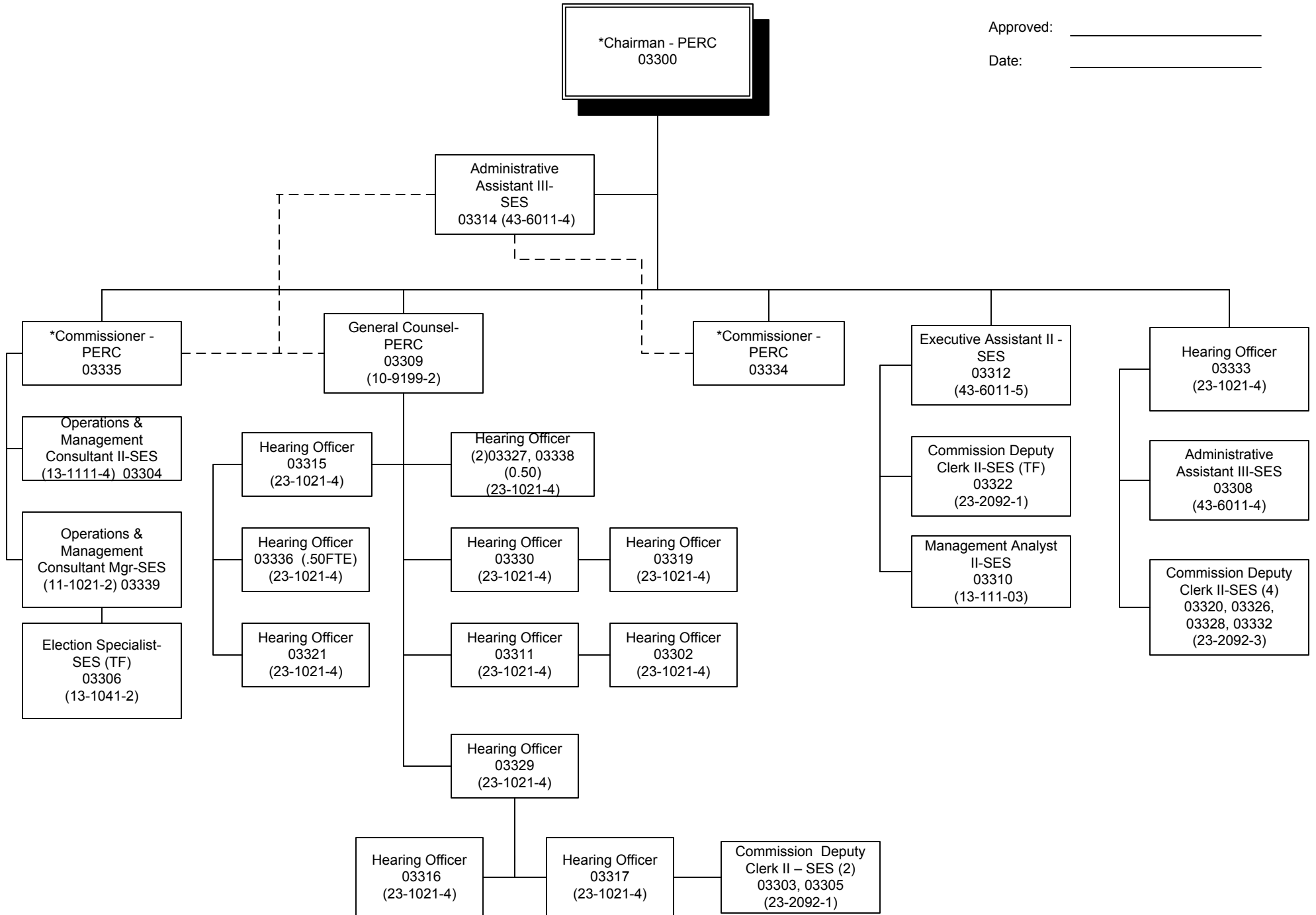
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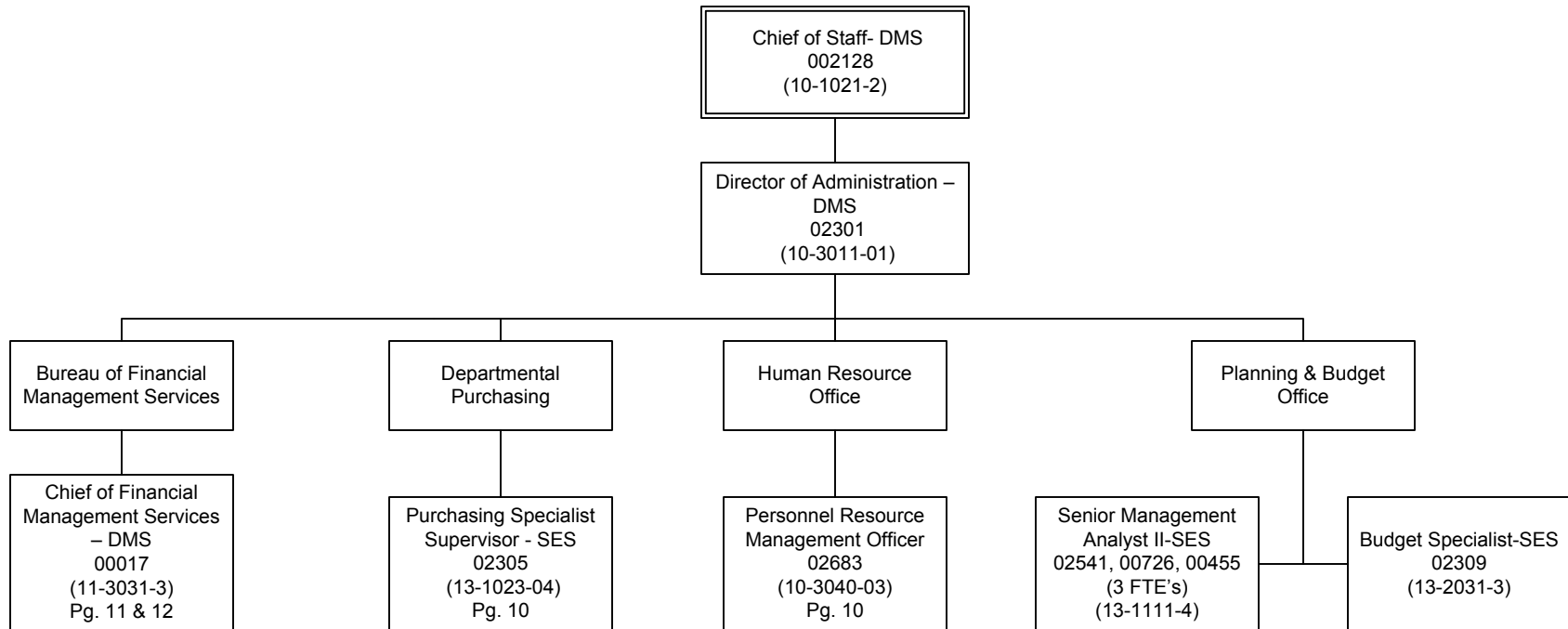
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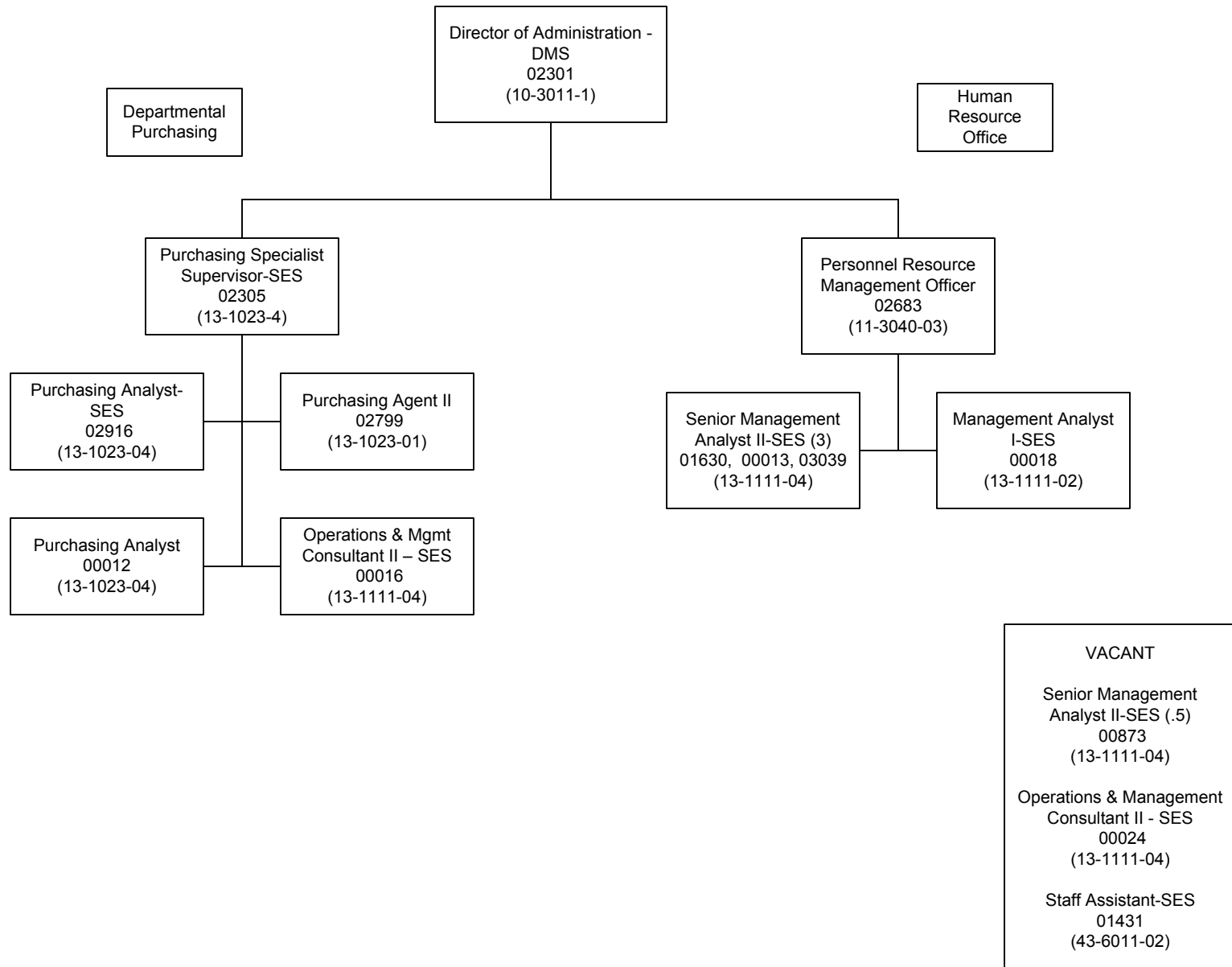


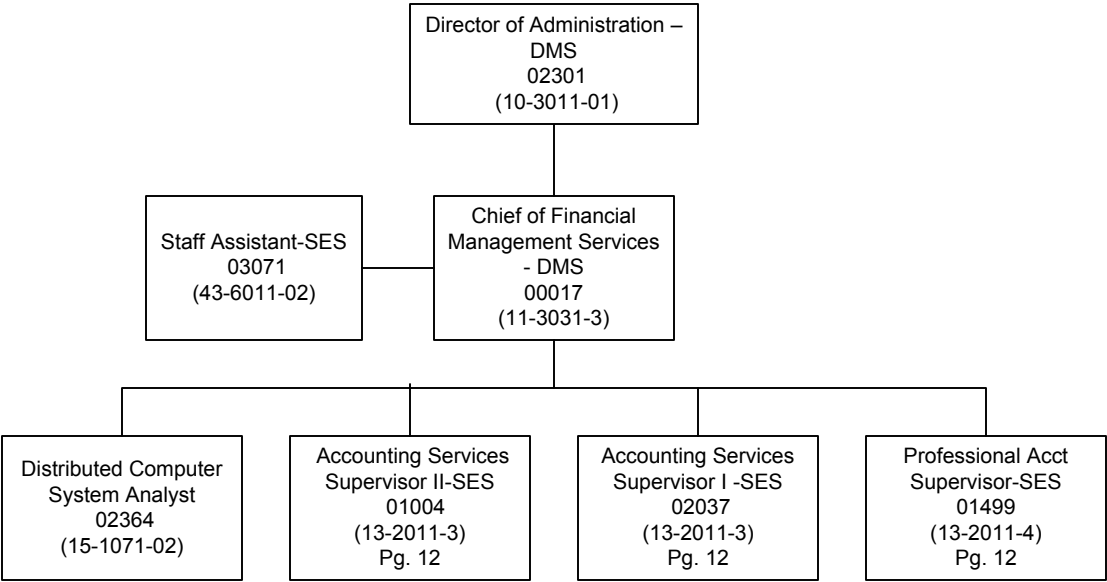
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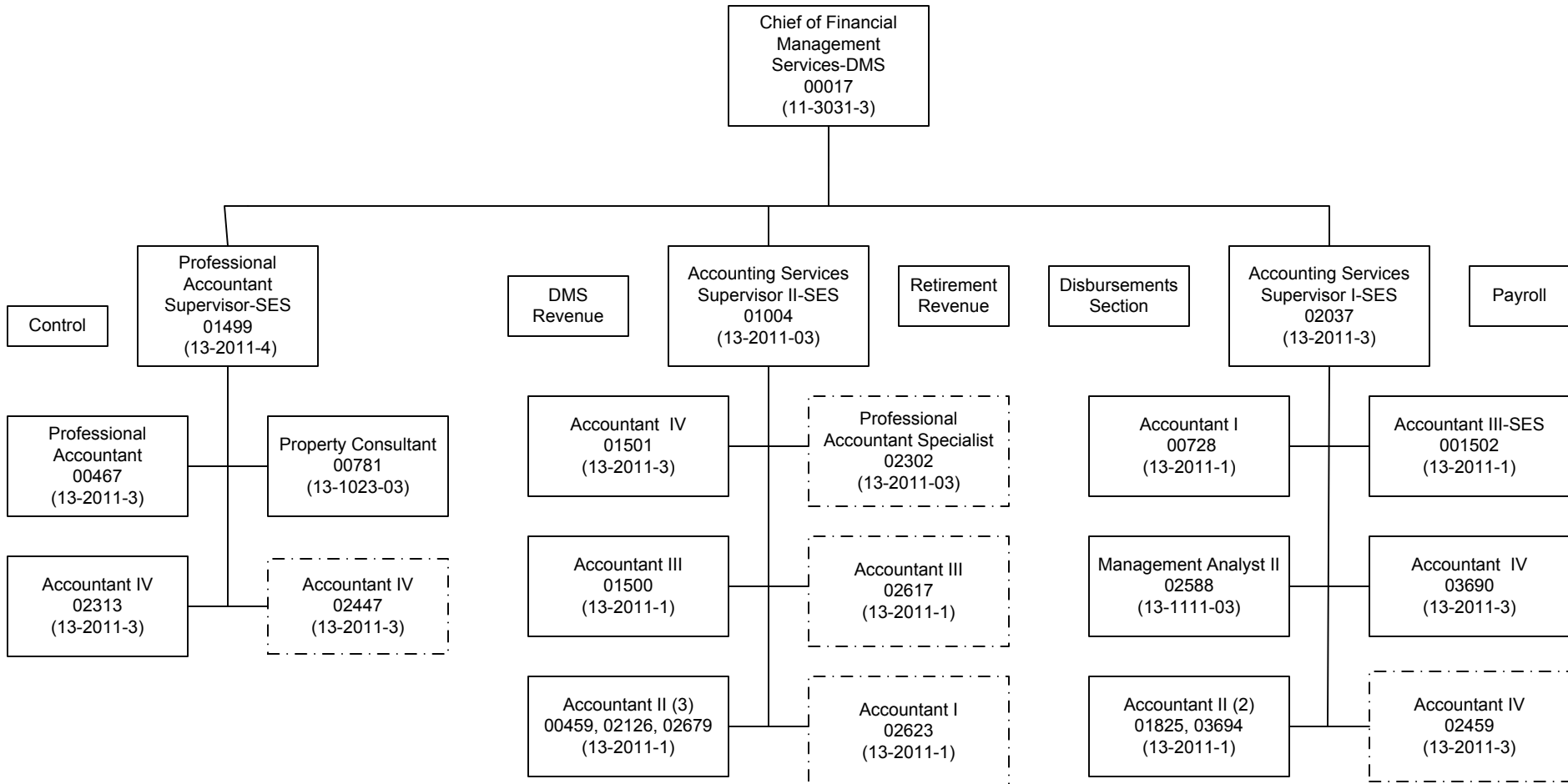
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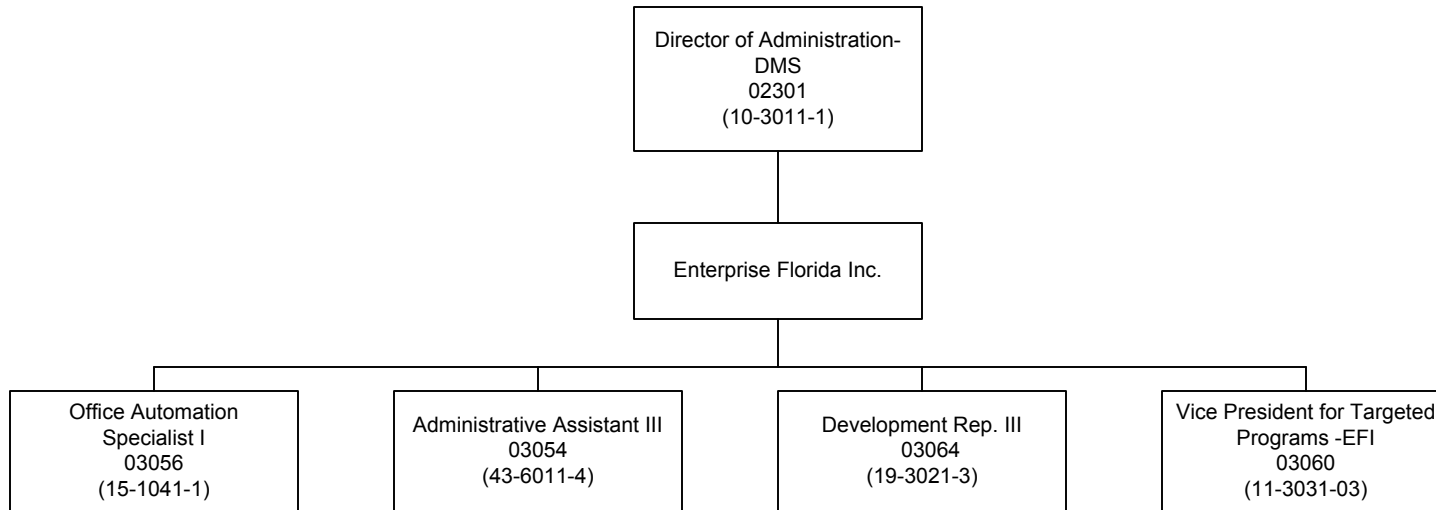


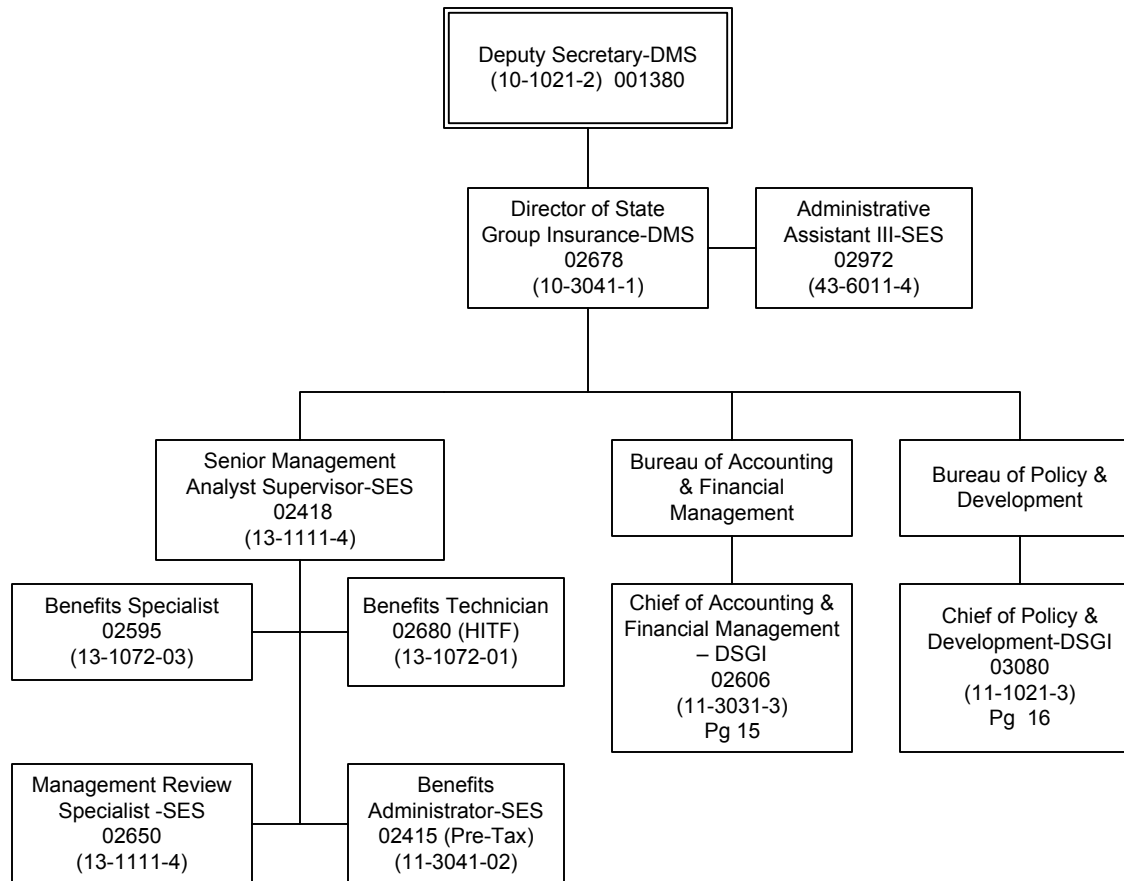




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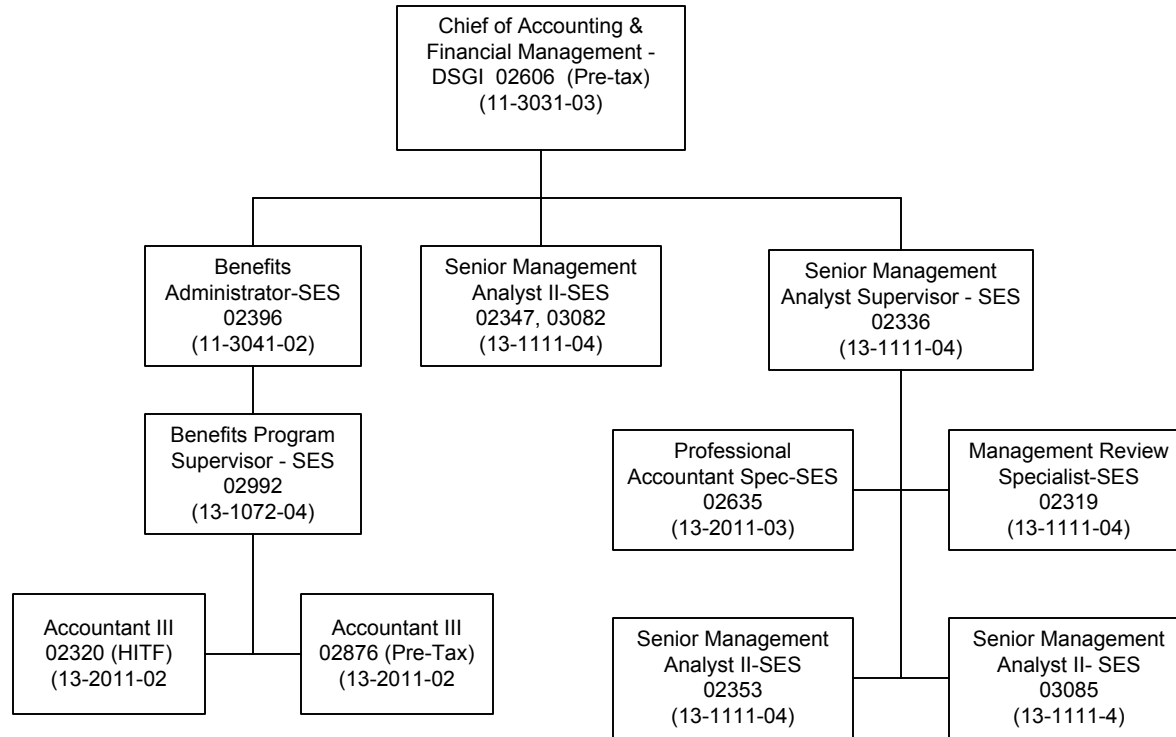
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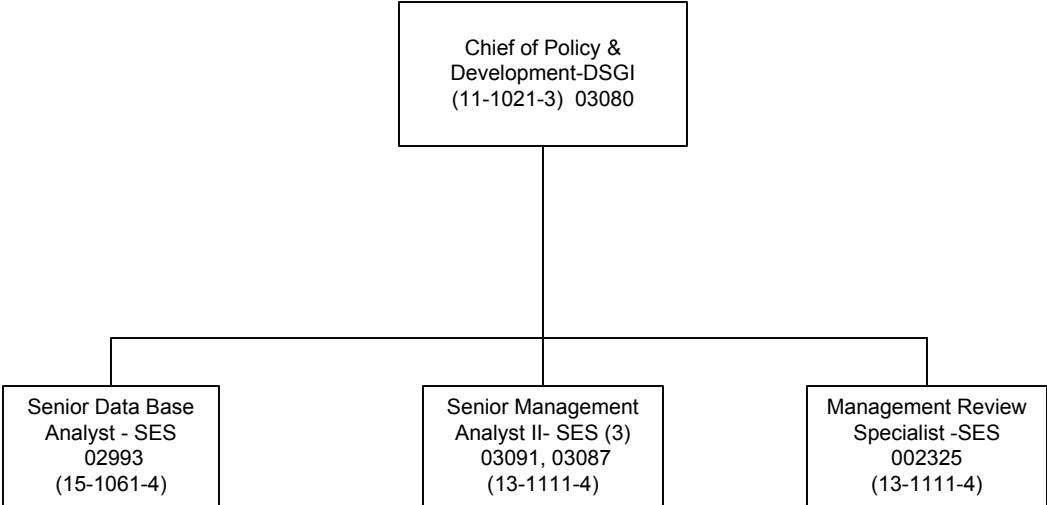


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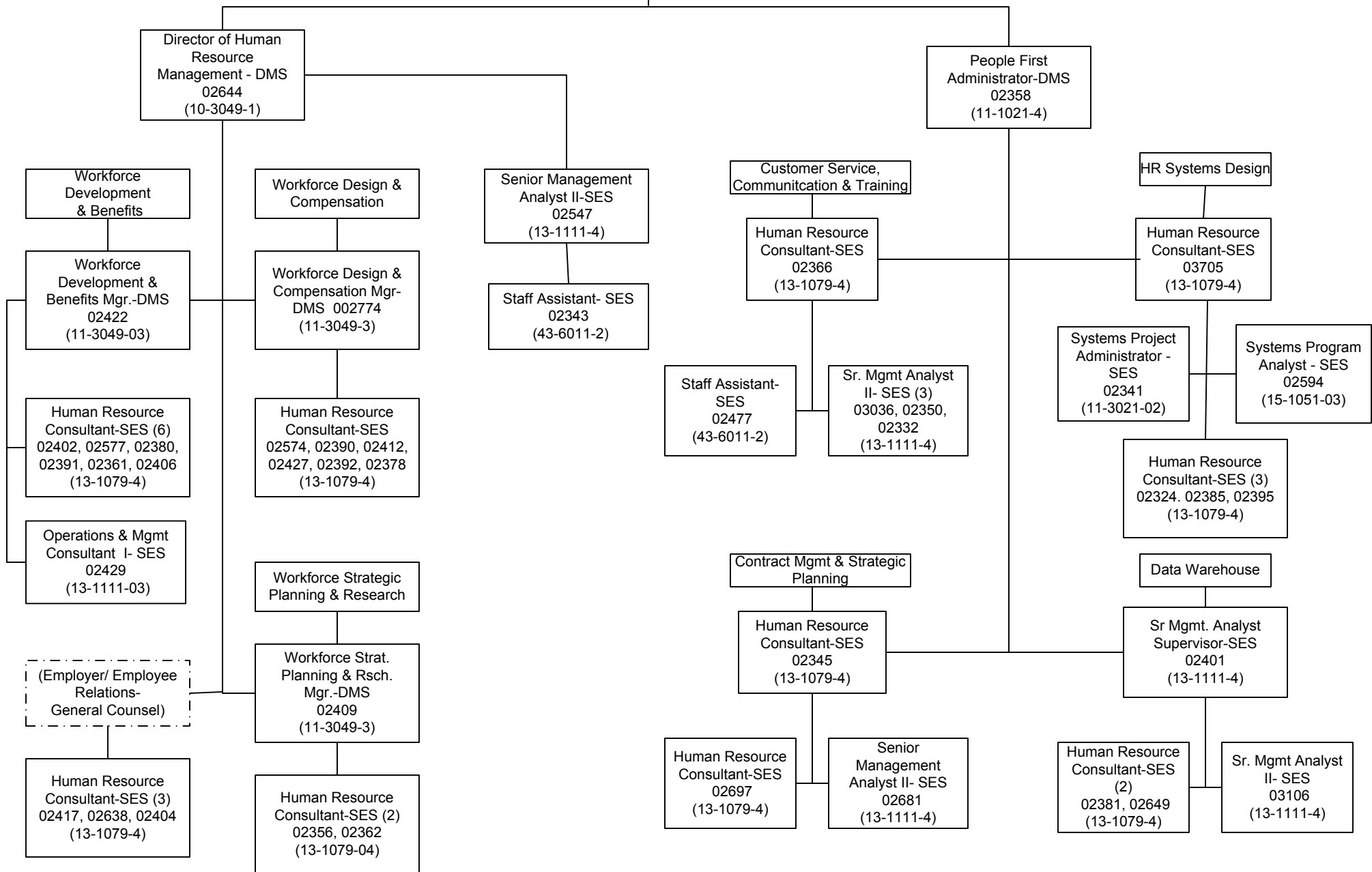


Deputy Secretary - DMS
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 (10-1021-2) (Workforce
 Program)*

Adm Project Coord-DMS
 00037
 (11-9199-3)

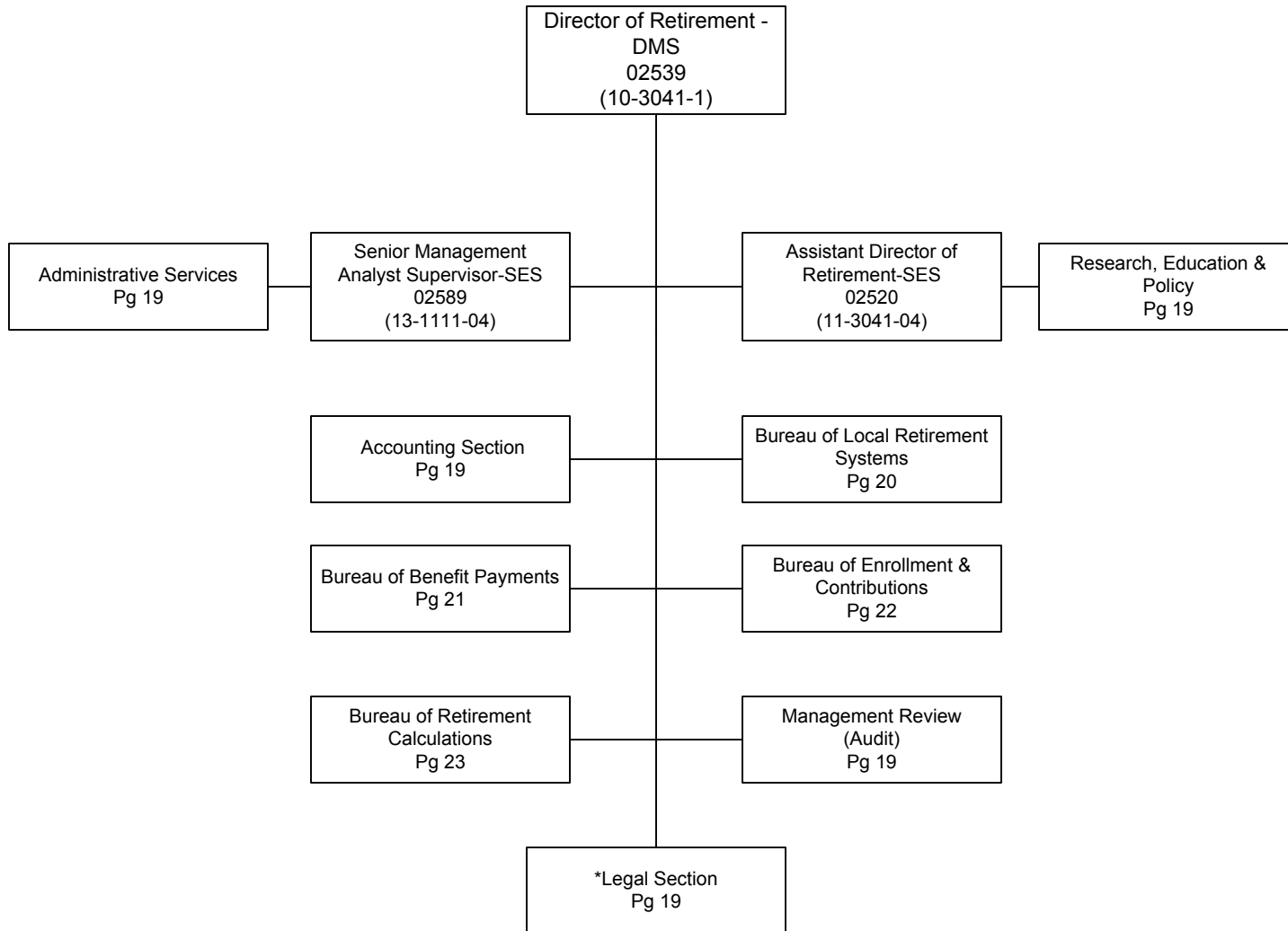
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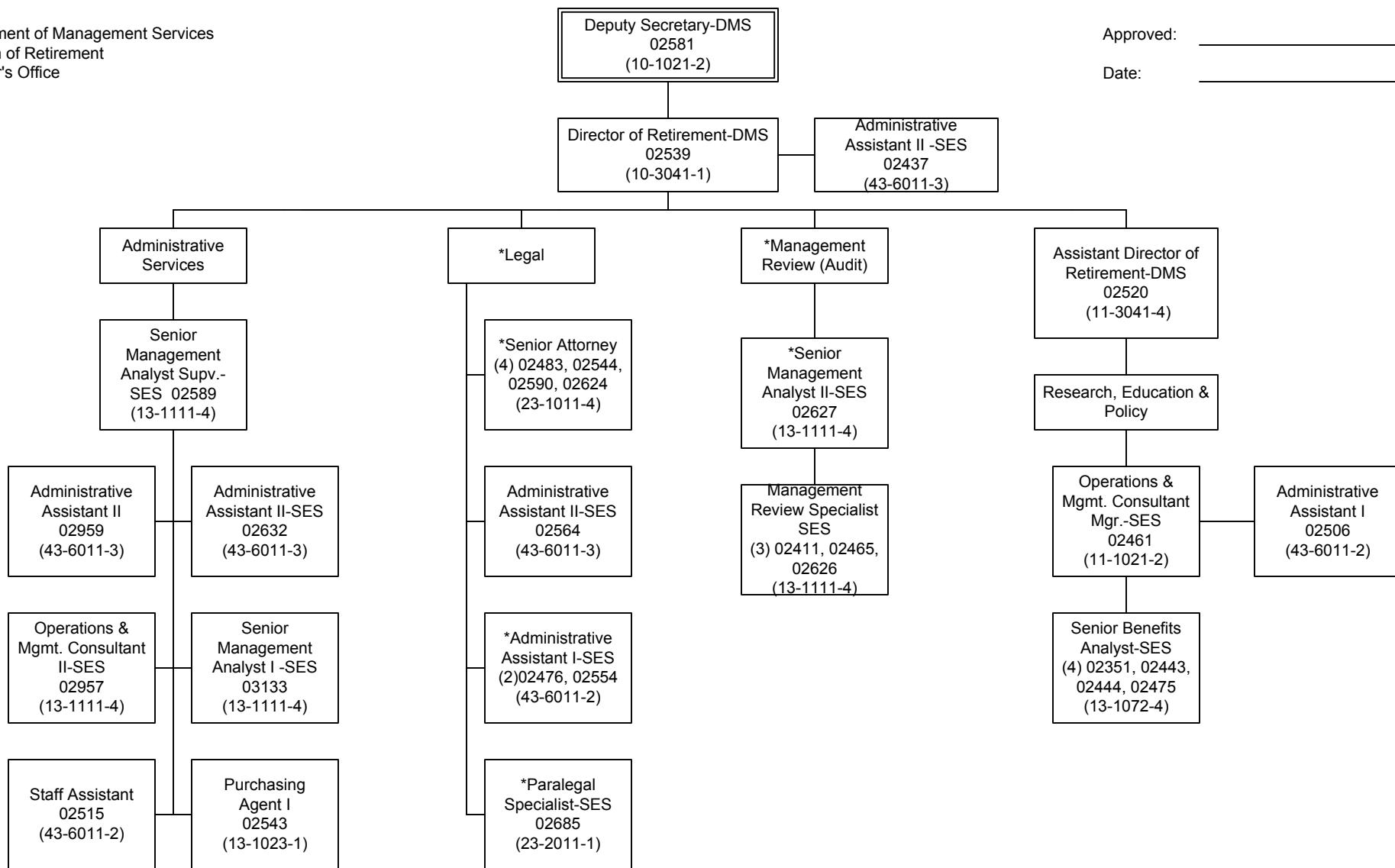
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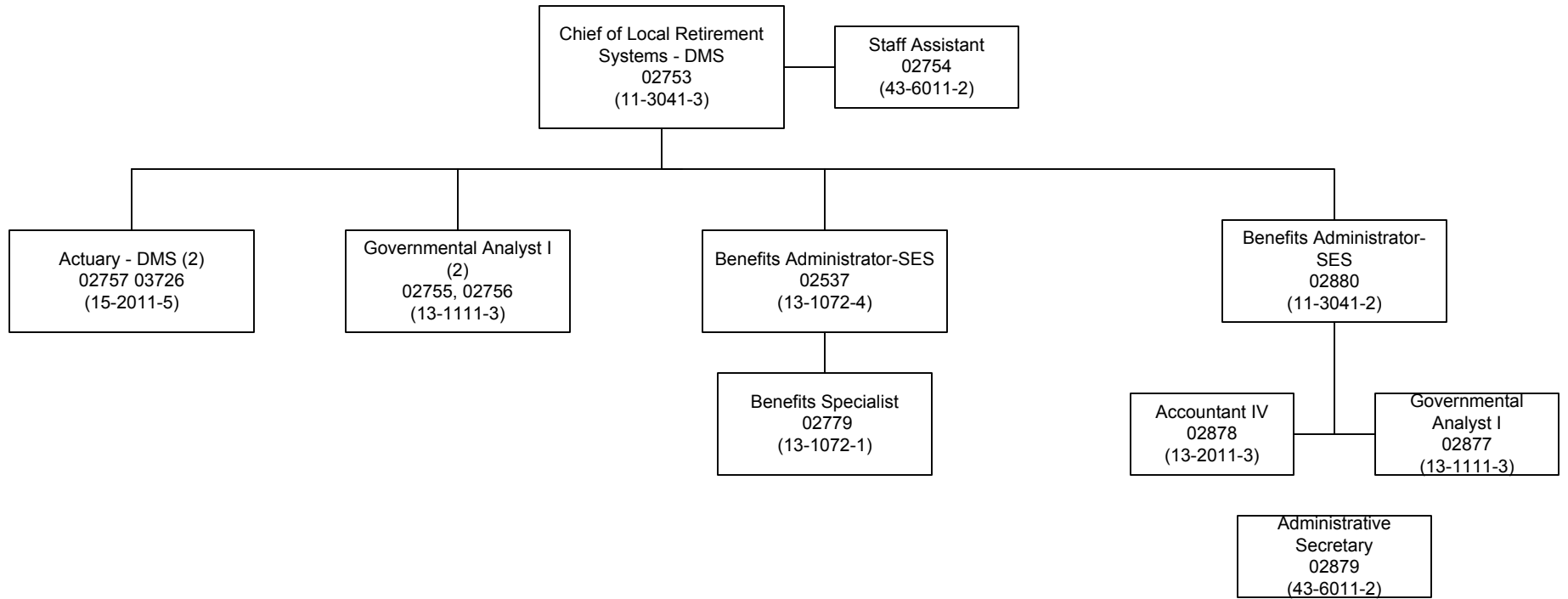
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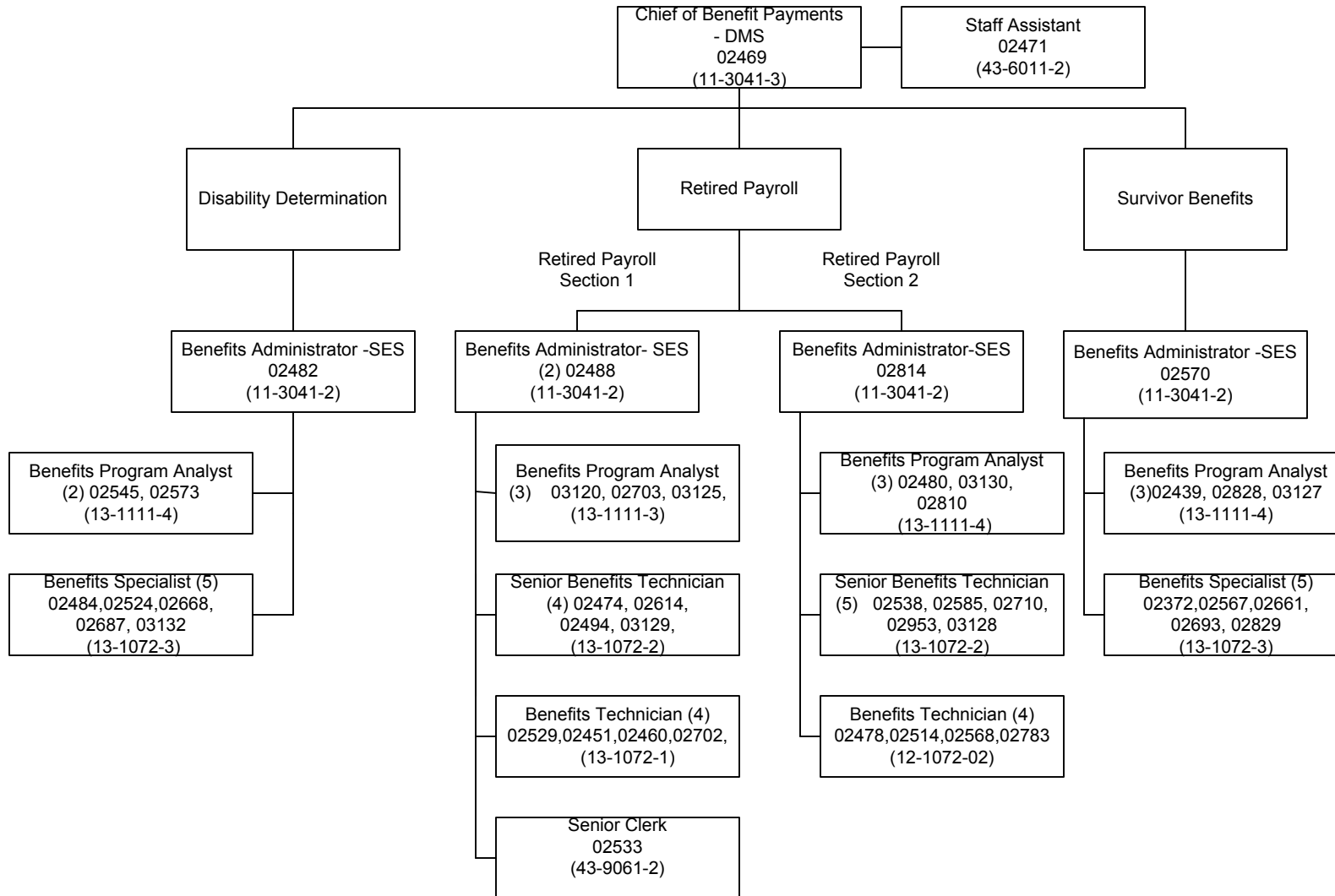
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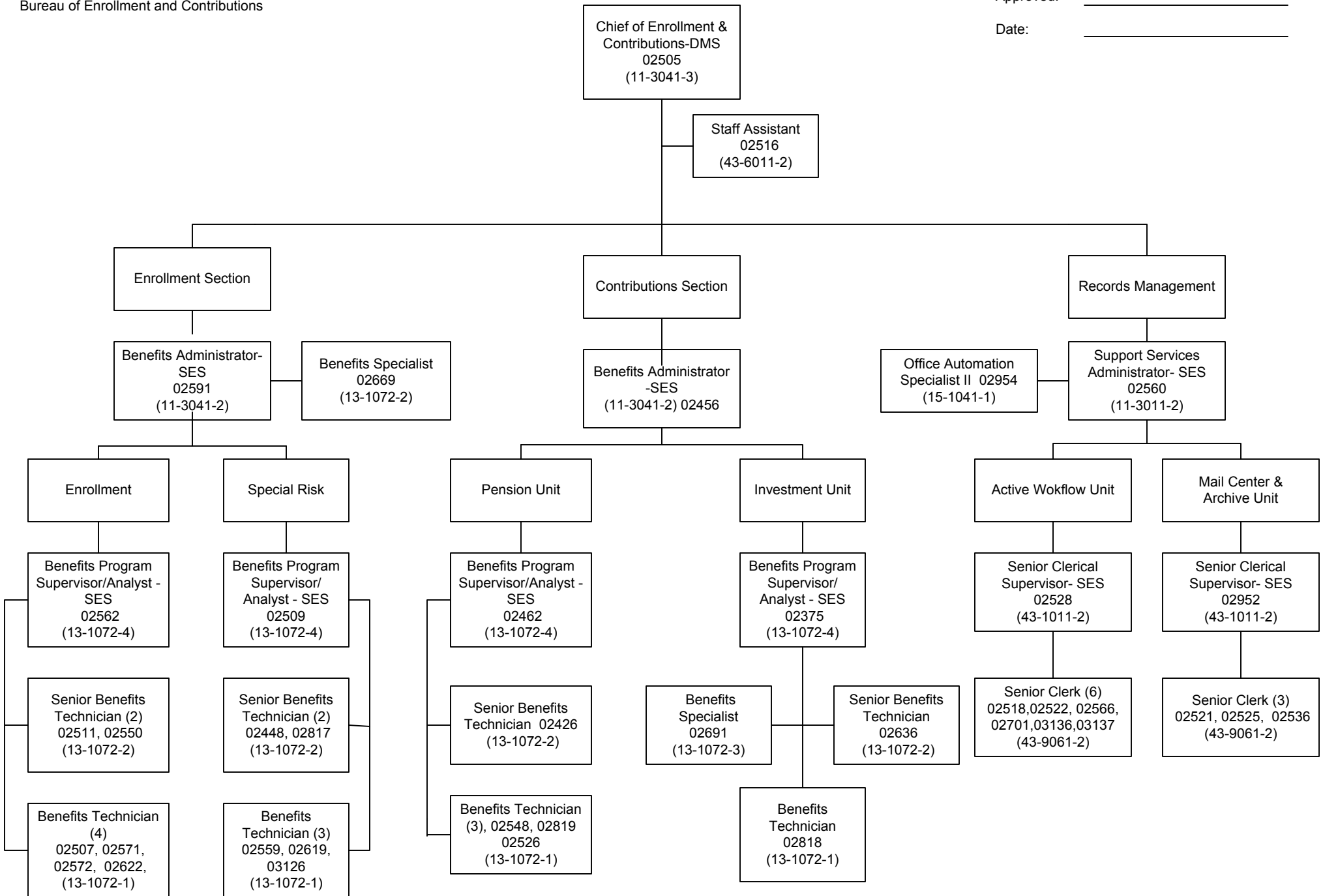


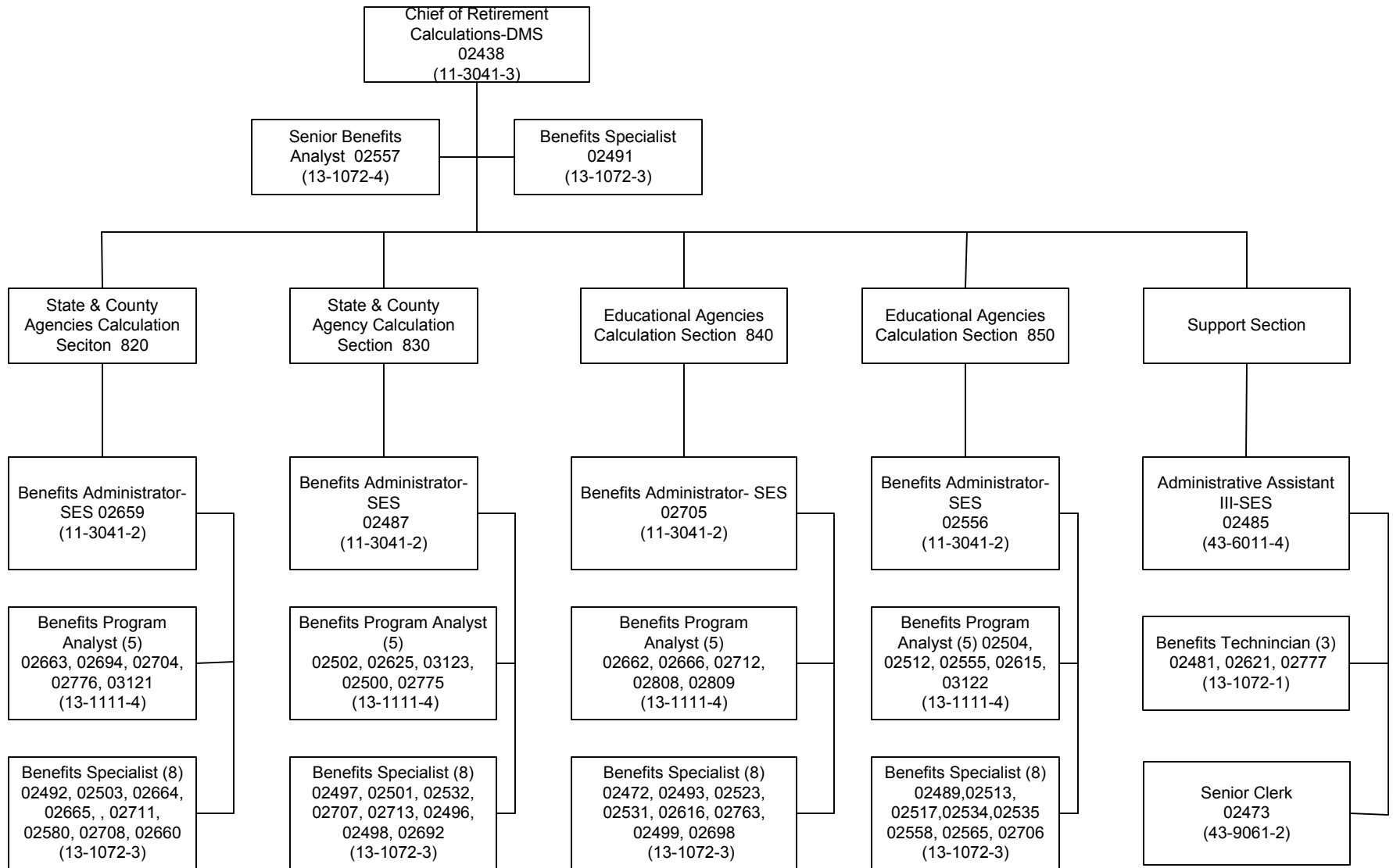
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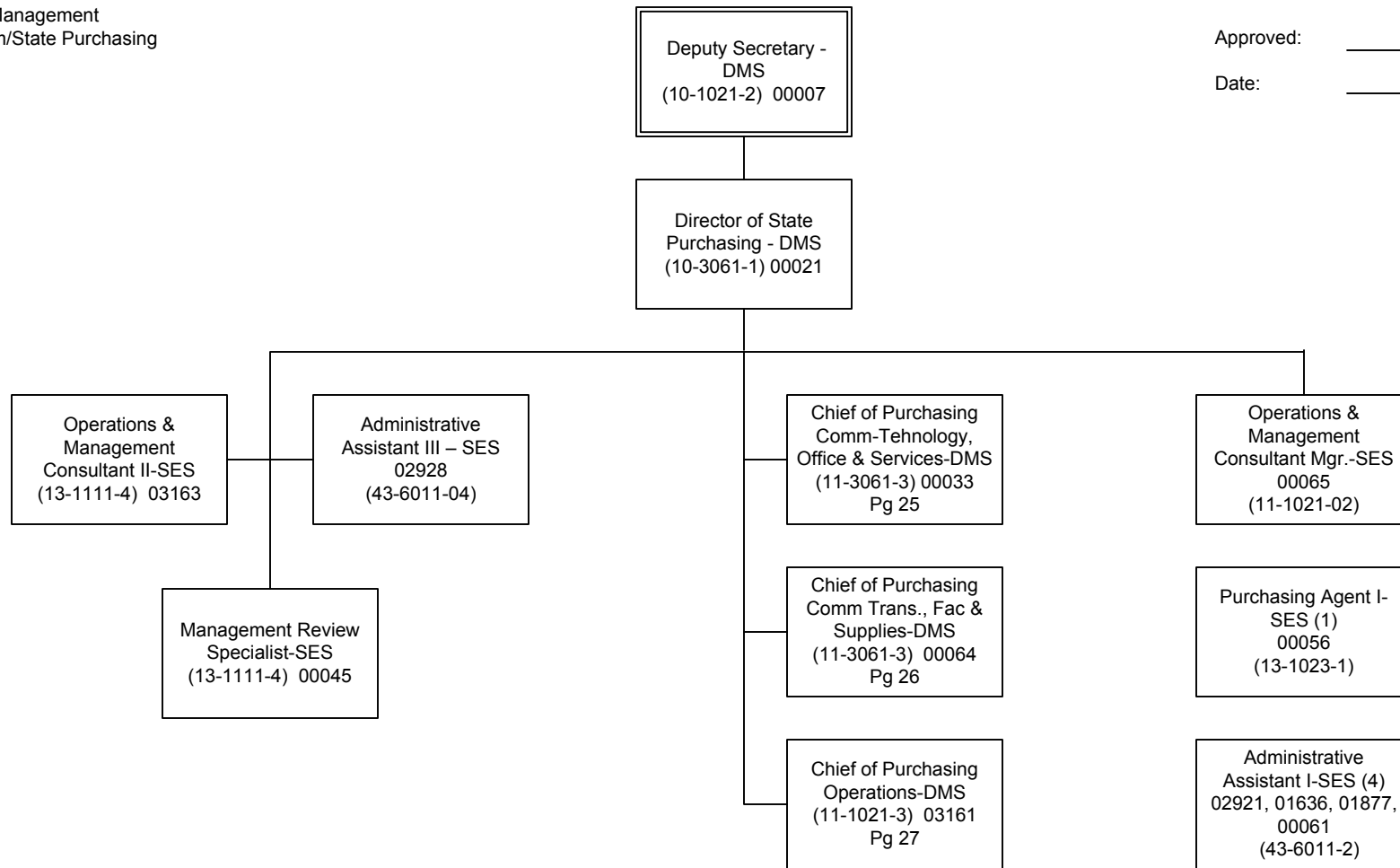
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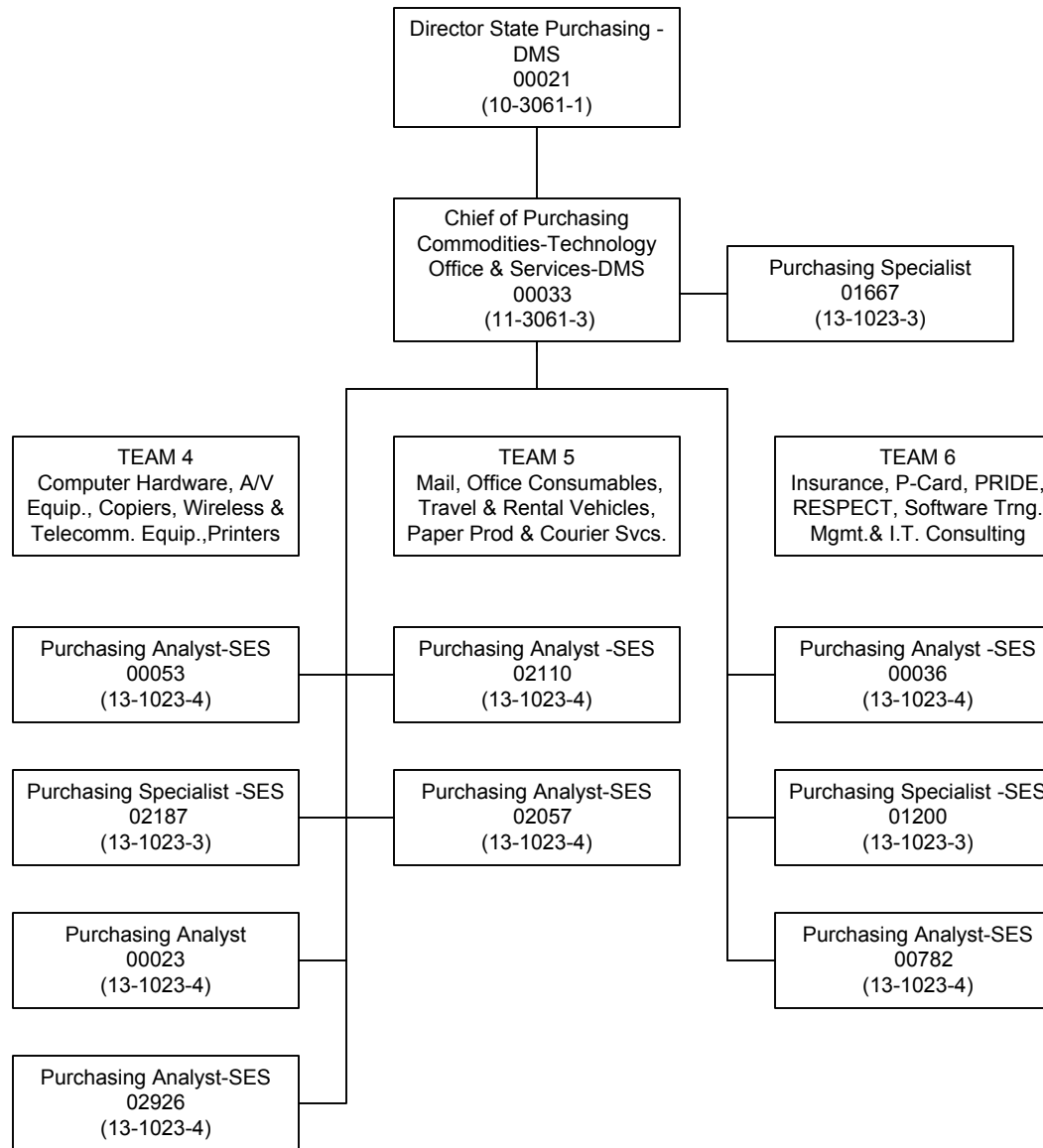


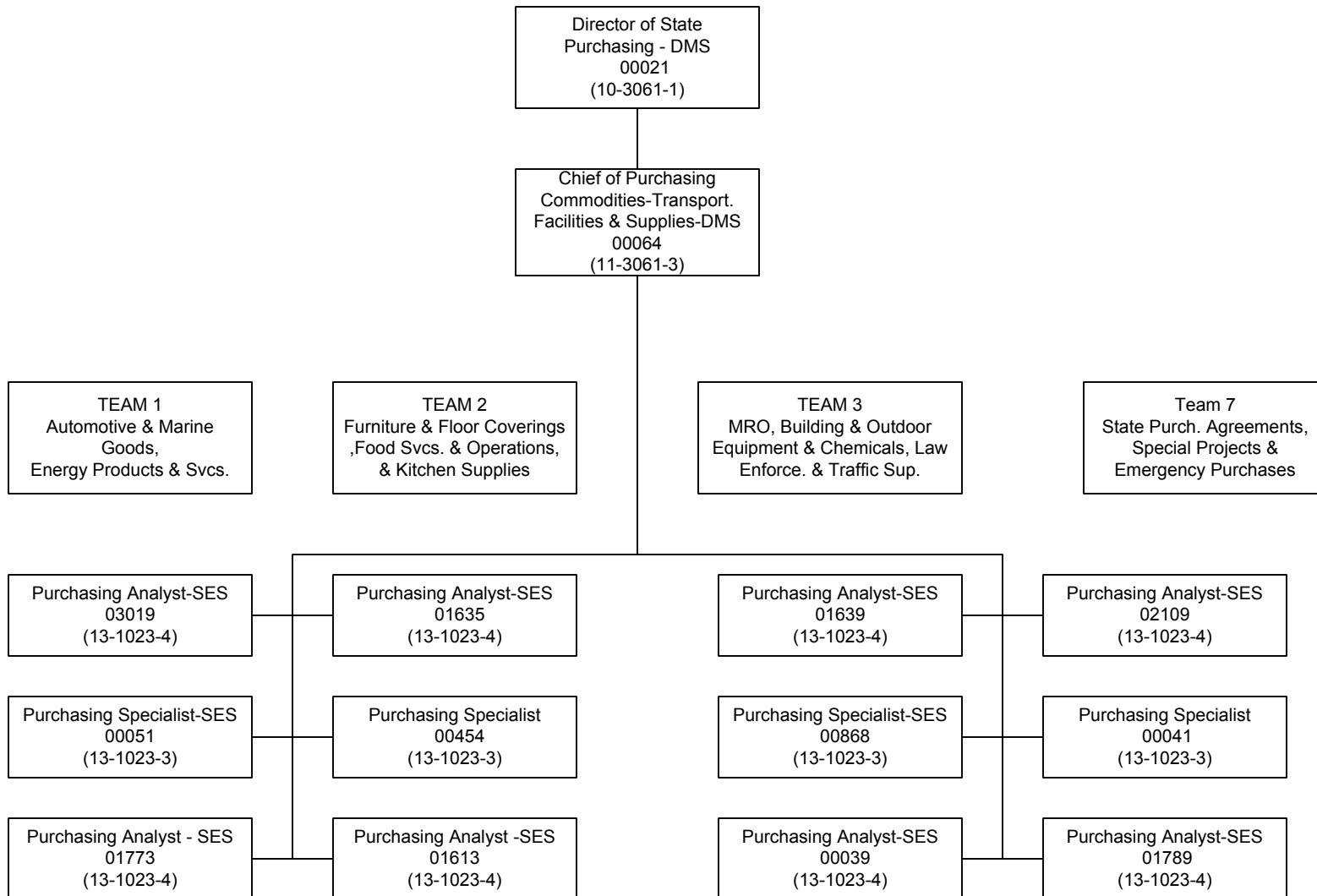


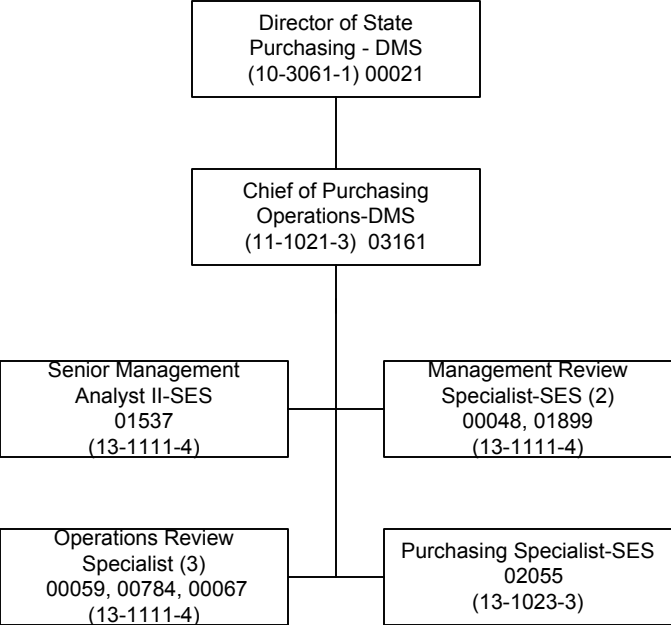
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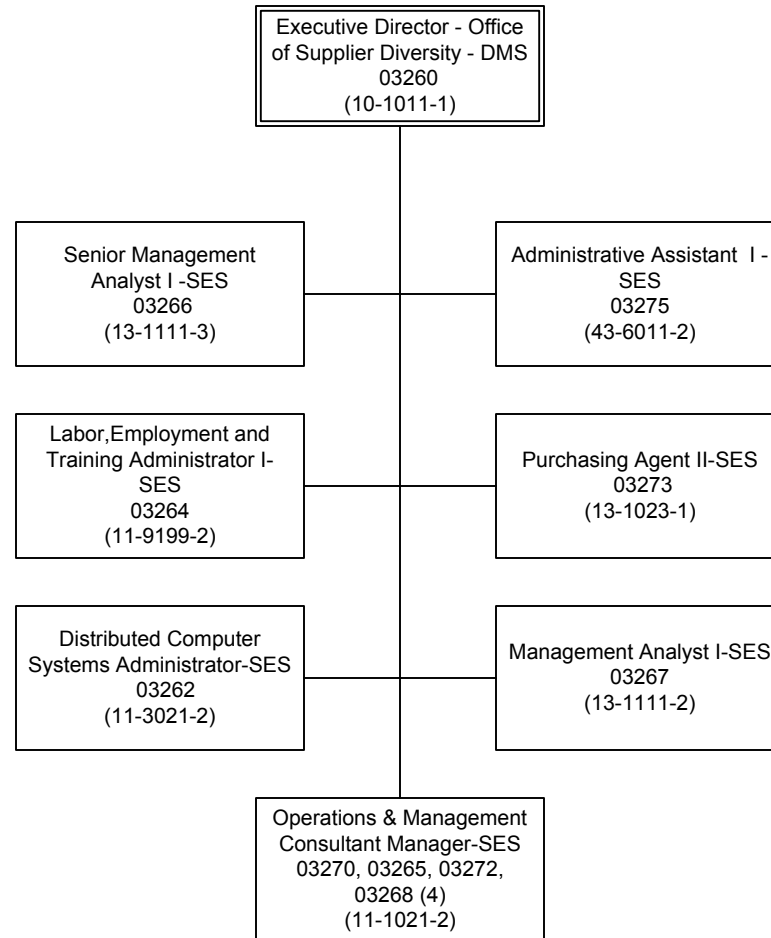
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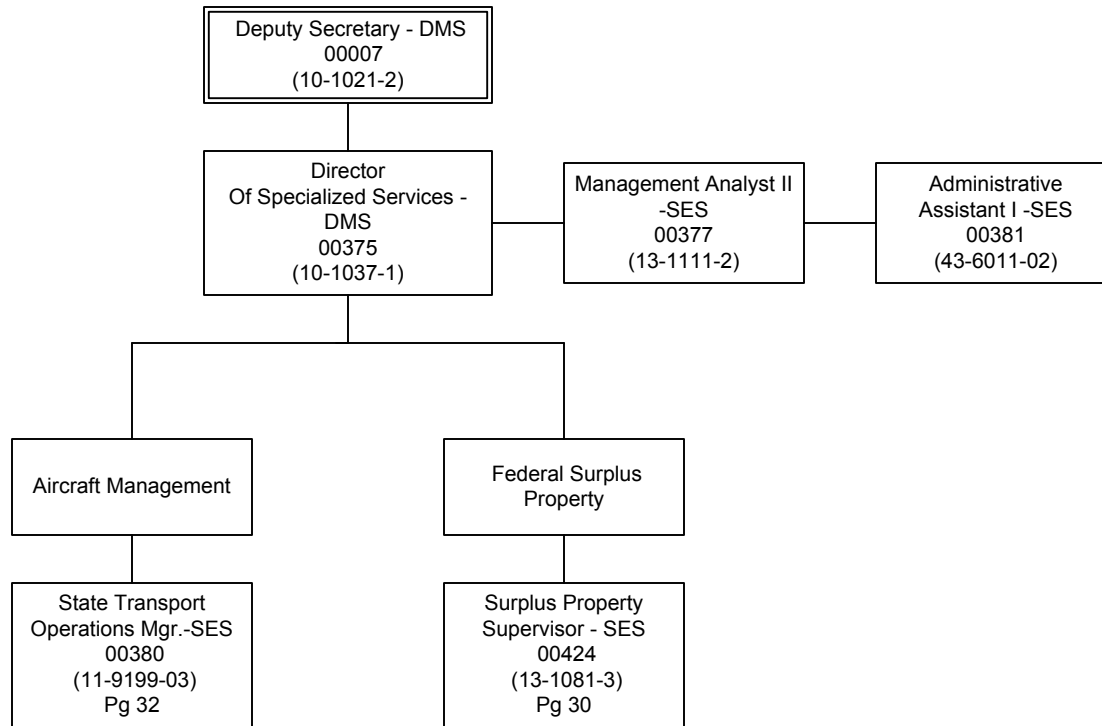






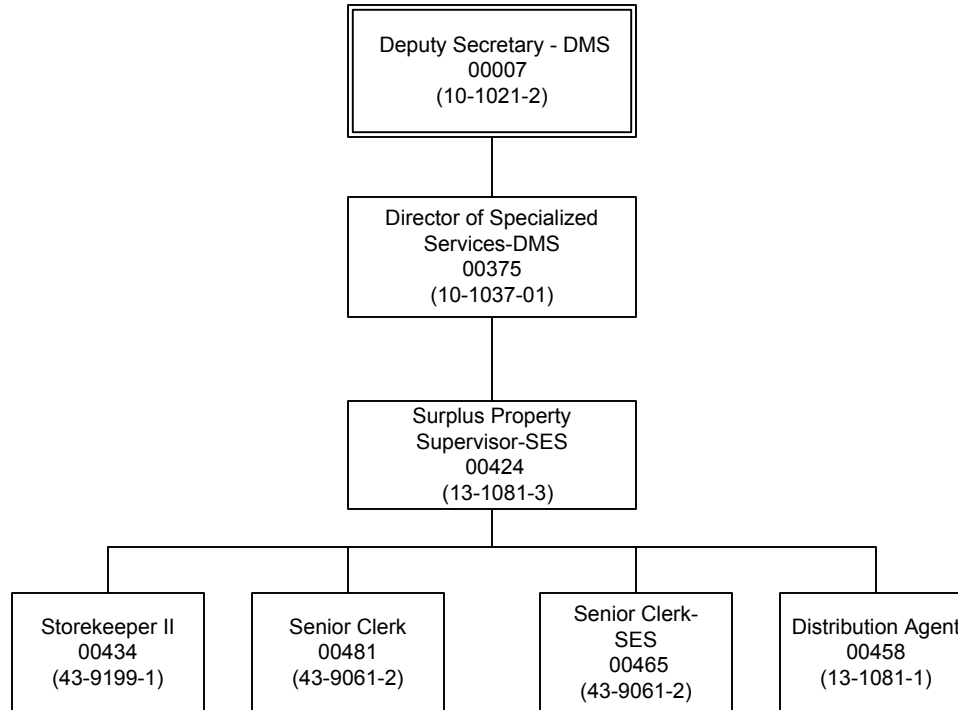






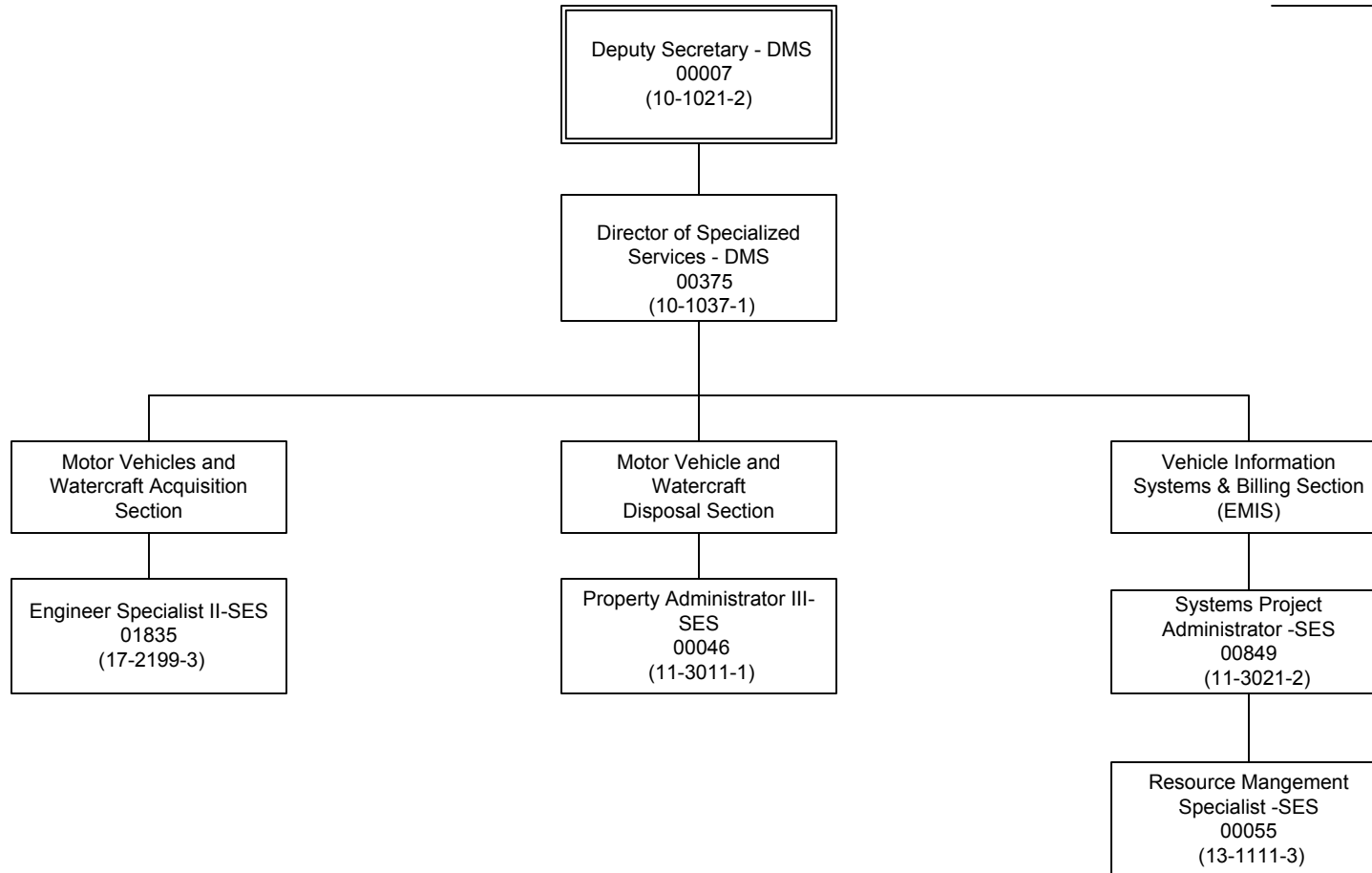
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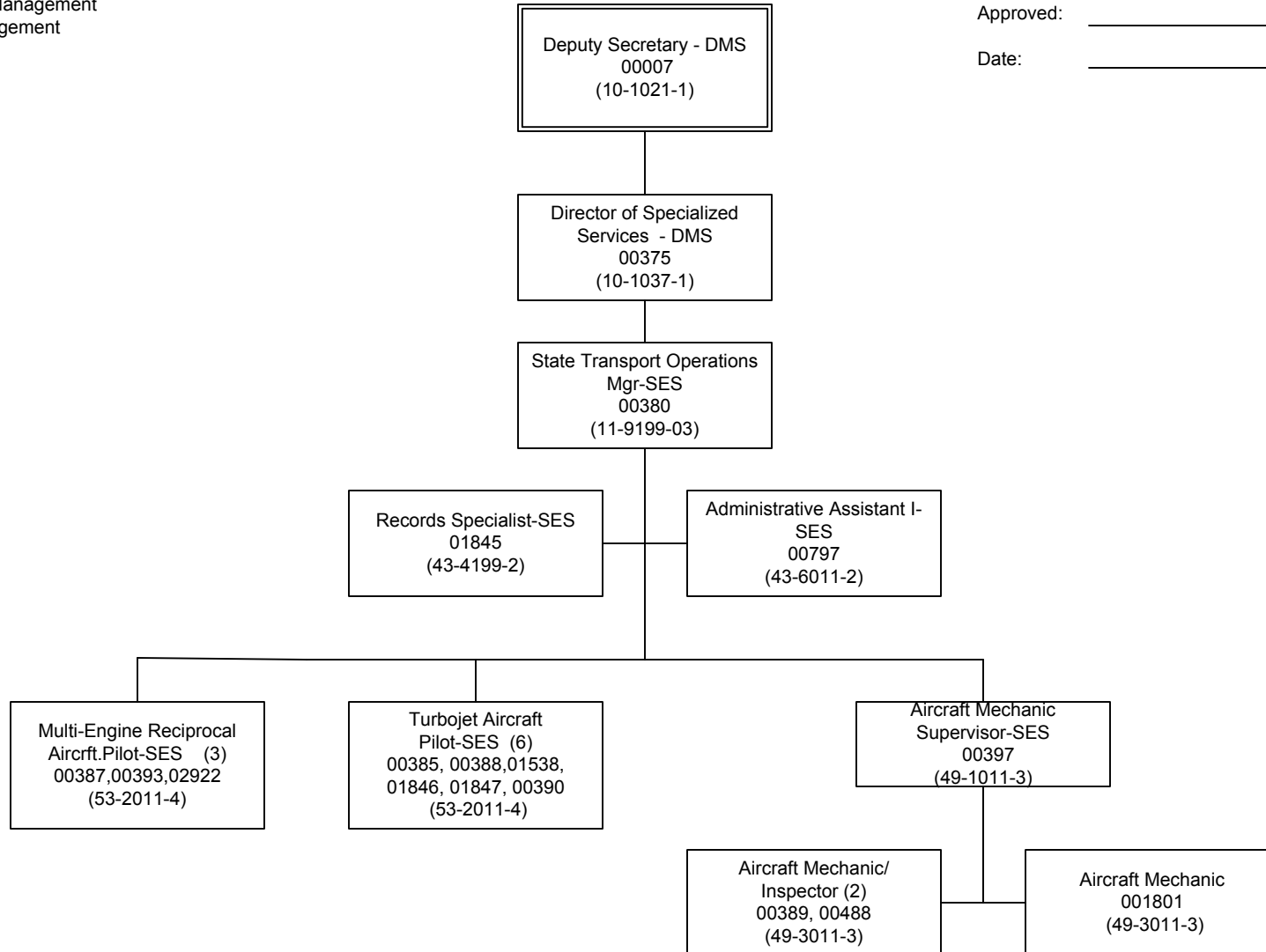


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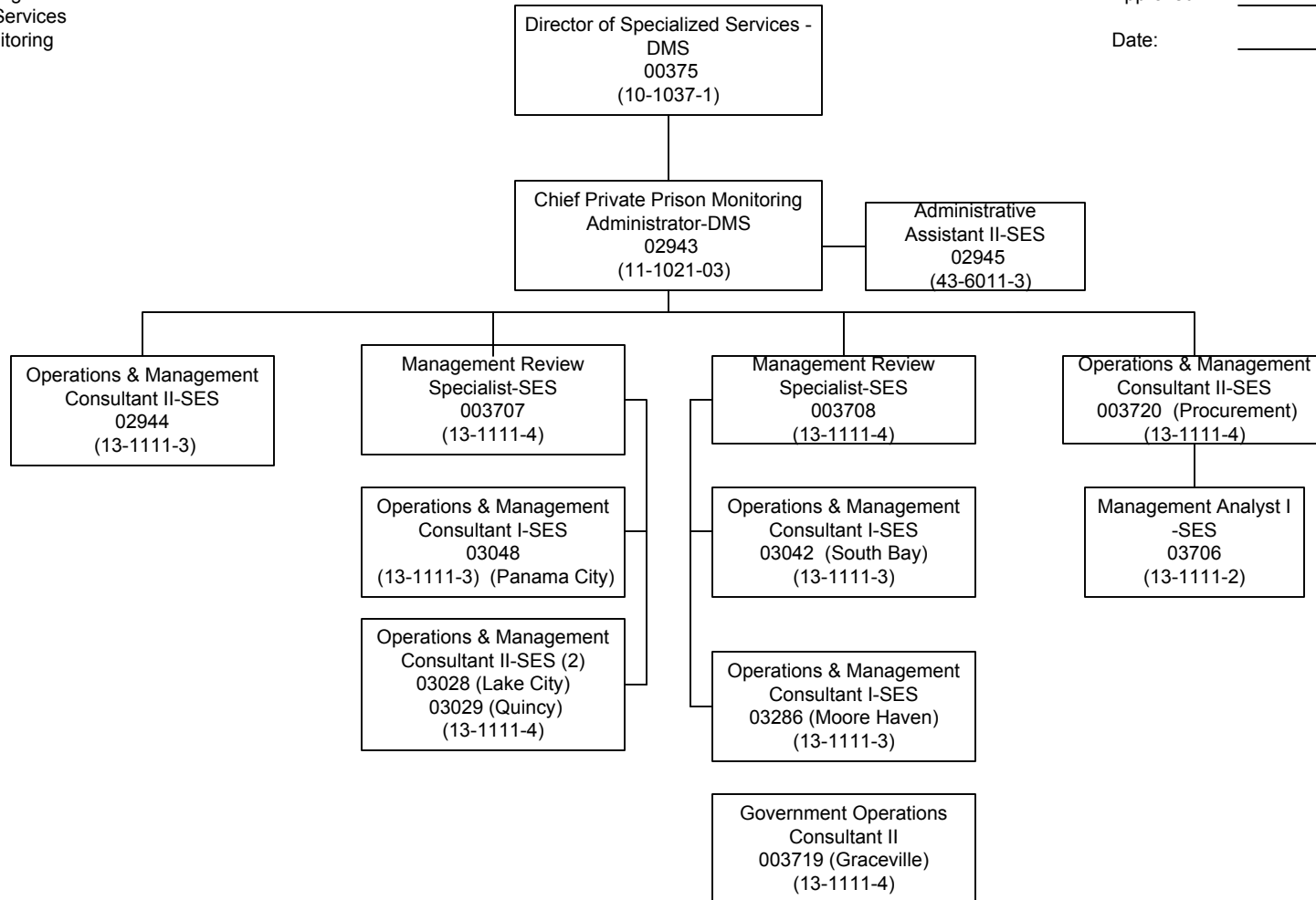
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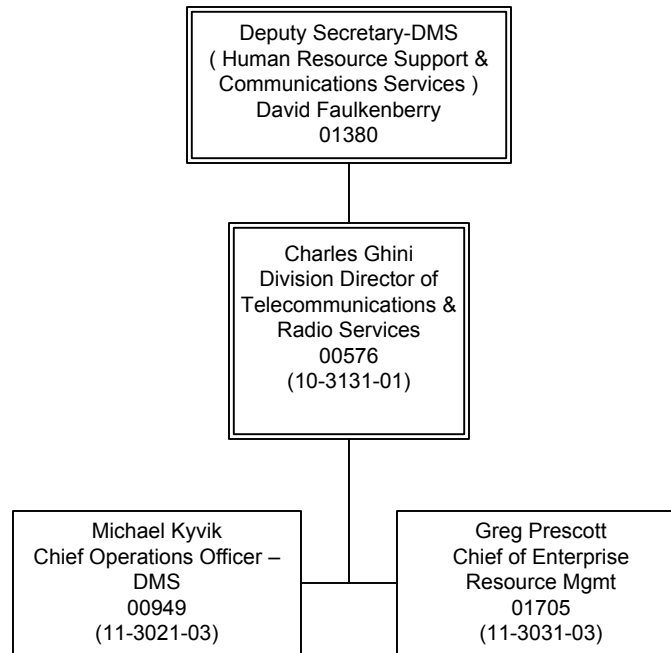


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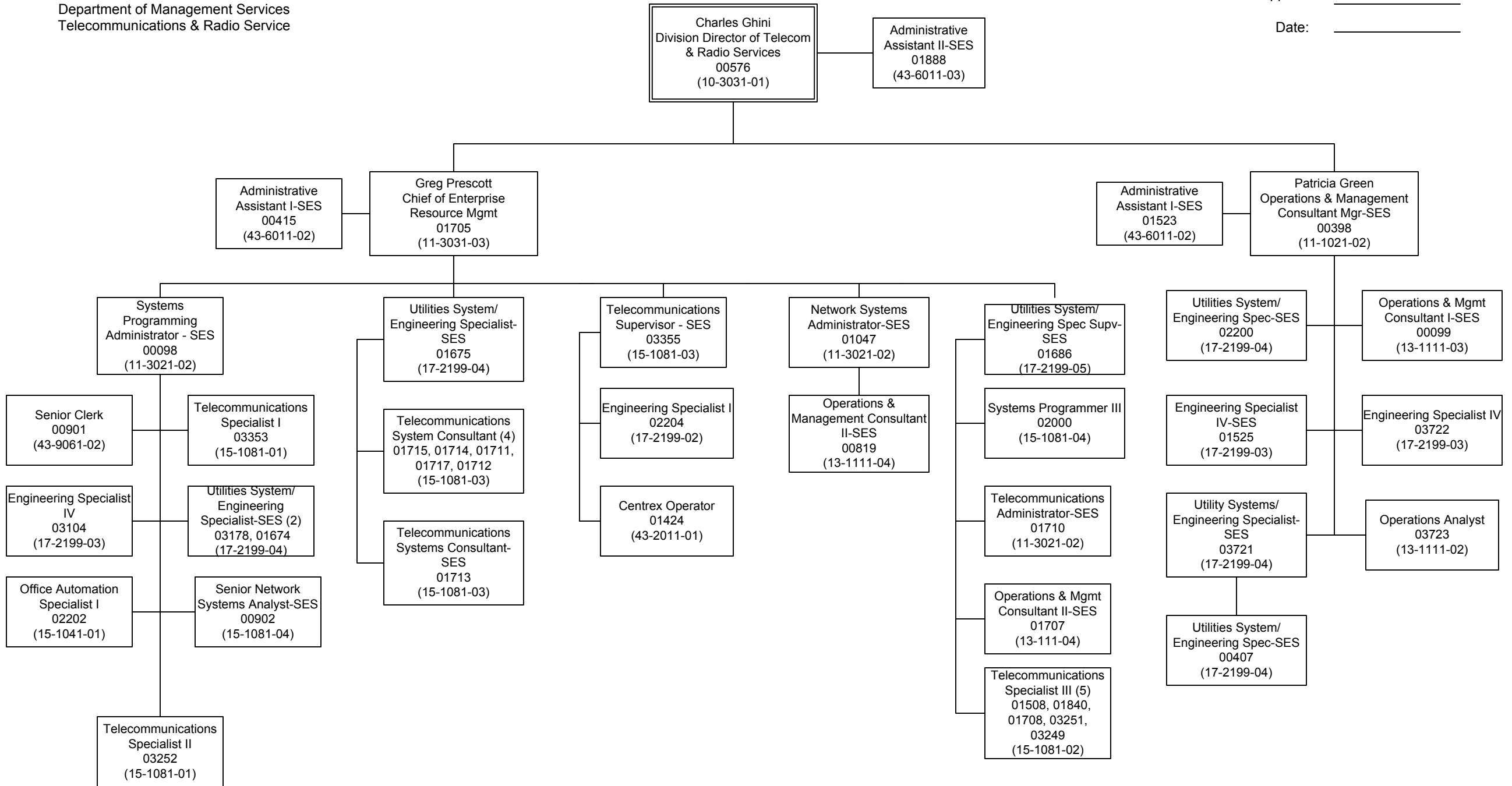


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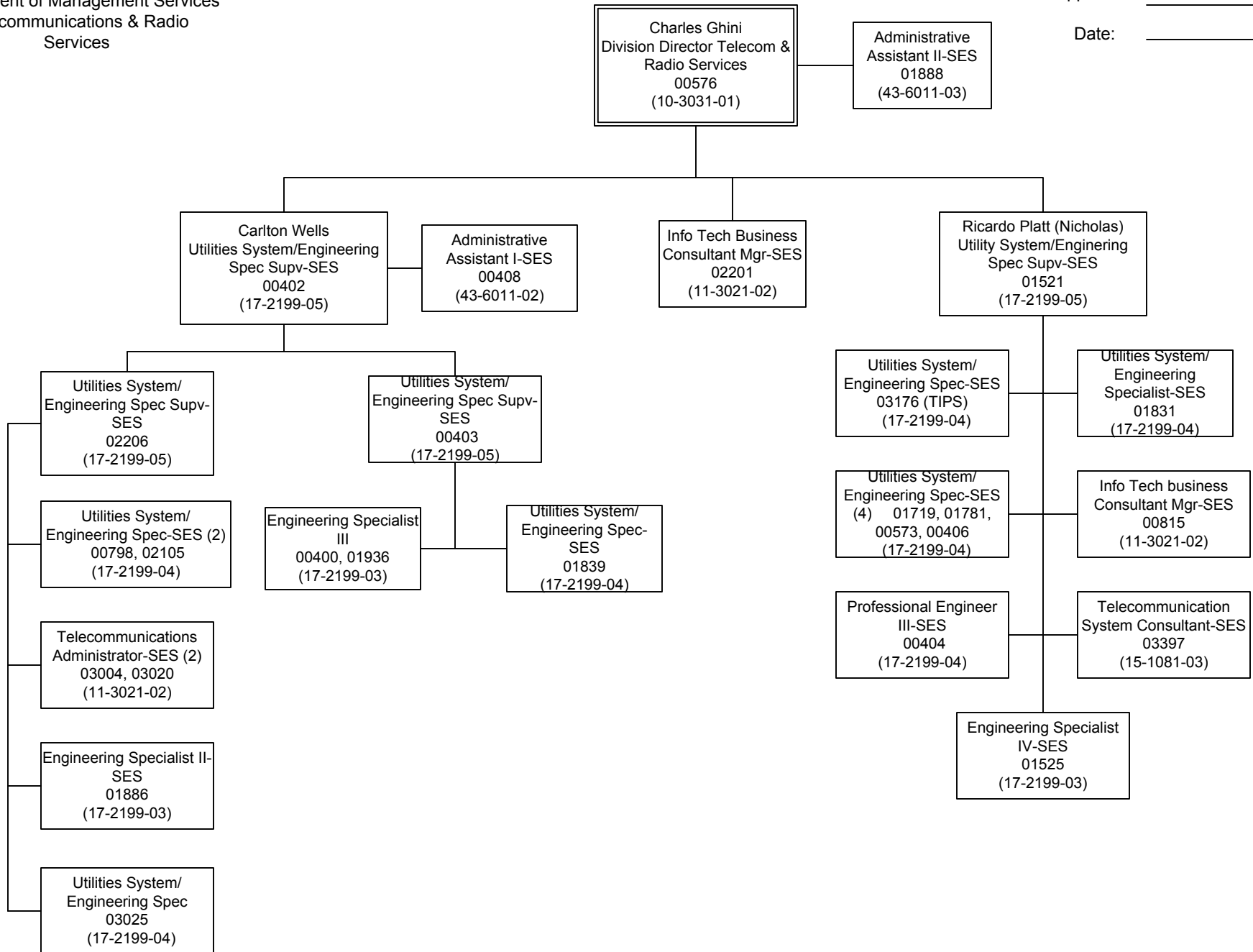




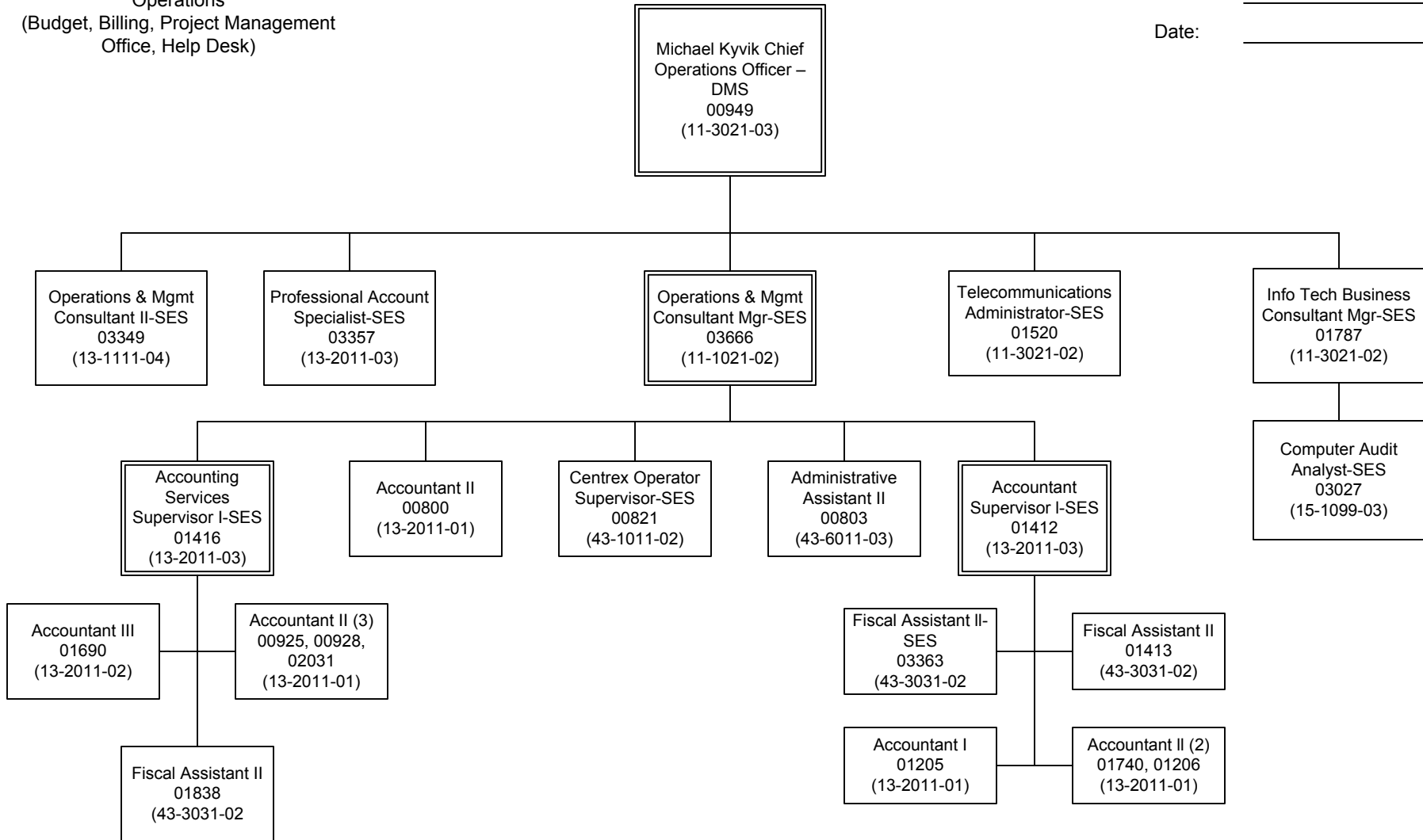
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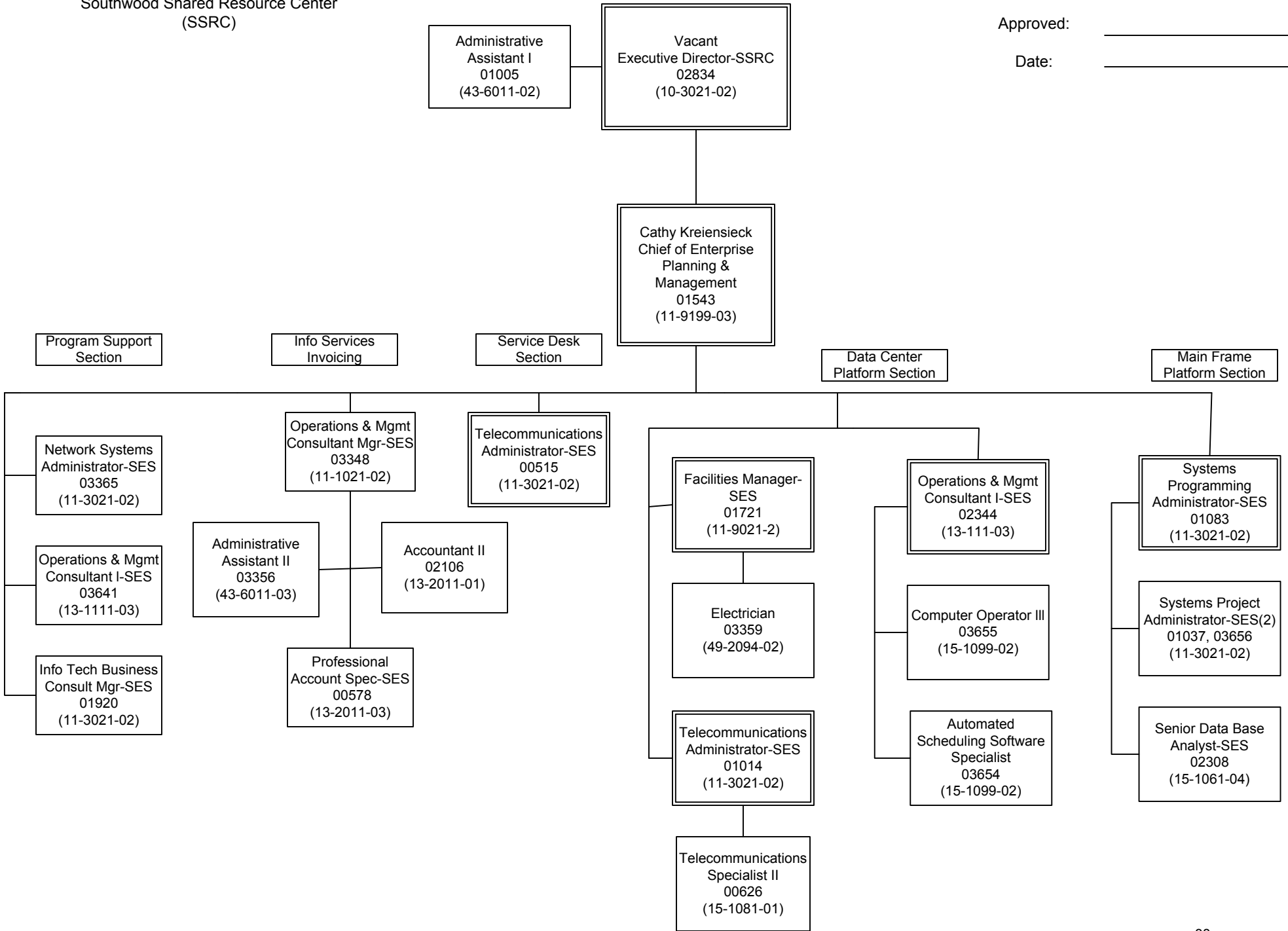


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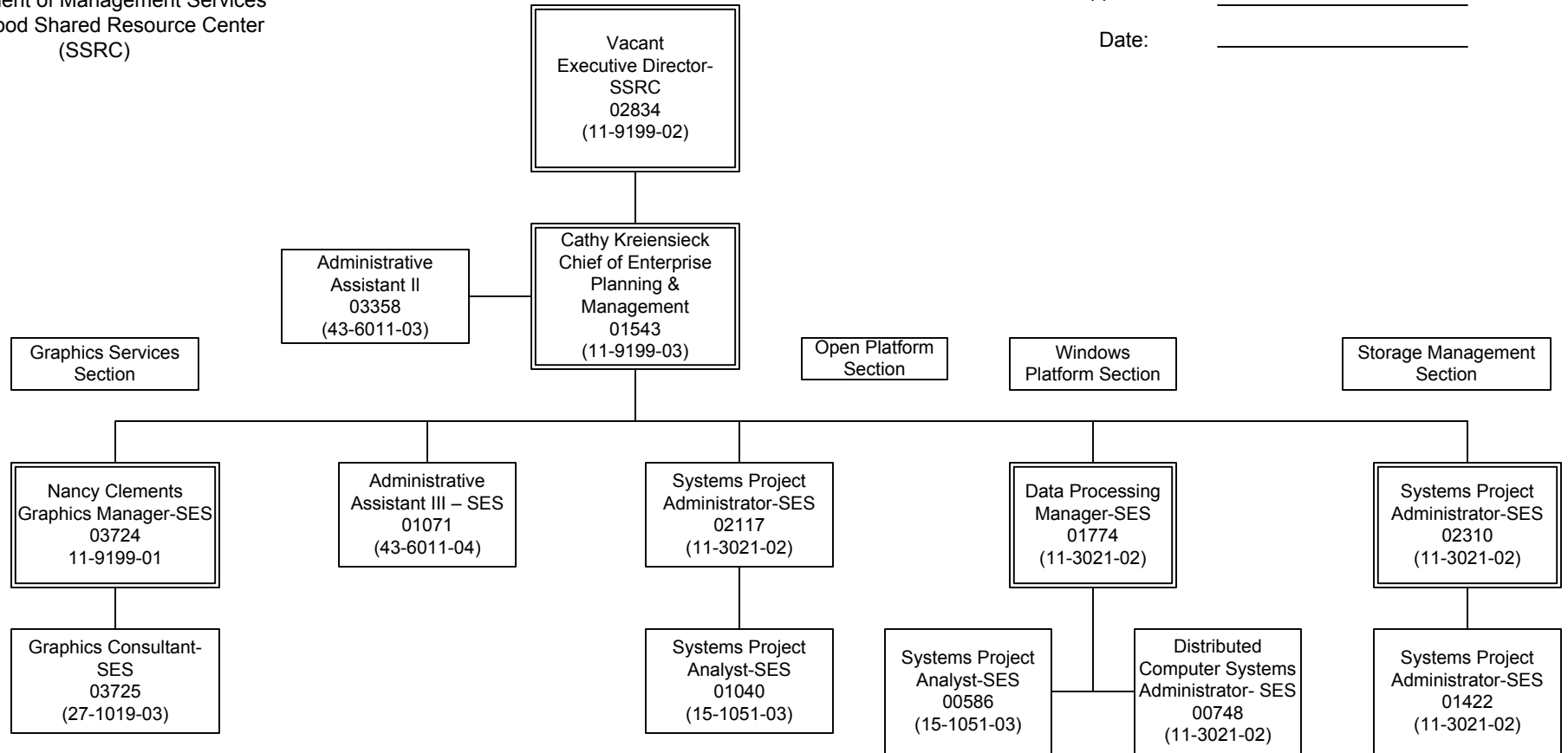
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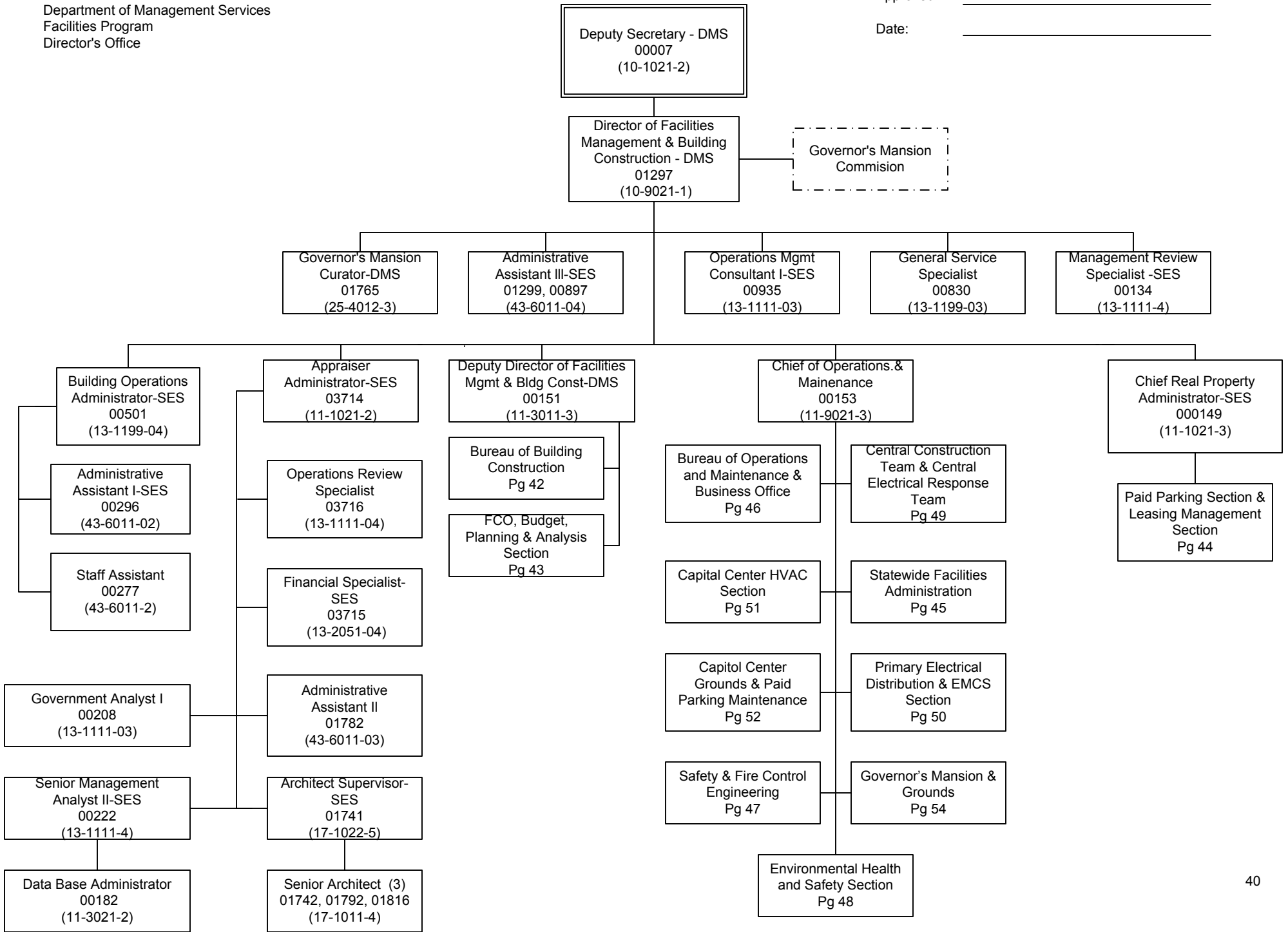
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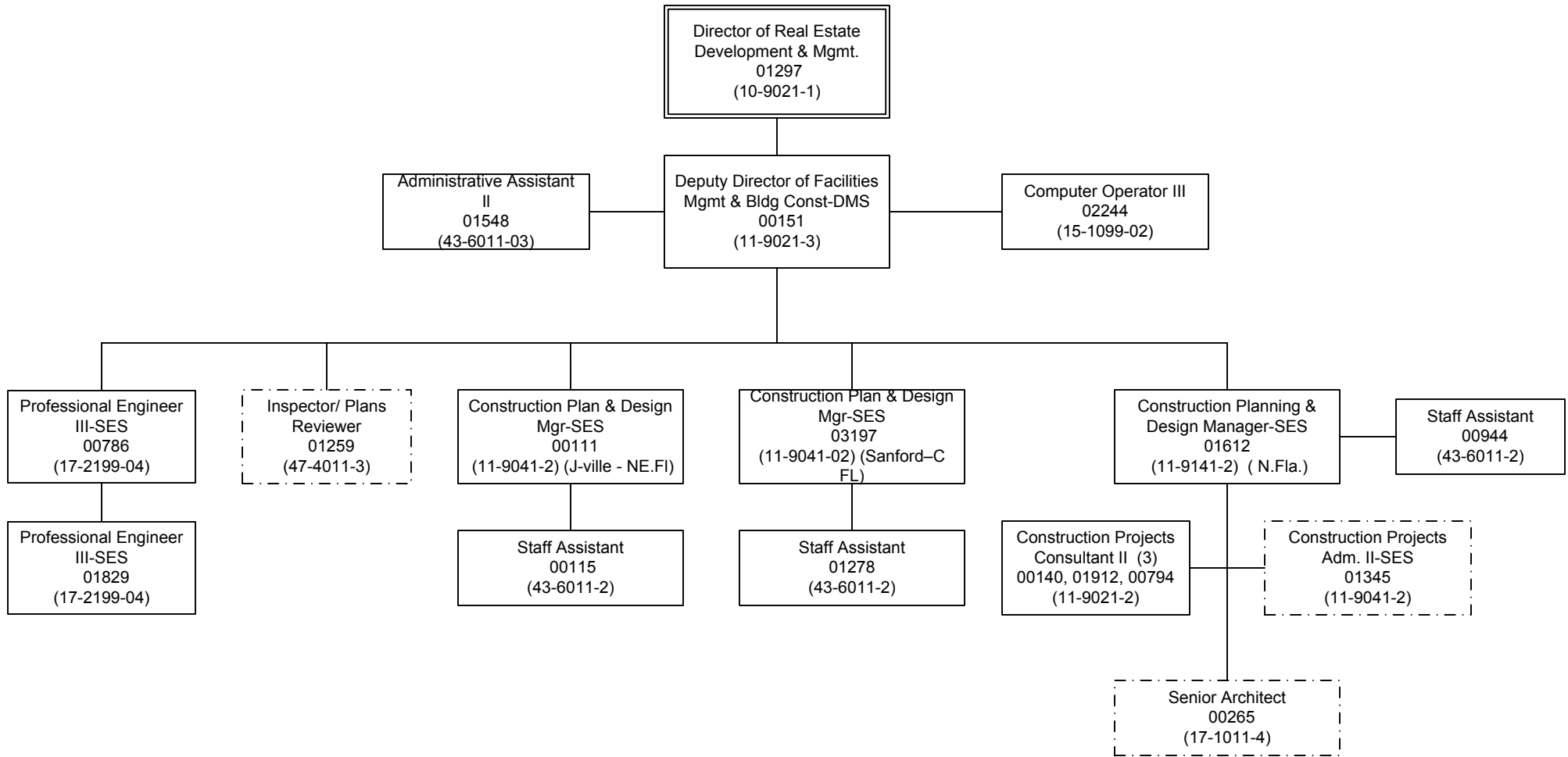
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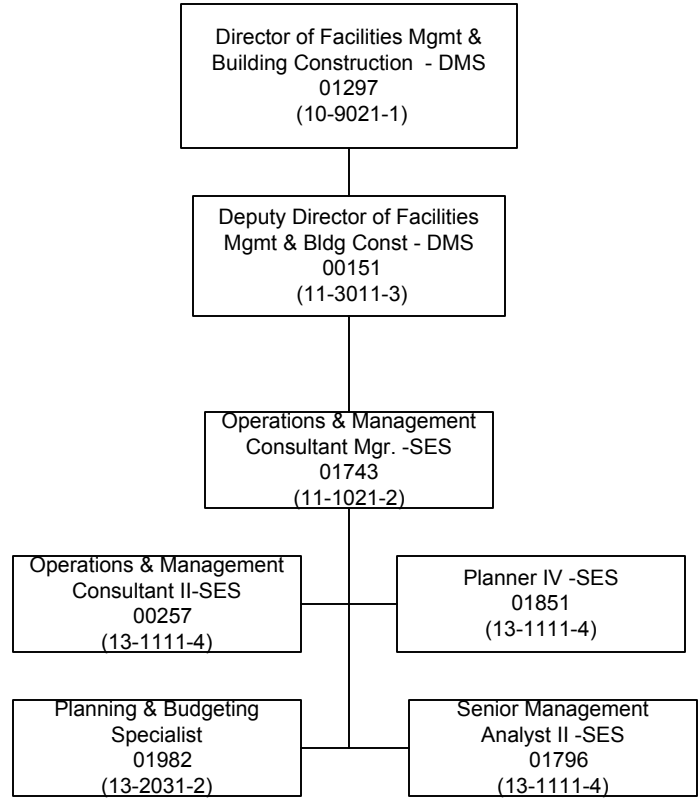
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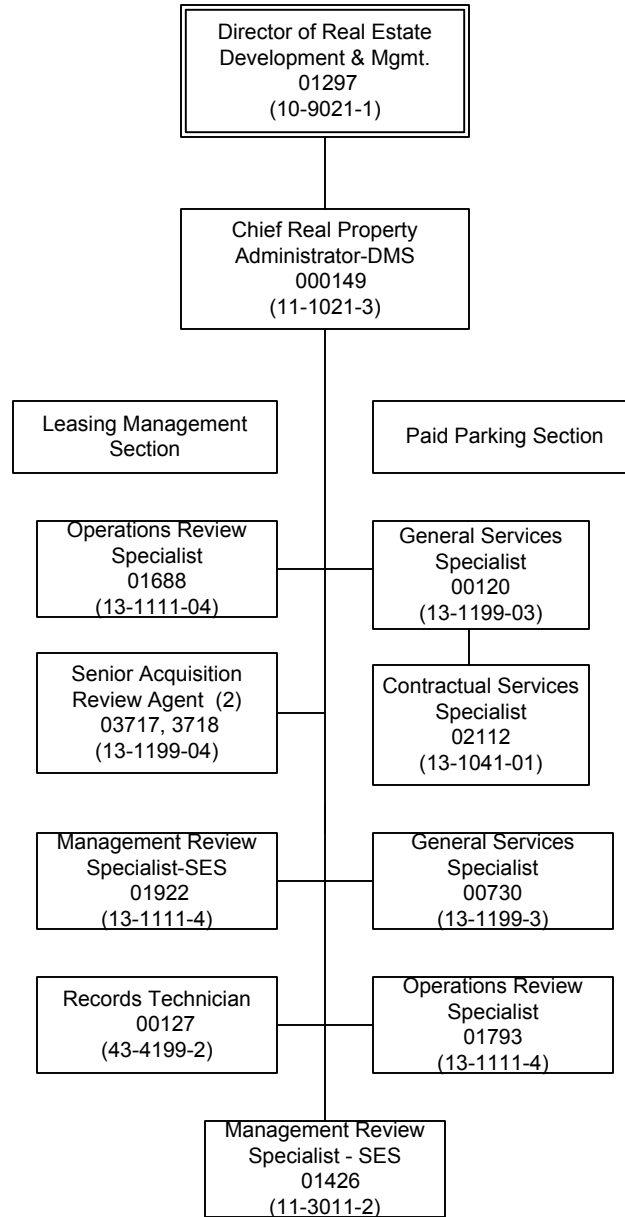
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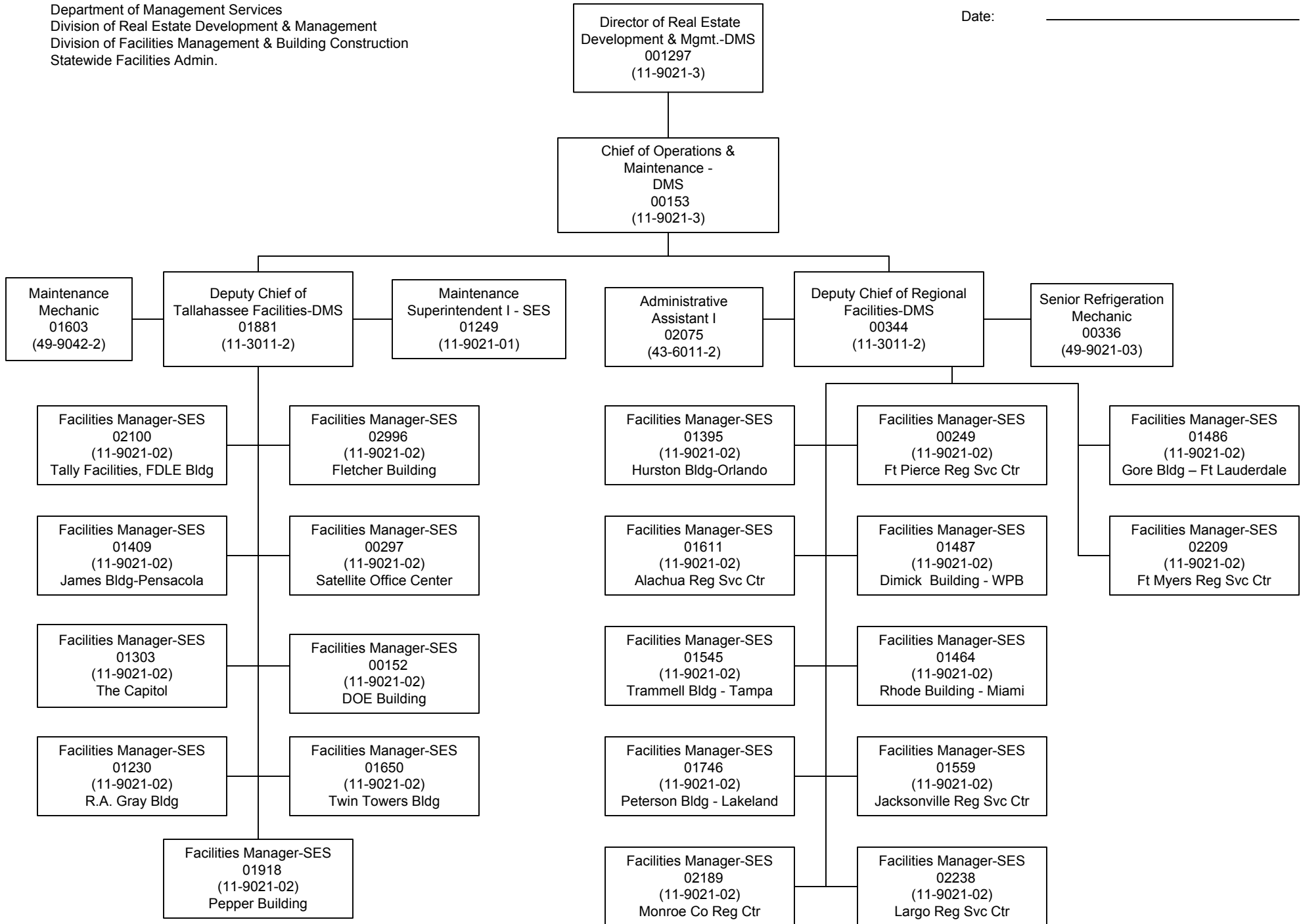
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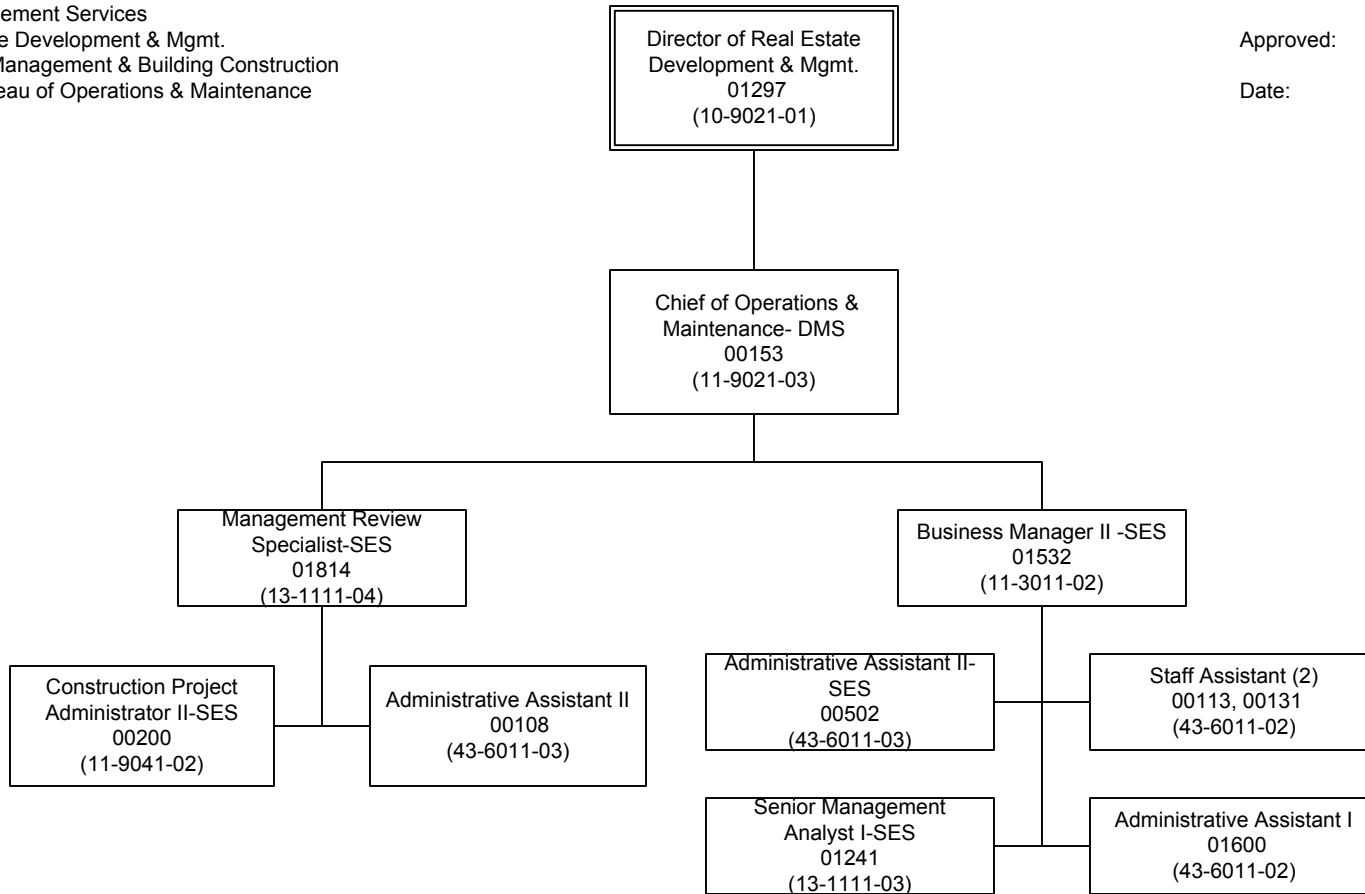
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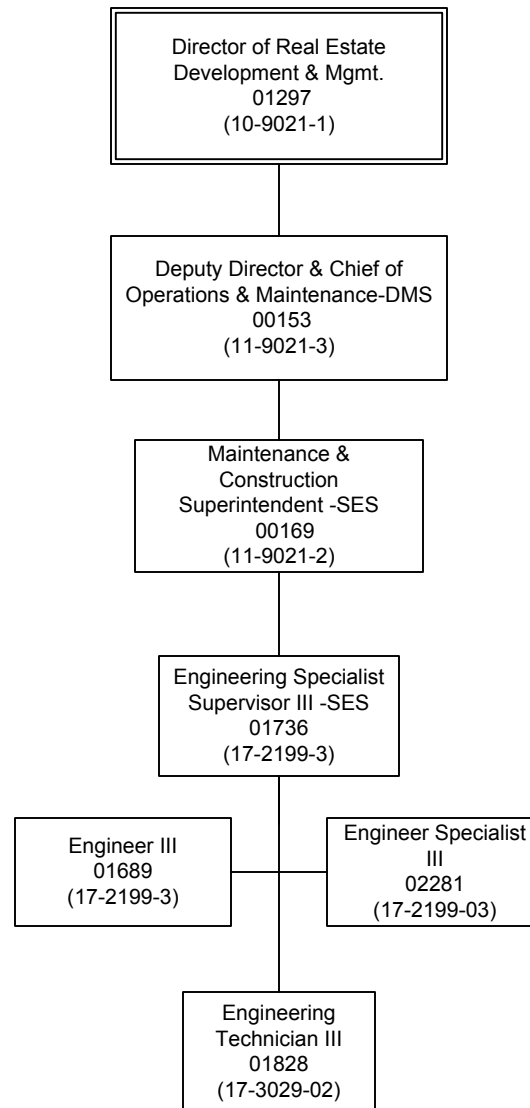
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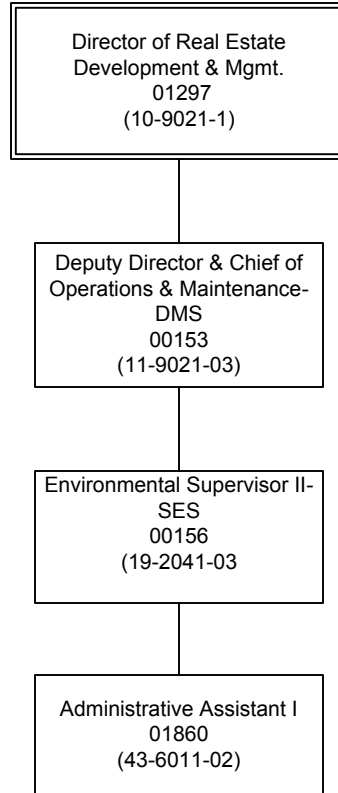
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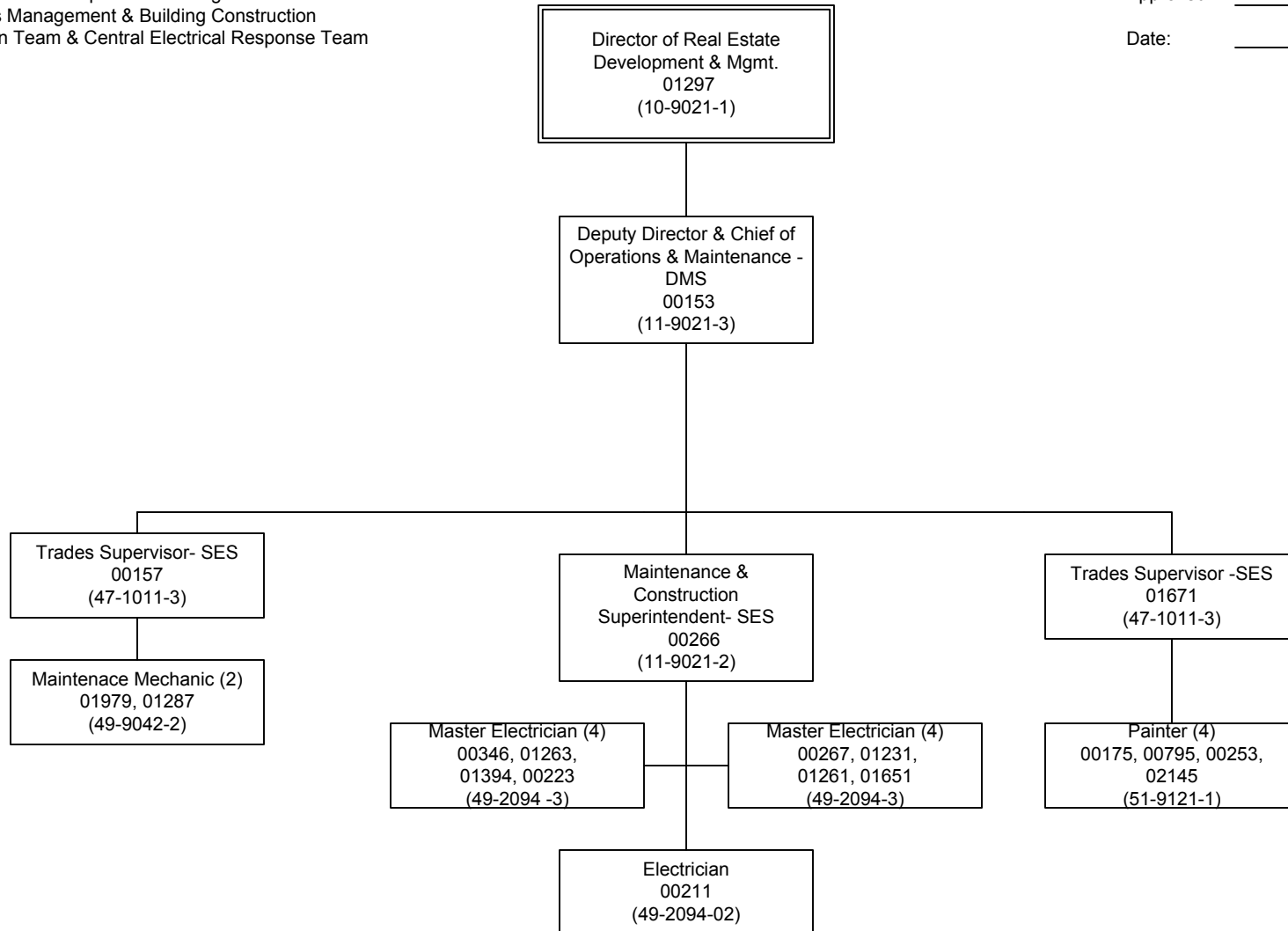
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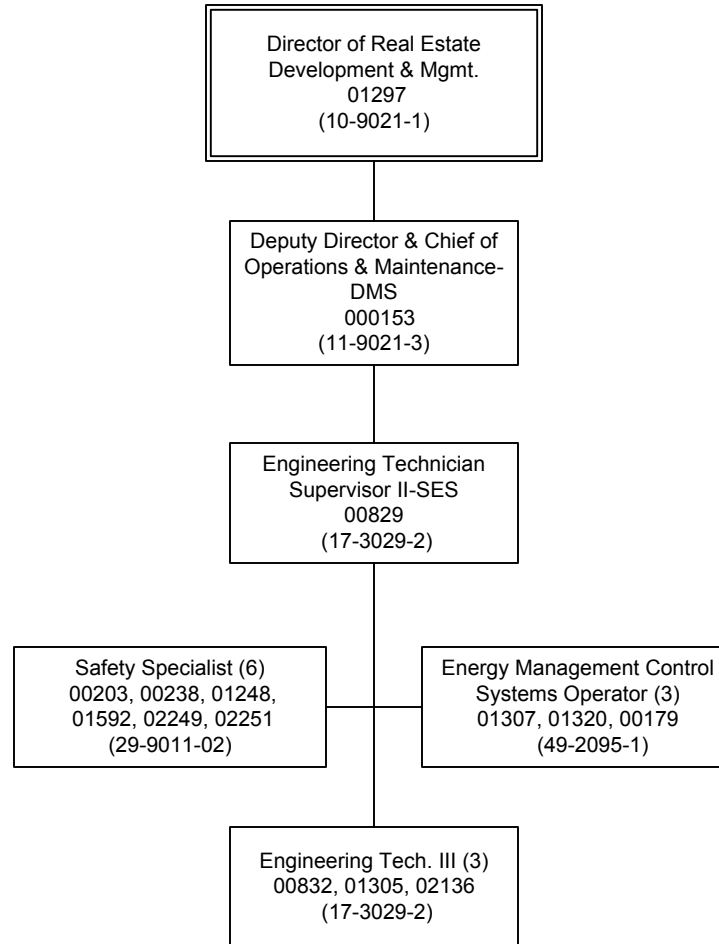
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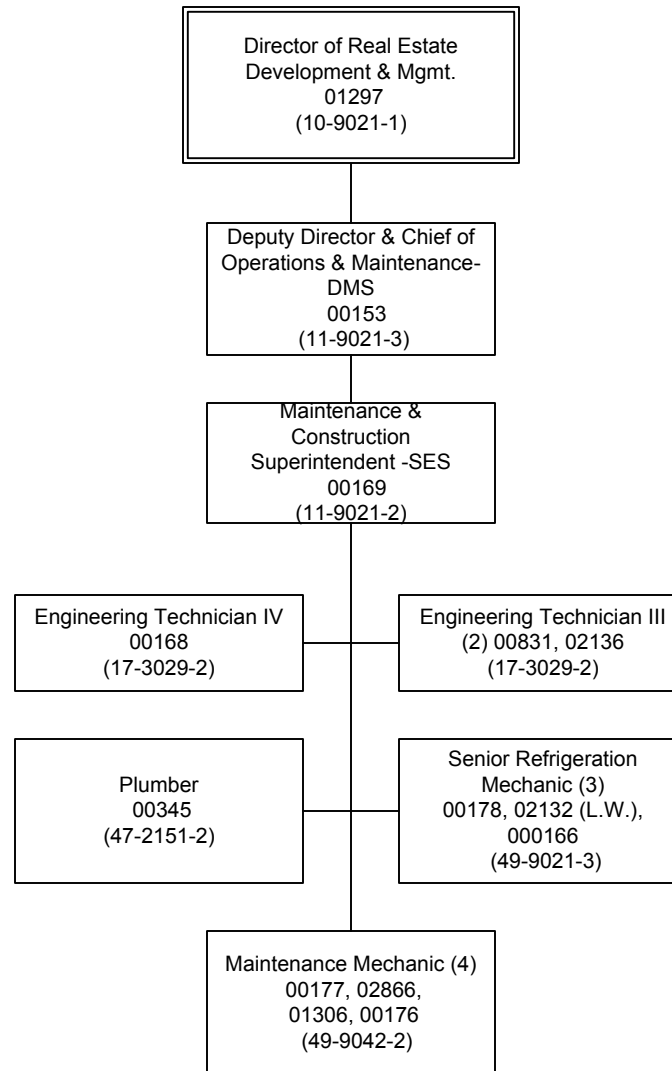
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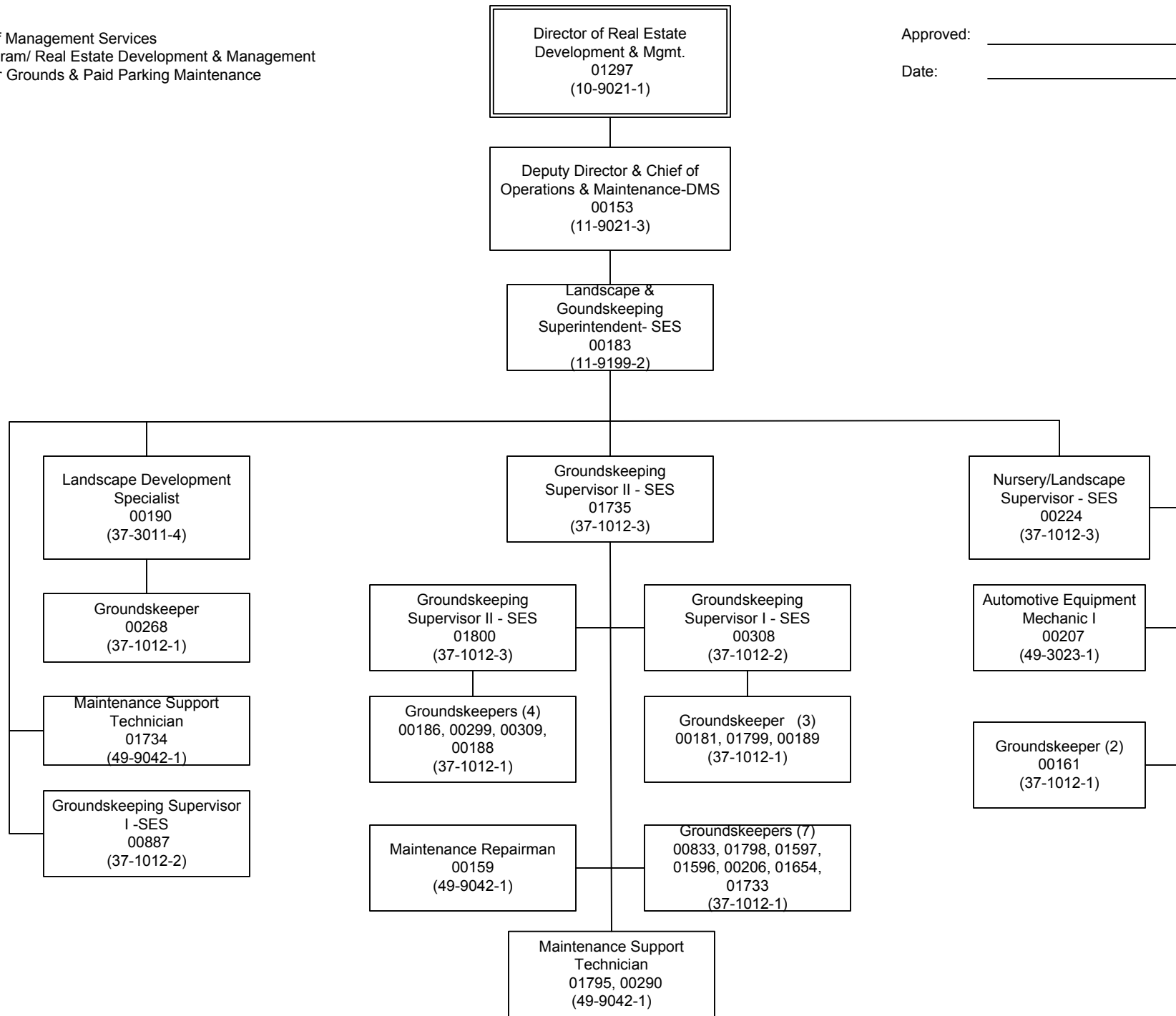
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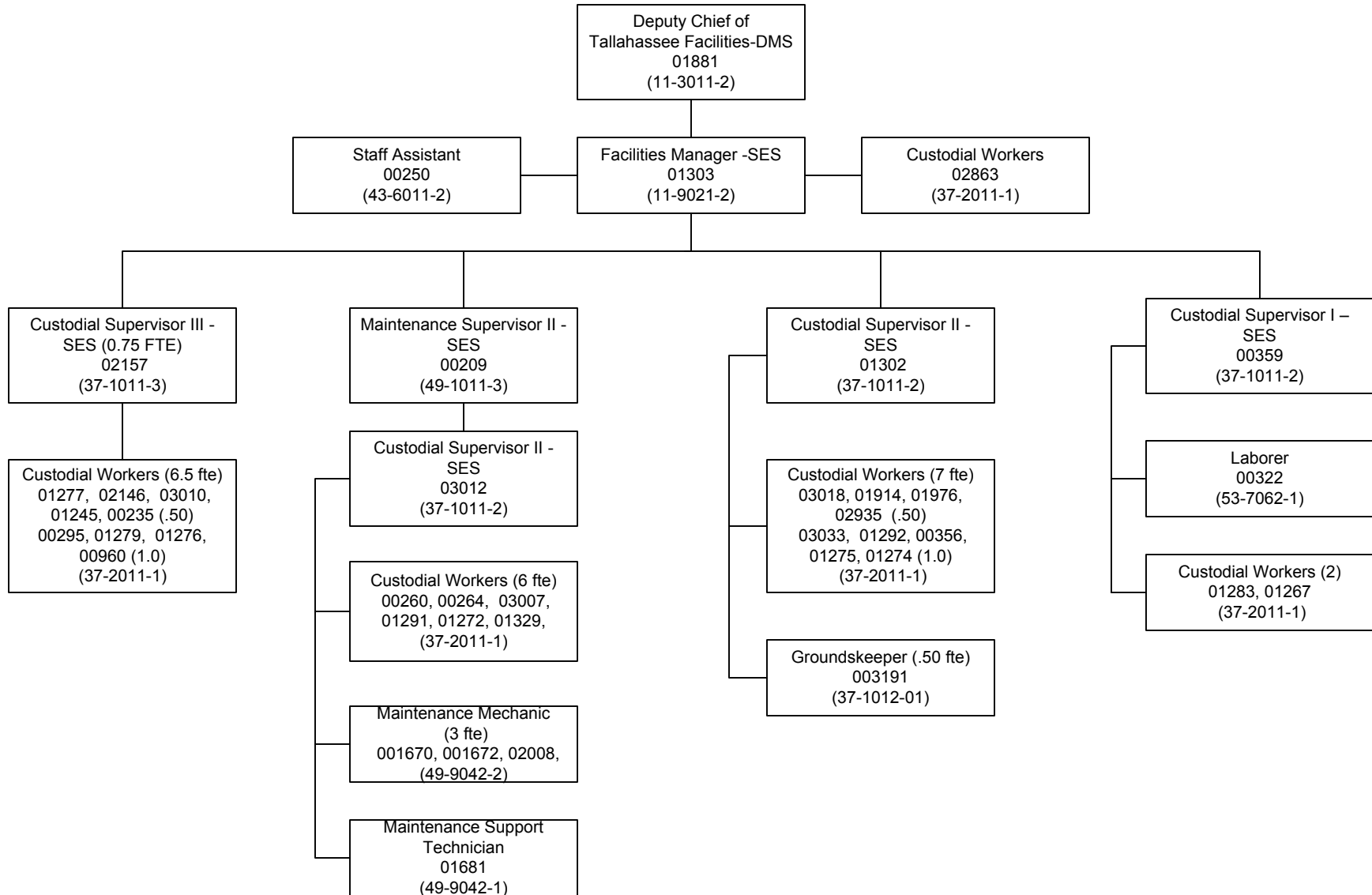
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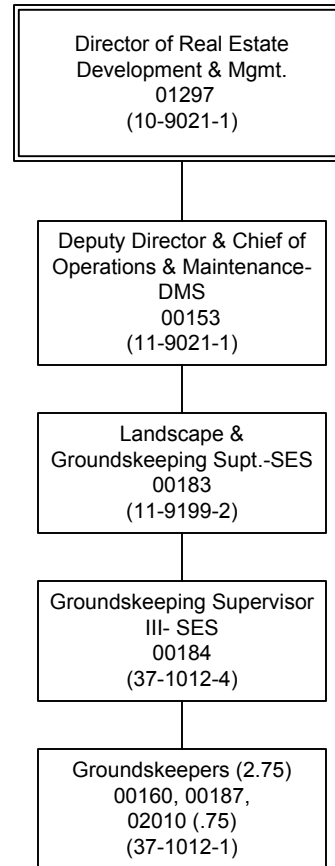
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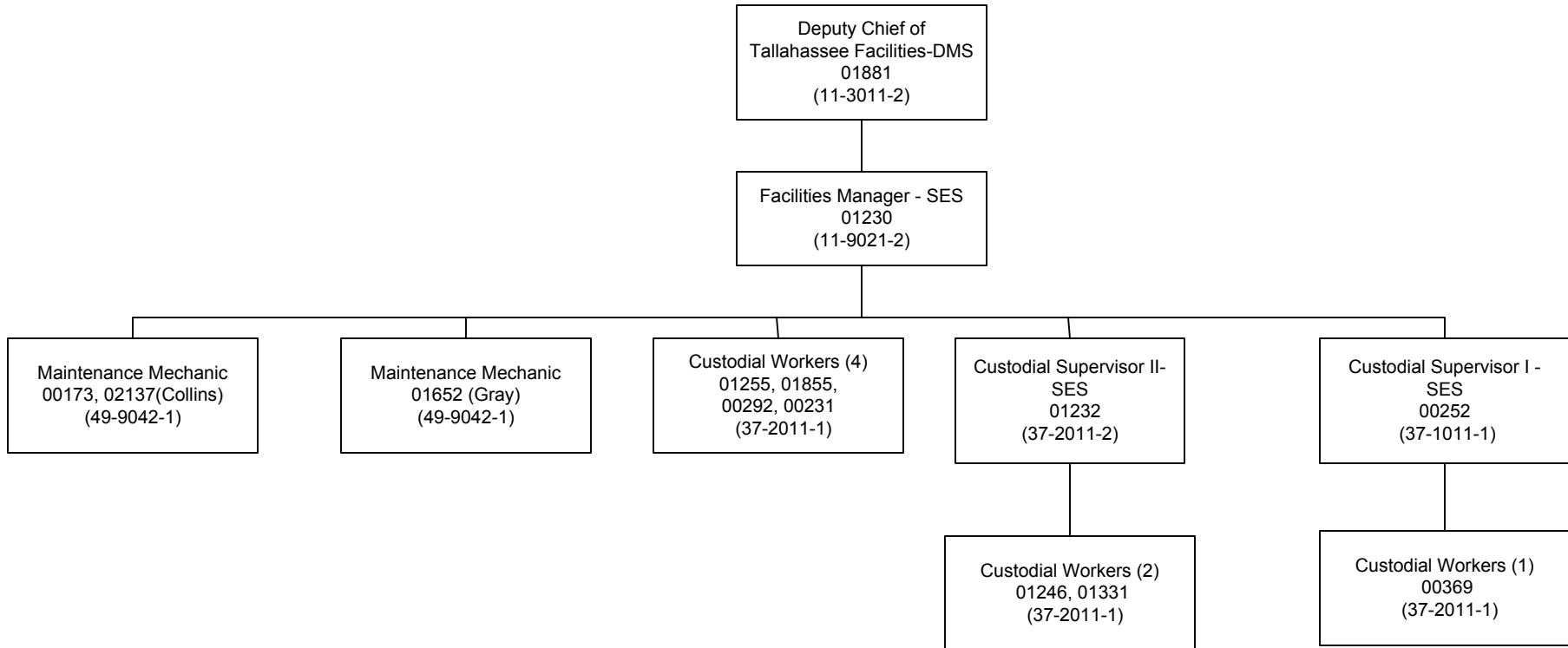




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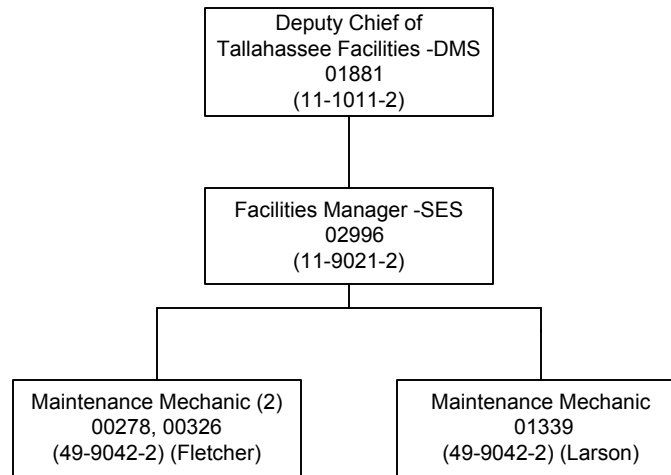
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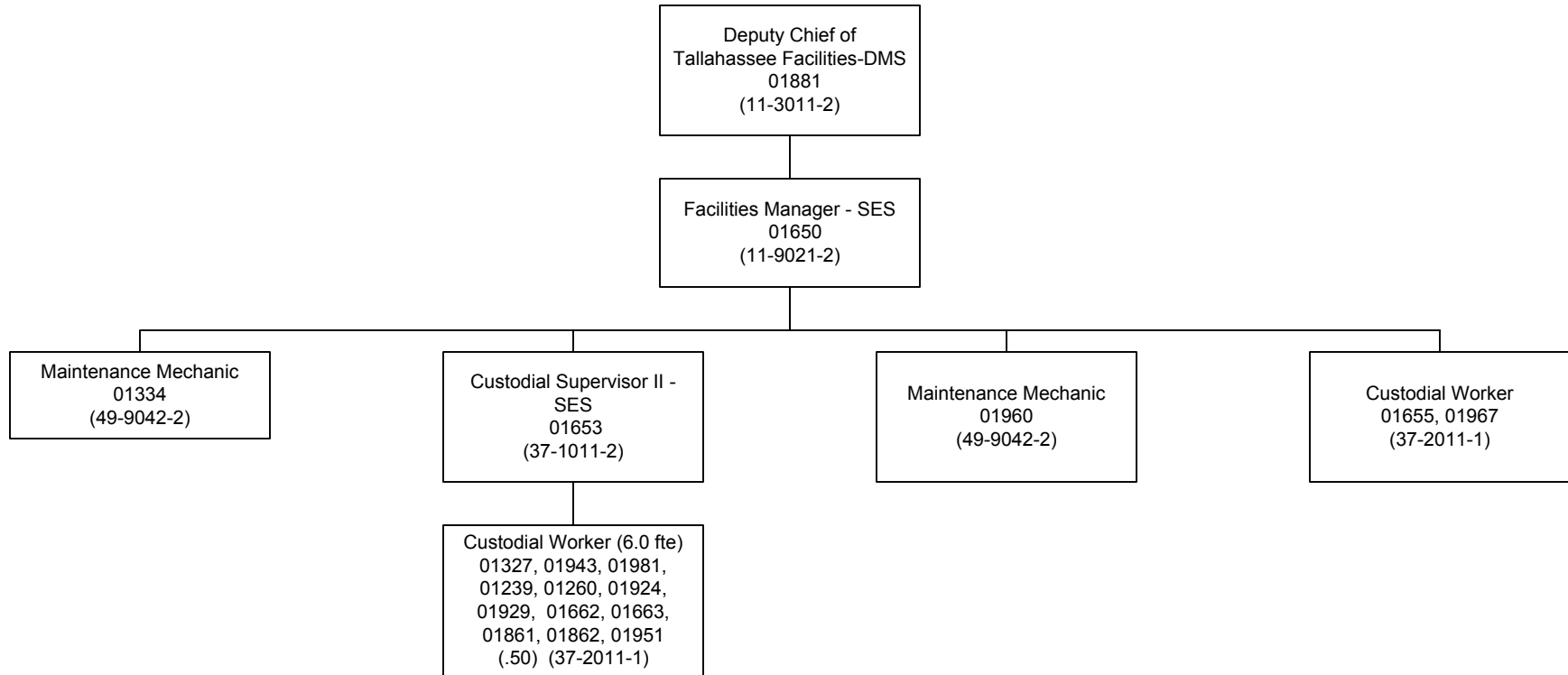
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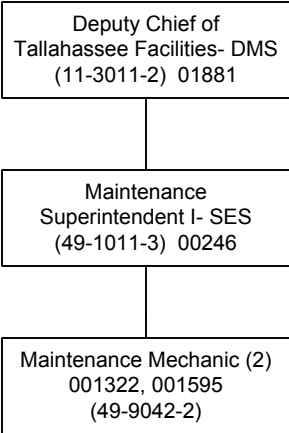
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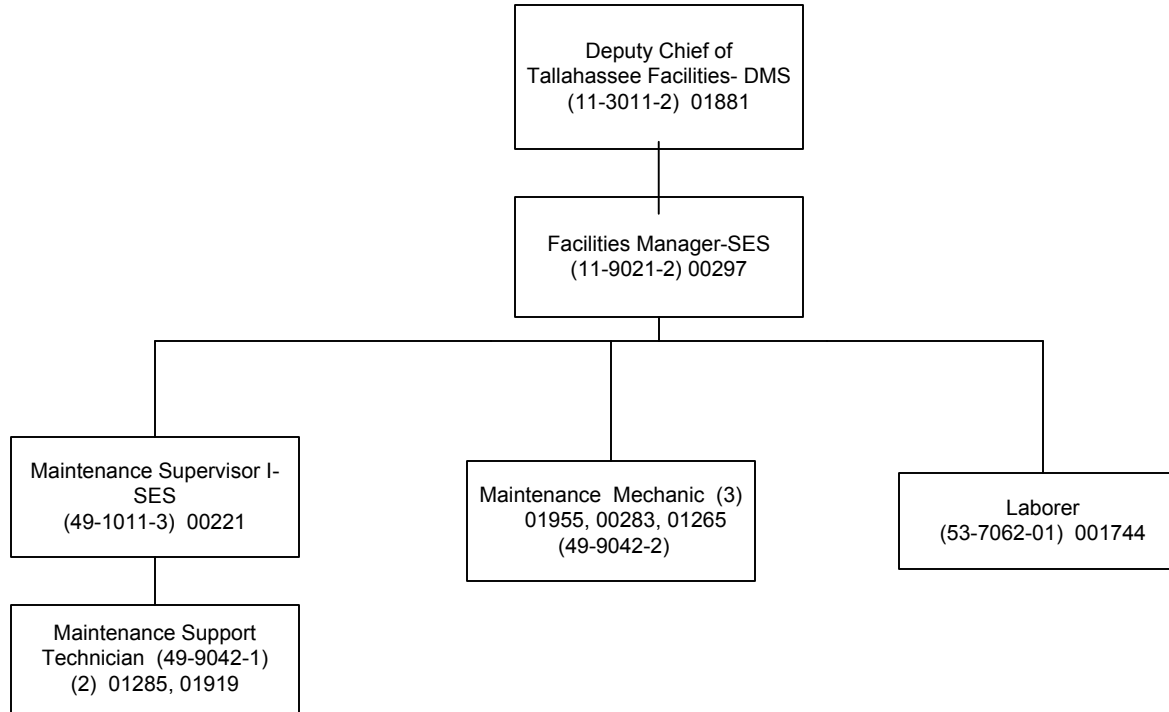
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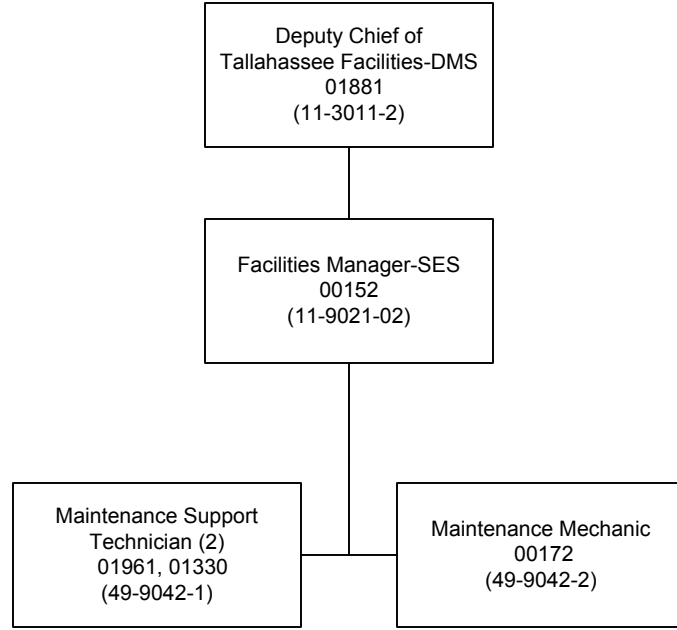
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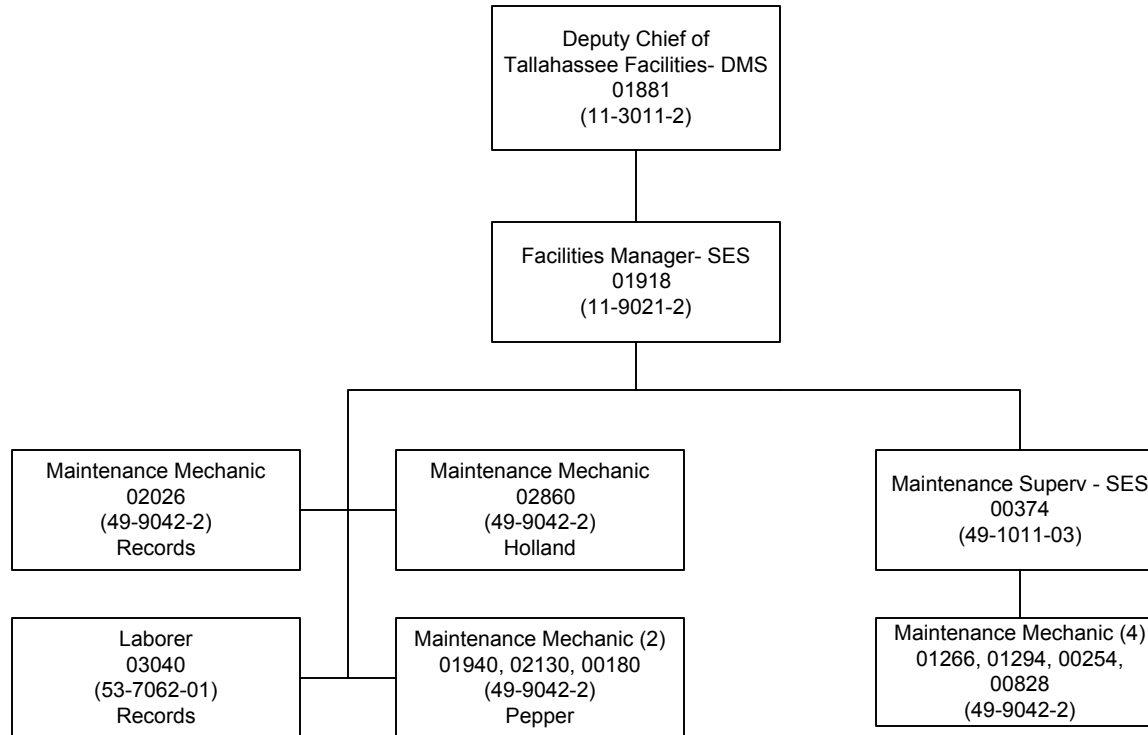
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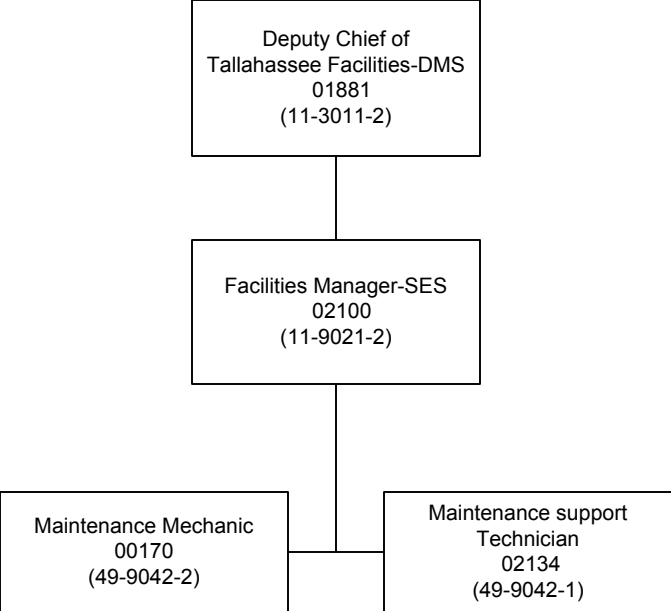
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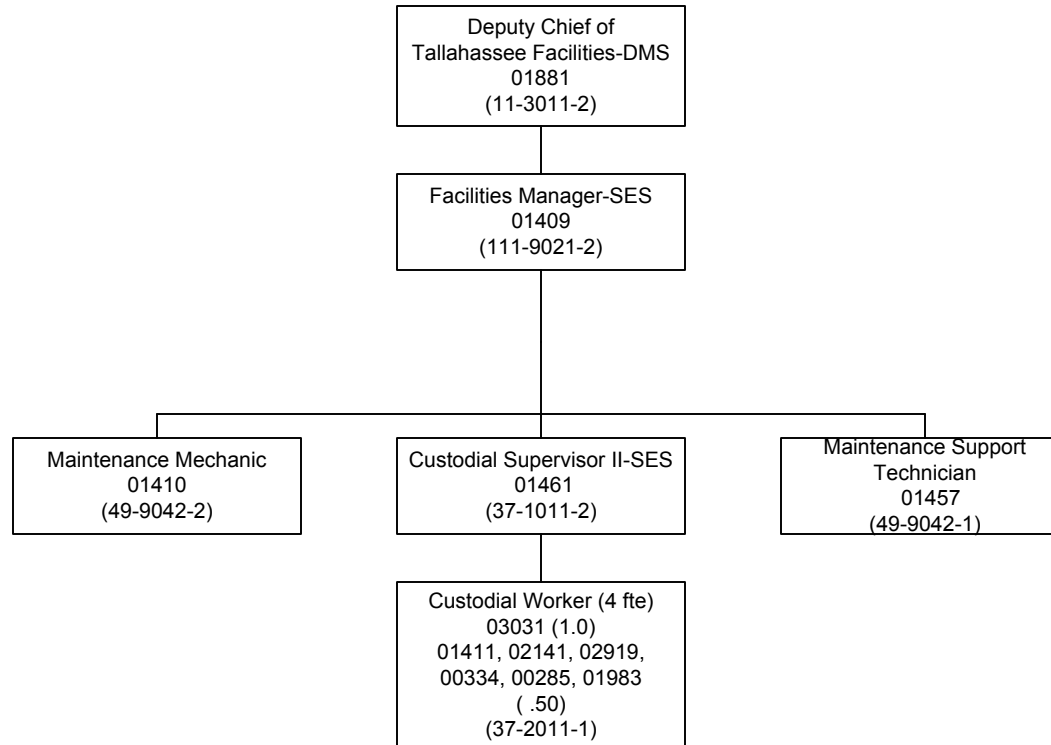
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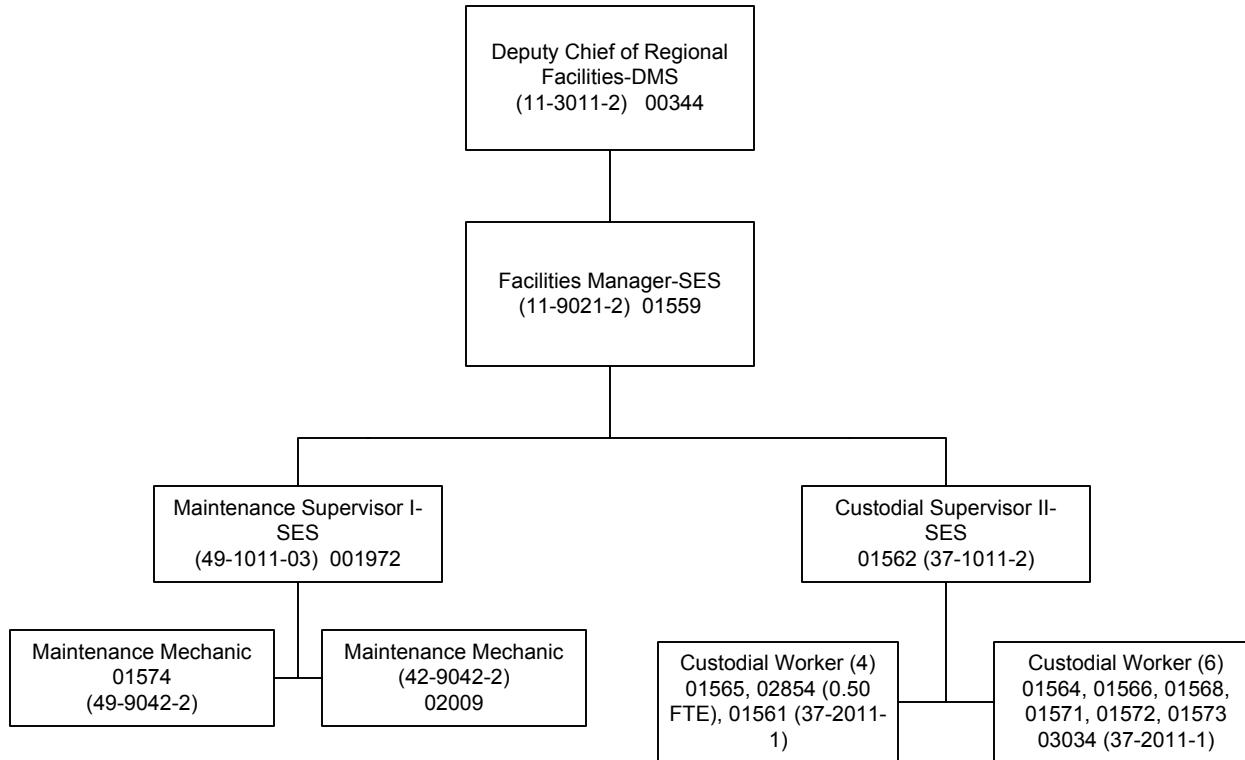
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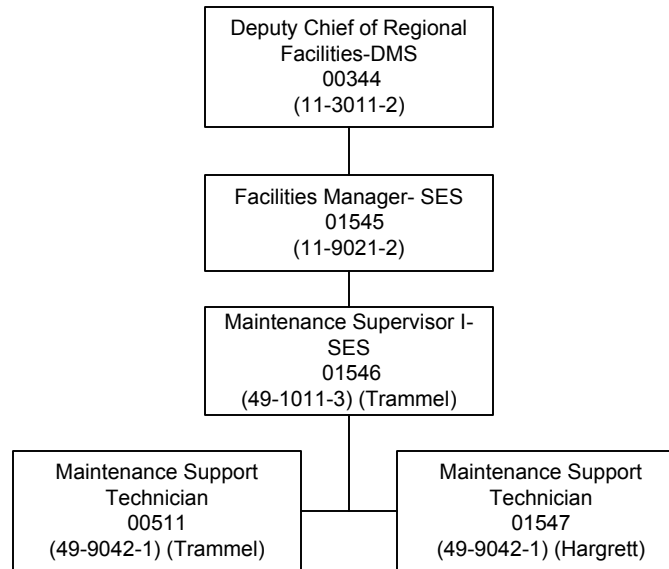
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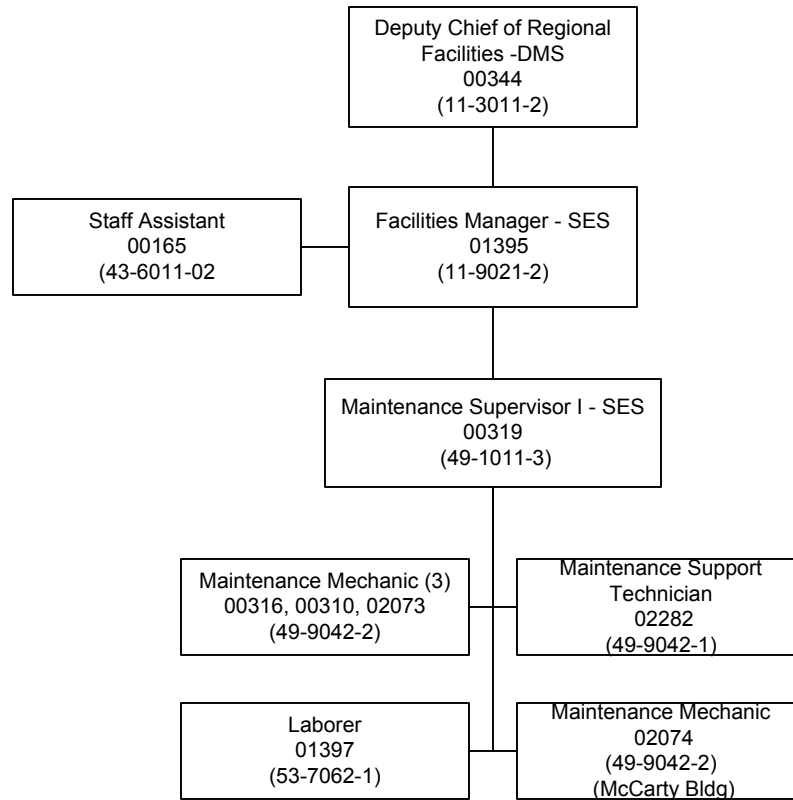
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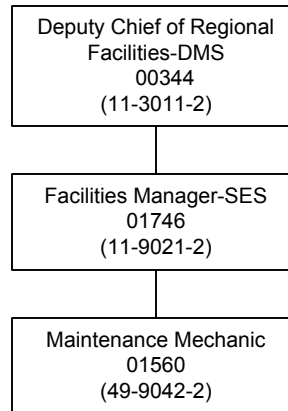
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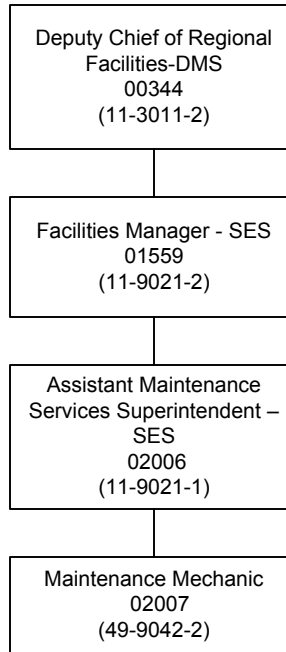
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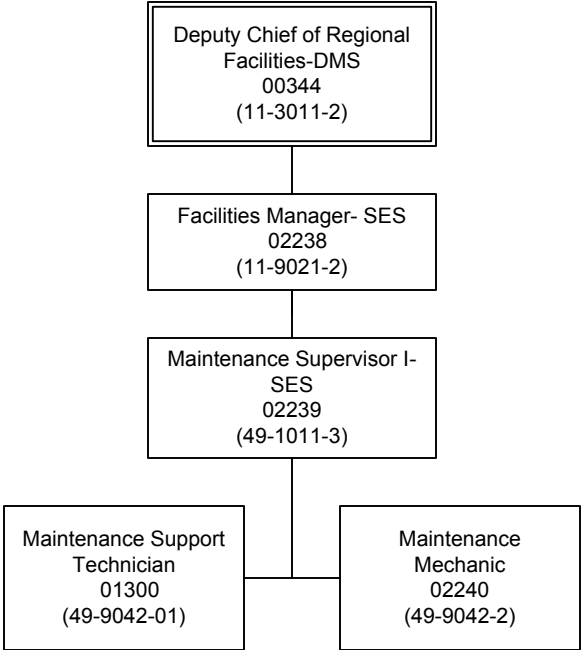
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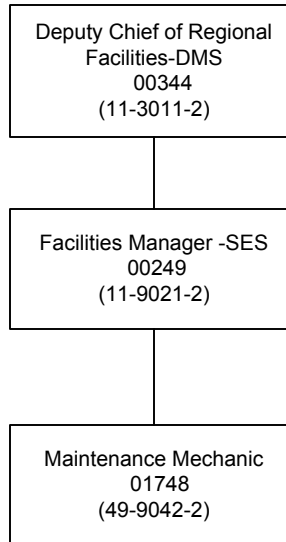
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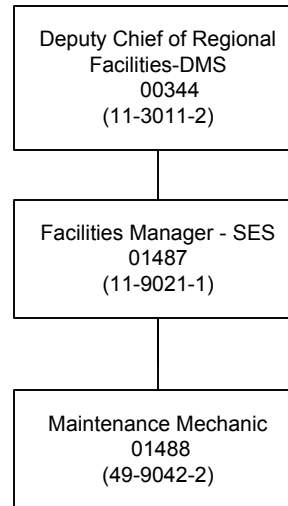
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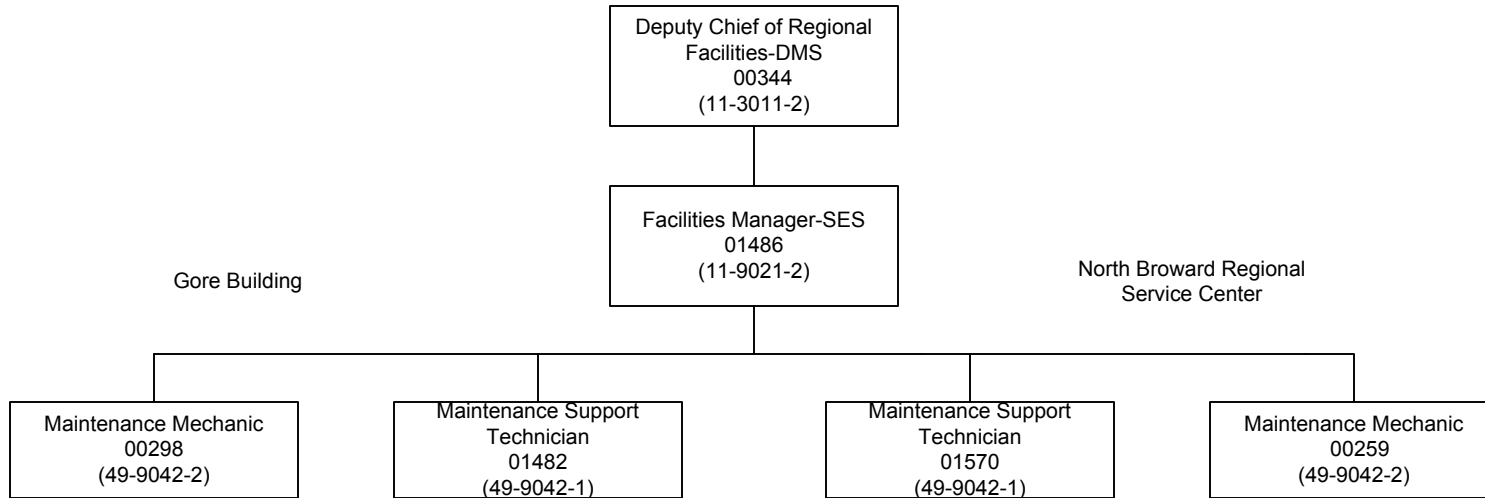
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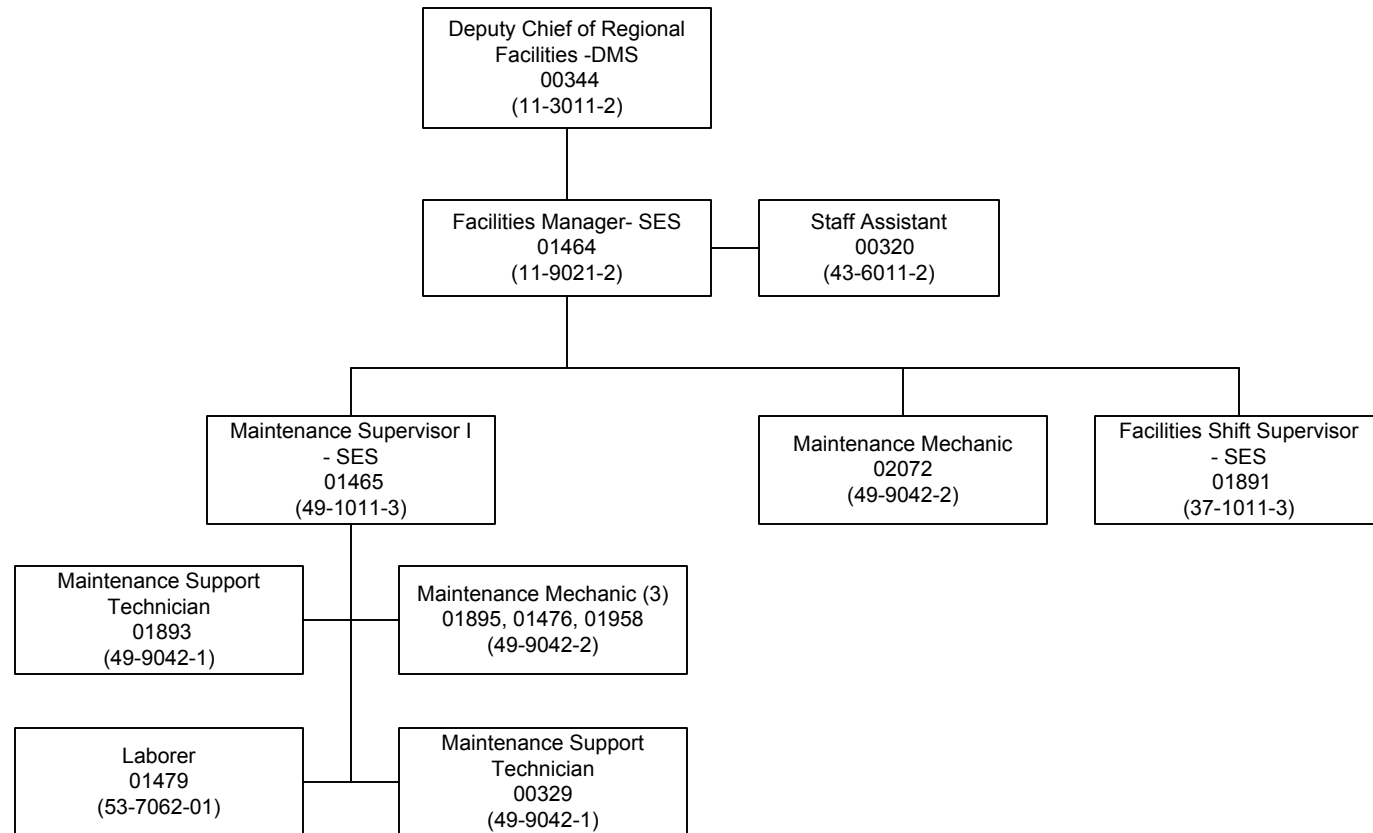
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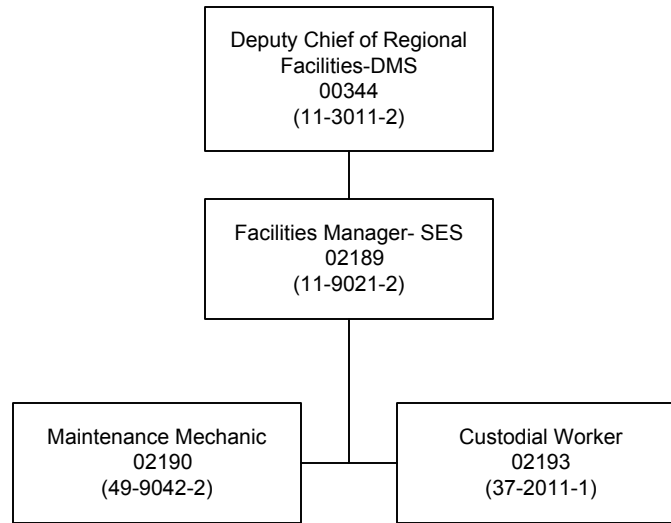
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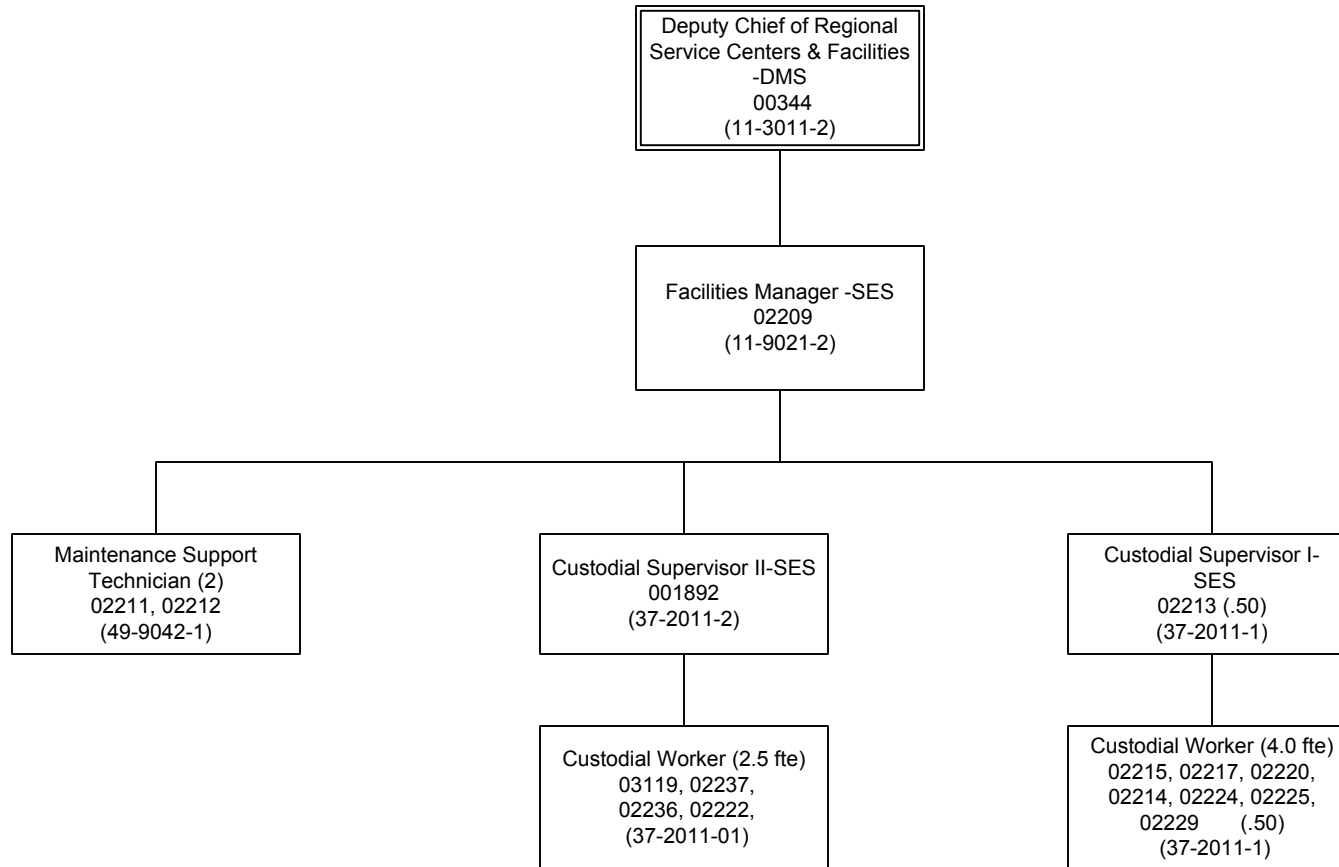
Date: _____



Approved: _____

Date: _____





MANAGEMENT SERVICES, DEPARTMENT OF		FISCAL YEAR 2007-08			
SECTION I: BUDGET		OPERATING		FIXED CAPITAL OUTLAY	
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT			494,539,246	166,545,201	
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)			76,298,254	(80,614,023)	
FINAL BUDGET FOR AGENCY			570,837,500	85,931,178	
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
<i>Executive Direction, Administrative Support and Information Technology (2)</i>					85,231,178
Process Payroll And Benefits For Leased State Employees * Number of employees in state leasing services		5	175,363.00	876,815	
Operate And Maintain Department Of Management Services' Pool Facilities * Number of maintained square feet (private contract and agency)		7,382,860	6.54	48,288,471	
Operate And Maintain Non-pool Facilities * Number of maintained square feet (private contract and agency)		7,382,860	0.14	1,055,930	
Administer Bonding Program And Plan For State Office Space Requirements * Number of net square feet of pool facilities		5,877,890	0.26	1,538,056	
Manage Private Sector And State Leases For State Agencies * Number of leases managed		1,377	2,787.89	3,838,918	
Manage Pool Facility Parking Lots * Number of parking spaces		22,909	12.52	286,769	
Provide Facilities Security * Number of facilities secured		19	62,559.11	1,188,623	
Manage Construction Projects * Dollar volume of Fixed Capital Outlay project starts		171,088,484	0.01	1,615,103	
Adjudicate And Facilitate Mediation Of Labor And Employment Disputes Through The Public Employees Relations Commission * Number of labor and employment dispositions		1,170	4,931.20	5,769,502	
Operate And Maintain The Executive Aircraft Pool * Number of flight hours		1,054	4,064.15	4,283,618	
Acquire And Redistribute Federal Surplus Property * Dollar value of donated property		4,543,654	0.13	606,955	
Acquire And Redistribute Military Excess Property * Dollar value of donated property		4,543,654	0.04	168,163	
Provide New Vehicle And Watercraft Acquisition Support * Number of vehicles and watercraft acquired		902	333.65	300,952	
Operate And Maintain The Equipment Management Information System (emis) * Number of state vehicles tracked		26,937	32.92	886,767	
Manage State Vehicle And Watercraft Disposal * Number of vehicles and watercraft disposed of		2,911	281.98	820,834	
Establish And Administer State Term (master) Contracts And Negotiated Agreements * Dollars expended by State Agencies using the State Term Contracts and Negotiated Agreements		625,253,452	0.04	25,497,919	
Provide Minority Access To Contracting Opportunities * Number of businesses certified and registered		3,814	251.42	958,900	
Manage And Oversee Minority Business Compliance * Number of businesses reviewed and audited		100	9,589.00	958,900	
Provide Human Resource Management Expertise/Consulting * Number of authorized FTE and OPS employees in the State Personnel System		121,437	54.35	6,599,587	
Maintain The Human Resources Automated System * Number of users supported by the automated human resources system (Reflects request to revise unit cost measure)		232,428	190.33	44,238,299	
Administer The Health Insurance Program * Number of enrollees		175,229	140.91	24,691,767	
Administer The Life Insurance Program * Number of enrollees		158,291	6.96	1,101,202	
Administer The Flexible Spending Account Program * Number of enrollees		13,091	7.31	95,681	
Administer The Supplemental Insurance Program * Number of enrollees		152,206	8.25	1,256,295	
Administer The Disability Benefits Program * Number of enrollees		24,115	0.78	18,861	
Provide Local Government Pension Plan Oversight * Number of Local Pension Plan Valuations and Impact Statements Reviewed		190	8,317.23	1,580,273	
Administer The Florida Retirement System * Number of FRS members		991,194	31.26	30,982,784	
Administer The Retiree Health Insurance Subsidy Program * Number of Recipients of the Health Insurance Subsidy		244,390	0.68	166,170	
Administer The State University System Optional Retirement Program * Number of participants in the SUS Optional Retirement Program		16,919	19.57	331,097	
Contract For The Construction, Operation And Oversight Of Private Prisons * Number of beds occupied		7,214	332.80	2,400,803	
Investigate Complaints Of Civil Rights Violations * Number of inquiries/investigations		15,339	639.69	9,812,188	
Provide Community Relations Education * Number of training, education, conferences, meetings, and counseling sessions held		5,684	134.82	766,302	
TOTAL				222,982,504	85,231,178
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES				312,206,022	
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS				12,715,428	
OTHER				2,327,103	
REVERSIONS				19,481,246	700,000
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				569,712,303	85,931,178

SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY

(1) Some activity unit costs may be overstated due to the allocation of double budgeted items.
(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.
(3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.
(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

 ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:
 1-8: ACT0680 ACT0700 ACT8010 ACT8020 ACT8030 ACT8040 ACT8050
 AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:
 1-8:

 THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND SHOULD NOT:

*** NO ACTIVITIES FOUND ***

 THE FCO ACTIVITY (ACT0210) CONTAINS EXPENDITURES IN AN OPERATING CATEGORY AND SHOULD NOT:
 (NOTE: THIS ACTIVITY IS ROLLED INTO EXECUTIVE DIRECTION, ADMINISTRATIVE SUPPORT AND INFORMATION TECHNOLOGY)

*** NO OPERATING CATEGORIES FOUND ***

 THE FOLLOWING ACTIVITIES DO NOT HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND ARE REPORTED AS 'OTHER' IN SECTION III: (NOTE: 'OTHER' ACTIVITIES ARE NOT 'TRANSFER-STATE AGENCY' ACTIVITIES OR 'AID TO LOCAL GOVERNMENTS' ACTIVITIES. ALL ACTIVITIES WITH AN OUTPUT STANDARD (RECORD TYPE 5) SHOULD BE REPORTED IN SECTION II.)

BE	PC	CODE	TITLE	EXPENDITURES	FCO
72400100	1601000000	ACT0670	PROVIDE REIMBURSABLE TENANT	49,934	Footnote (1)
72400200	1601000000	ACT0760	PROVIDE STATE CONSTRUCTION PROJECT	53,027	Footnote (1)
72750100	1601000000	ACT1410	PROVIDE AMERICANS WITH DISABILITIES	271,742	Footnote (2)
72750100	1601000000	ACT1430	ADMINISTER THE ADOPTION BENEFITS	1,722,125	Footnote (3)
72750100	1601000000	ACT1440	PROVIDE A STATEWIDE SYSTEM OF	230,275	Footnote (2)

 TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 72	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	570,837,500	85,931,178
TOTAL BUDGET FOR AGENCY (SECTION III):	569,712,303	85,931,178
DIFFERENCE:	1,125,197	
Reversion not in column G69	(1,125,234)	Retirement Benefits Admin Prog/Florida National Guard: GR Appropriation reverted in FY 07-08 & re-appropriated in Administered Funds, Section 67 of the FY 08-09 GAA (EOG# 2008-005). The reversion was NOT picked up in LAS/PBS' reversion column G69

 THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD (RECORD TYPE 5) AND SHOULD NOT:

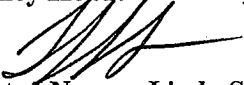




*** NO ACTIVITIES FOUND ***

 THE FCO ACTIVITY (ACT0210) CONTAINS EXPENDITURES IN AN OPERATING CATEGORY AND SHOULD NOT:
 (NOTE: THIS ACTIVITY IS ROLLED INTO EXECUTIVE DIRECTION, ADMINISTRATIVE SUPPORT AND INFORMATION TECHNOLOGY)

*** NO OPERATING CATEGORIES FOUND ***

- Footnote (1) Activity deleted by the Department of Management Services and approved in budget amendment EOG #2008-0061.
- Footnote (2) Executive Order #08-193 transfers the responsibility of the Governor's Commission on Disabilities (former Americans with Disabilities Work Group) from the Department of Management Services to the Office of the Governor.
- Footnote (3) Florida law Chapter 2007-119 transfers the administration of the Adoptions Benefits Program from Department of Management Services to the Department of Children and Families. The transfer of funding was approved in budget amendment EOG #2008-0143.

**SCHEDULE XIIB: MAJOR OUTSOURCING AND PRIVATIZATION INITIATIVES
UNDERTAKEN IN THE LAST FIVE YEARS**

Schedule XII-B Cover Sheet and Agency Project Approval	
Agency: Department of Management Services	Schedule XII-B Submission Date: October 15, 2008
Project Name: Private Prison Monitoring	Is this project included in the Agency's LRPP? Yes _____ No _____
FY 2009-2010 LBR Issue Code:	FY 2009-2010 LBR Issue Title:
Agency Contact for Schedule XII-B (Name, Phone #, and E-mail address): Debra Forbess, 487-9911; debra.forbess@dms.myflorida.com	
AGENCY APPROVAL SIGNATURES	
I am submitting the attached Schedule XII-B in support of our legislative budget request. I have reviewed and agree with the information in the attached Schedule XII-B.	
Agency Head:  Printed Name: Linda South	Date: 10/13/08
Agency Chief Information Officer:  Printed Name: Joe Wright	Date: 10/13/08
Budget Officer:  Printed Name: Debra Forbess	Date: 10/13/08
Chief of Staff:  Printed Name: Ken Granger	Date: 10/13/08
Project Sponsor:  Printed Name: JD Solie	Date: 10-13-08

**SCHEDULE XIIB-1: MAJOR OUTSOURCING AND PRIVATIZATION INITIATIVES
UNDERTAKEN IN THE LAST FIVE YEARS – BACKGROUND INFORMATION**

Background Information

1. Provide a narrative summary describing the agency's decision to outsource or privatize the service or activity.

Attach to Schedule XII-B copies of the original business case and cost benefit analysis. If these documents are unavailable, attach any documents which state the original intention of the outsourcing or privatization initiative that will detail its goals, objectives, and expected outcomes. Such documents may include (a) original legislative budget requests, (b) original budget amendments, (c) legislative presentations, or (d) agency planning documents.

The Florida Legislature authorized the construction and operation of privately operated institutions in 1989. The privatization purpose was to reduce the costs associated with the state's rising inmate population and to identify innovative and effective approaches to corrections. In 1993, the Florida Legislature created the Correctional Privatization Commission for the purpose of entering into contracts for the construction and operation of private correctional facilities. In July 2004, the Correctional Privatization Commission was transferred to the Department of Management Services for contractual oversight of five private correctional facilities. The Correctional Privatization Commission was abolished in July 2005. Since the transfer of the private correctional facilities to the Department of Management Services (DMS), the following procurements have been completed:

- 1) An ITN was issued in 2005 for the design-build and operations and management of a new facility in Graceville, Florida. Contracts for both were executed in February 2006. The new facility became operational in September 2007;
- 2) An ITN was issued and a contract was executed in 2005 for a project manager to oversee the design and construction of the new facility in Graceville, Florida.
- 3) ITNs were issued in 2005 for the expansion of three facilities (Bay, Gadsden, and Moore Haven), with both the design-build and operations and management contracts executed in February 2006. The expansions were completed in July 2007;
- 4) An ITN was issued and a contract was executed in 2005 for a project manager to oversee the design and construction of the expansion of Bay, Gadsden, and Moore Correctional Facilities.
- 5) An ITN was issued and a contract was executed in 2006 for a study to be completed which would compare the costs to operate a private correctional facility against the costs to operate a similar state operated facility. The final report was submitted on October 26, 2006; and
- 6) ITNs were issued in 2005 for the re-bid of two operations and management contracts at Lake City and South Bay Correctional Facilities. The contracts were executed in June 2006, for a three-year period beginning July 1, 2006 – June 30, 2009.
- 7) ITNs were issued in November 2006 for the re-bid of the operations and management contracts for the Bay, Gadsden, and Moore Haven Correctional facilities. The contracts were executed July 10, 2007 for a three (3) year term.
- 8) An ITN for the expansion of the Graceville Correctional Facility was issued in August 2007 for a 384-bed expansion. The design-build contract was issued in October 2007. The expansion beds are scheduled to come on-line in March 2009.
- 9) ITNs for design-build and the project management of Work Release Center Facilities and Work

Camp Facilities were issued in the fall of 2007. The ITNs did not result in contract awards; therefore, the beds will revert to the Department of Corrections.

2. Have the anticipated cost savings and benefits of the initiative realized? Explain.

Chapter 957.07, Florida Statute, requires the contract or series of contracts for a facility result in a cost savings of 7-percent over the public provision of a similar facility. However, due to difference in educational and substance abuse programs offered and the size of private facilities compared to public facilities, the actual cost savings varies. In 2001, the Legislature created the Prison Per Diem Workgroup to develop consensus per diem rates to determine the level of funding provided to privately operated prisons, which must reflect at least a 7-percent saving when compared to the Department of Corrections.

3. Provide a narrative description of the type of procurement method used to outsource or privatize the service or activity.

Attach a copy of any solicitation documents, requests for quote, or similar document issued by the agency for this procurement.

An Invitation to Negotiate (ITN) was issued in 2005 for the design-build and operations and management of a new facility in Graceville, Florida; contracts for both were executed in February 2006. The facility became operational in September 2007. In the 2007 session, a 384-bed expansion project was authorized by the Legislature at the Graceville Correctional Facility. The 384-beds are scheduled to come on-line in March 2009.

4. Section 287.057(14), Florida Statutes, allows contracts for commodities and contractual services to be renewed for a period that may not exceed 3 years or the term of the original contract, whichever period is longer. Such renewals are contingent upon satisfactory performance evaluations by the agency and subject to the availability of funds.

For the outsourced or privatized service or activity, identify the number of times the contract has been renewed and specify the renewal period of each. Attach a copy of the documentation verifying the contractor's satisfactory performance compliance required prior to each renewal.

The Graceville Correctional Facility is currently in the initial three (3) year term authorized by Florida Statute 957. The contract term is September 2007 – June 30, 2010.

5. For the outsourced or privatized service or activity, has the contractor satisfactorily complied with all service level requirements? Provide a narrative summary describing service level requirements compliance or noncompliance.

Chapter 957.04 requires the vendor providing operations must seek, obtain and maintain accreditation by the American Correctional Association (ACA) for each facility. The Graceville Correctional Facility is scheduled to achieve ACA accreditation in November and December 2008. The facility has had no inmate escapes ensuring public safety. The vendor continues to implement innovative programs at the facilities to aid inmate transition into society after release.

6. Describe any unexpected benefits from outsourcing or privatization of the service or activity.

<p>The Graceville Correctional Facility has been able to maintain educational and substance abuse programs, whereas the Department of Corrections has had to cut programs offered to inmates in the public facilities. The programs are beneficial in ensuring inmates have a GED, training for job placement and an understanding that substance abuse must be managed to prevent recidivism once released from custody.</p>
<p>7. Describe any unexpected problems or issues with the outsourcing or privatization of the service or activity.</p>
<p>During the initial opening, a classification supervisor was absent pending appointment by the Department of Corrections. The absence of the classification supervisor made some inmate classification activities very difficult or impossible. The facility began accepting inmates on September 25, 2007 and a classification counselor was appointed on October 25, 2007.</p>
<p>8. Briefly describe your agency's overall level of satisfaction with the results of outsourcing or privatization of the service or activity.</p>
<p>Privatization of correctional facilities has resulted in innovative programs in the facilities which benefit the inmate population. The educational and substance abuse classes will enable the inmates, upon release, to find gainful employment and make life choices that will prevent re-offending and the return to prison. Competitively bidding operations and management contracts have resulted in cost savings to the state.</p>
<p>9. What lessons learned should be shared with other agencies considering the outsourcing or privatization of a similar service or activity?</p>
<p>Implementation of policy and procedures to ensure that guidelines are established would be beneficial for both the state and vendor. Appointing commission members that are not paid employees of the state and volunteer their time to make decisions on contractual issues that impact the state was not effective. The appropriation for the administration of the contracts is within the Department of Management Services budget and the appropriations for the operation of the facilities within the Department of Corrections budget results in a division of the responsibility.</p>

Office of Policy and Budget – July, 2008

SCHEDULE XIIB-2: MAJOR OUTSOURCING AND PRIVATIZATION INITIATIVES UNDERTAKEN IN THE LAST FIVE YEARS - COST AND DELIVERABLES DATA

Section I: Cost Data

Graceville Correctional Facility

Fiscal Year	Planned Costs	Actual/Revised Costs	Planned Savings	Actual/Revised Savings
FY 2007 - 2008	\$17,616,420	\$16,117,709	\$	\$
FY 2008 - 2009	\$21,221,100	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$

Variance	Reasons			
Cost				
Savings				

Section II: Deliverables and Milestones Schedule

For each outsourced or privatized service or activity, complete the deliverables and milestones schedule below:

Deliverables and Milestones	Original	Actual Date/ Revised Date
Daily operations of 1,500 bed adult male correctional facility housing medium and close custody inmates		

Variance	Reasons			
Schedule				

This Design Build Agreement (hereinafter referred to as "Agreement") is made and entered this 16th day of February, 2006, by and between The GEO GROUP, INC., located at One Park Place, Suite 700, 621 Northwest 53rd Street, Boca Raton, Florida 33487, (hereinafter referred to as "GEO"), and the STATE OF FLORIDA, DEPARTMENT OF MANAGEMENT SERVICES, located at 4050 Esplanade Way, Tallahassee, Florida 32399-0950 (hereinafter referred to as "DMS").

WITNESSETH:

WHEREAS, DMS through the Florida Correctional Finance Corporation ("FCFC"), intends to issue Certificates of Participation to finance the acquisition, design, and construction of a 1500-bed Medium/Close Custody Adult Male prison facility in Graceville, Florida (hereinafter referred to as the "Project");

WHEREAS, DMS will enter into a Ground Lease Agreement with FCFC for certain real property located in Jackson County, Florida, on which DMS desires to construct the Project on behalf of FCFC;

WHEREAS, FCFC, as "lessor," and DMS, as "lessee," will enter into Schedule No. 2006A pursuant to the Master Lease Agreement with Option To Purchase, dated as of November 1, 2001 (collectively, the "Series 2006A Lease Purchase Agreement"), pursuant to which DMS will lease purchase the Facility from FCFC;

WHEREAS, GEO has agreed to design and construct the Project;

WHEREAS, FCFC, as a third party beneficiary of this Agreement, consents to, approves and acknowledges this Agreement by its execution hereof;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, and subject to the conditions herein set forth, the parties do hereby covenant, agree, and bind themselves as follows:

ARTICLE I
DEFINITIONS

For the purposes hereof, the following terms shall have the meanings stated in this Article I, except as otherwise expressly provided or unless the context otherwise requires:

ACA Standards means the Standards for Adult Correctional Institutions (Fourth Edition, January 2003, as the same may be modified, amended, or supplemented in the future) published by the American Correctional Association.

Application for Payment means the form to be submitted by GEO as described in Article 7.02.

Architect/Engineer or A/E means the design professional hired by GEO or its subcontractor to design the Facility.

Authorized Representative means any Person(s) at the time designated as such in writing by any party hereto and furnished to the other party which designation authorizes the designee(s) to act for and bind the designating party with respect to matters covered hereby. In the case of GEO, its initial authorized representative is its President. In the case of DMS, its initial authorized representative(s) is its Secretary. In the case of FCFC, its Authorized Officer is its President. At any time, GEO or DMS may designate

This Design Build Agreement (hereinafter referred to as "Agreement") is made and entered this ____ day of _____, 2006, by and between The GEO GROUP, INC., located at One Park Place, Suite 700, 621 Northwest 53rd Street, Boca Raton, Florida 33487, (hereinafter referred to as "GEO"), and the STATE OF FLORIDA, DEPARTMENT OF MANAGEMENT SERVICES, located at 4050 Esplanade Way, Tallahassee, Florida 32399-0950 (hereinafter referred to as "DMS").

WITNESSETH:

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WHEREAS, FCFC, as a third party beneficiary of this Agreement, consents to, approves and acknowledges this Agreement by its execution hereof;

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any other Person as its Authorized Representative by delivering to the other party a written designation by the designating party's Authorized Representative. Such designation shall remain effective until a new designation is filed with or actual notice is given to the other party that such designation has been revoked.

Certificate for Payment means the form to be submitted by A/E to TRUSTEE, as described in Article 7.02.

Change means any addition to, deletion from, or modification of the Project or the Services that are made in accordance with the provisions of Article VIII hereof made by Change Order or Construction Change Directive.

Claim means a written demand submitted to DMS by GEO in compliance with Article 8.08 seeking additional monetary compensation, time, or other adjustments to the Agreement, when DMS disputes the entitlement or impact of such written demand.

Contract Documents means this Agreement, the Plans, Specifications and Related Construction Documents, together with the Invitation to Negotiate, GEO's response thereto (as may have been modified by agreement of the parties), all of which documents are incorporated by reference as if fully set forth herein. Among the Contract Documents, the following order of authority shall apply: this Agreement; the Plans, Specifications and Related Construction Documents; Invitation to Negotiate; and GEO's response thereto.

Construction Fund or Project Fund means the fund containing the financing proceeds held by the TRUSTEE pursuant to the Indenture for the purpose of funding the development of the Project.

Construction Schedule means the schedule of performance measures and benchmarks or milestones for construction of the Project, referenced in Article VI and set forth in Exhibit A attached hereto.

Contract Price means the Firm Fixed Price as adjusted pursuant to Article 7.1.

DMS means the State of Florida, Department of Management Services.

Effective Date means the date specified as such in Article 2.01.

Event of Default means any of the events or circumstances described in Article 12.01 with respect to GEO or Article 12.03 with respect to DMS.

Facility means the Graceville Correctional Facility, the prison to be constructed as part of the Project.

FCFC means the Florida Correctional Finance Corporation.

Final Acceptance/Completion means the date as of which the Project is accepted in accordance with Article 9.04.

Firm Fixed Price means the price to be paid by DMS to GEO, as set forth in Article 7.01, for the Project based on the Contract Documents, which shall include, but is not limited to:

- (a) The cost of the construction of all buildings and structures to be used in the Project;
- (b) The cost of site preparation, including the cost of demolishing or removing any buildings or

structures, the removal of which is necessary or incident to completing the Project;

(c) The cost of architectural, engineering, legal, accounting and related services including the cost of preparation of plans, specifications, studies, surveys, inspection, estimates of cost and/or revenue;

(d) The costs incurred in connection with carrying out any inspections required or made pursuant to statute, rule, or agreement of the parties; and

(e) The cost of all machinery, equipment, furnishings, and facilities necessary or incident to equipping the Project so that it may be placed in operation.

Force Majeure means the failure to perform any of the terms and conditions of this Agreement resulting from acts of God (i.e., hurricane, tornado, earthquake, fire) casualty, riot, terrorism, war or national emergency.

Furnishings and Equipment means the items listed in Exhibit C to be provided by GEO.

Indenture means that certain Master Trust Indenture, dated as of November 1, 2001, between FCFC and the TRUSTEE, and accepted by DMS, as supplemented by the Series 2006 Supplemental Trust Indenture, dated as of March 1, 2006.

ITN means the Invitation to Negotiate issued by DMS on December 9, 2004, for the construction and operation of the Project.

Minimum Standards means all local, state and federal regulations, codes, laws, requirements, or ACA Standards and court orders applicable to the Project.

Payments means the installments of the Contract Price agreed to be paid to GEO, in accordance with the Schedule of Values required in Article VII.

Person means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof.

Plans and Specifications means the surveys, plans and specifications prepared for the Project having been accepted in writing by DMS, and which are made a part hereof by reference and included in the Contract Documents.

Program Manager means an individual or firm hired and compensated by DMS to provide independent Project oversight for DMS as its representative as required by Article 4.02.

Project means the acquisition, design, and construction of a 1500-bed Medium/Close Custody Adult Male prison facility in Graceville, Florida, to be constructed by GEO, in accordance with the Contract Documents.

Project Fund or Construction Fund means the fund created by the Indenture to be used to pay the costs of construction for the Project.

Punch List Items means a list of items of work to be completed and deficiencies to be corrected, which items shall not affect the attainment of Substantial Completion. Such items must be complete before Final Acceptance can take place.

Related Documents means the Master Trust Indenture as supplemented by the Series 2006A Supplemental Trust Indenture, the Master Lease Agreement with Option to Purchase, and Schedule No. 2006A, the Ground Lease Agreement and Collateral Assignment of Ground Lease Agreement and the Assignment of Leases.

Schedule of Values means the schedule of values to be used as a basis for progress payments to be made to GEO in accordance with Section 6.02 of the Indenture during performance of Services, based on the then current percentage-of-progress of construction of the Project, and the value assigned to the different components of construction of the Project, as set forth in Exhibit B attached hereto.

Scheduled Completion Date means the date on or before expiration of the time period specified in Article 6.02, and is the date by which the Project must achieve Final Acceptance by DMS and begin acceptance of inmates.

Services means all architectural and engineering design services, procurement services and actual construction of the Project, including all labor, materials and facilities, and all other things that are required to allow for and complete construction of the Project.

State means the State of Florida.

Substantial Completion means substantial completion of the Project as described in Article 9.02.

Term means the duration of the Agreement as specified in Article 2.01.

TRUSTEE means Wachovia Bank, National Association, under the Indenture.

Work means all labor, materials, equipment, and incidentals required to complete the Project in accordance with this Agreement.

ARTICLE II **TERM AND SCOPE**

2.01 Effective Date and Term. This Agreement shall become effective upon its execution and delivery by the parties (the "Effective Date"), and shall continue in full force and effect as to the Project until expiration of the warranty and guaranty period provided for in Article 10.01 and any applicable statutes of limitations provided by law (the "Term"), unless terminated prior thereto in accordance with the provisions hereof.

2.02 Independent Contractor. For all purposes hereunder, GEO is an independent contractor and shall not be deemed an "employee" of DMS. Neither GEO nor any of its subcontractors, nor any of their employees employed at the Project shall be deemed to be agents, representatives, employees, or servants of DMS in performance hereunder.

2.03 Subcontractors. GEO may subcontract any portion of the Services to be performed hereunder, but shall not thereby be relieved of any of its obligations set forth herein. At least ten (10) calendar days before the execution of any subcontract by GEO, DMS shall receive from GEO the name of any subcontractor(s) with whom GEO intends to enter into a subcontract, except that it is acknowledged and agreed by DMS that GEO intends to subcontract with the design-build contractor identified in GEO's response to the ITN to serve as GEO's design-build subcontractor. GEO shall also provide within five (5)

days of request by DMS or the Program Manager a copy of any subcontracts GEO's design-build subcontractor enters into, and within ten (10) days provide any subcontracts of such subcontractors of GEO's design-build subcontractor. DMS may furnish GEO with any comments with respect to any such subcontractors and may disapprove of any subcontractors within said ten (10) day period, which disapproval shall be binding on GEO. Such disapproval must not be unreasonable. GEO shall require that each subcontractor perform its work in conformance with the Contract Documents. GEO and its subcontractors may not change subcontractors without the prior written approval of DMS, which shall not be unreasonably withheld.

ARTICLE III **REPRESENTATIONS**

3.01 Representations of GEO. GEO makes the following representations as the basis for undertakings hereunder:

- (a) GEO is a corporation duly created and existing, and is qualified to do business under and pursuant to the laws of the State;
- (b) GEO has due power and authority to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder;
- (c) GEO has duly authorized the execution and delivery hereof and, assuming due execution and delivery by GEO, this Agreement constitutes a legal, valid, and binding agreement of GEO, enforceable against GEO in accordance with its terms;
- (d) The Services performed by GEO hereunder, including, without limitation, the Plans and Specifications, shall conform to all applicable ACA Standards, applicable codes and standards, including, but not limited to, Florida Building Code, Florida Mechanical Code, Florida Plumbing Code, Florida Electrical Code, National Fire Protection Association Electric Code 70, National Fire Protection Association Life Safety Code 101, and applicable local, state and federal laws, including, but not limited to, the laws concerning labor, equal employment, safety, minimum wages, and prison operations. It is acknowledged that the size of the double-occupancy Project cells is to conform to applicable ACA Standards.
- (e) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions hereof, conflicts with or results in a breach of the terms, conditions, or provisions of any restriction or any agreement or instrument to which GEO is now a party or by which it is bound, or constitutes a default under any of the foregoing.
- (f) The Contract Price established in Article 7.01 is sufficient to construct and equip the Project in accordance with the Contract Documents.
- (g) The agreements between GEO and the persons or entities identified in this Agreement, and any subsequent modifications, shall be in writing. These agreements, including financial arrangements with respect to this Project, shall be promptly and fully disclosed to DMS upon request.
- (h) GEO shall be responsible to DMS, and further hold harmless and/or indemnify DMS, for acts and omissions of GEO's employees, subcontractors and their agents and employees, and other

persons, including the A/E and other design professionals, performing any portion of GEO's obligations under this Agreement.

- (i) GEO shall comply with and give notices required by all laws, ordinances, rules, regulations and lawful orders of public authorities relating to the Project.
- (j) GEO shall pay royalties and license fees for patented designs, processes or products. GEO shall defend suits or claims for infringement of patent rights and shall indemnify and hold DMS harmless from loss on account thereof, but shall not be responsible for such defense or loss when a particular design, process or product of a particular manufacturer is required by DMS.
- (k) GEO shall keep the premises and surrounding area free from accumulation of waste materials or rubbish caused by operations under this Agreement. At the completion of the Work, GEO shall remove from the site waste materials, rubbish, GEO's tools, construction equipment, machinery, and surplus materials.

3.02 Representations of DMS. DMS makes the following representations as the basis for its undertakings hereunder:

- (a) DMS is authorized by proviso under line item number 667 of the 2004-2005 Conference Report on House Bill 1835 and line item number 676 of the 2005-2006 Conference Report on Senate Bill 2600 to enter into this Agreement;
- (b) DMS has duly authorized the execution and delivery hereof and, assuming due execution and delivery by DMS, the Agreement constitutes a legal, valid, and binding agreement of DMS as of its Effective Date, enforceable against DMS in accordance with its terms;
- (c) DMS is not in violation of any provision of any law that is in any manner material to its ability to perform its obligations hereunder; and
- (d) Neither the execution and delivery of this Agreement, the consummation of the transaction contemplated hereby, nor the fulfillment of or compliance with the terms and conditions hereof, conflicts with or results in a breach of the terms, conditions, or provisions of any restriction or any agreement or instrument to which DMS is now a party or by which it is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge, or encumbrance whatsoever upon the Project, except as provided in the Related Documents.

ARTICLE IV **SERVICES**

4.01 Architectural/Engineering (A/E). GEO shall perform, or cause to be performed by State-registered and -qualified architects and engineers all necessary professional, architectural and engineering services to design, prepare and detail the Plans and Specifications for the Project. The A/E will perform the following architecture/engineering services:

- (a) Design the Project so as to comply with Minimum Standards and all Contract Documents;
- (b) Administer the construction of the Project as described in the Contract Documents during construction and until Final Acceptance by DMS;

(c) Visit the Project site at intervals appropriate to the then current stage of construction in order to become generally familiar with the progress and quality of the completed construction work and to determine in general if the construction work is being performed in accordance with the Contract Documents;

(d) Review and approve or take other appropriate action upon submittals such as shop drawings, product data and samples, but only for the purpose of checking for conformance with information given and the design concept expressed in the Contract Documents, which reviews shall not be for the purpose of determining accuracy or completeness of any details such as dimensions and quantities, or for substantiating instructions for installation or performance of equipment or systems;

(e) Review GEO's Applications for Payments, and based on its observations and evaluations thereof, certify the amounts due GEO in accordance with the Schedule of Values, and issue Certificates for Payment in such amounts, all as set forth in Article VII; and

(f) Receive and review all written warranties and related documents required to be assembled by GEO upon Final Completion, and issue a final Certificate for Payment upon GEO's compliance with the requirements of the Contract Documents, all as set forth in Article VII;

(g) The A/E will not have control over or charge of, and is not responsible for, construction means, methods, techniques, sequences or procedures or for safety precautions and programs in connection with the Services. Interpretations and decisions of the A/E will be consistent with the intent of and reasonably inferable from the Contract Documents and will be in writing or in the form of drawings.

4.02 Program Manager. The Program Manager is the on-site Authorized Representative of DMS during construction of the Project. The Program Manager is not an employee, agent, partner or business associate of GEO. Such person shall file with DMS, prior to undertaking any of the following duties, a certificate of his independence from GEO. The Program Manager has the authority to act on behalf of DMS to the extent provided in the Contract Documents. The scope of authority and responsibility of the Program Manager shall include:

(a) Advising and consulting DMS on matters pertaining to the Project;

(b) Conducting general oversight of GEO regarding compliance with its responsibilities under this Agreement;

(c) Reviewing, but not approving, all proposed Changes to the Project;

(d) Monitoring progress and quality of construction work for its compliance with Contract Documents and, when deemed necessary or advisable, conducting additional inspection or testing of the construction work.

(e) Validating amounts owing to GEO based on observations at the site and evaluations of GEO's Applications for Payment;

(f) Preparing Change Orders and Construction Change Directives initiated by DMS;

(g) Providing inspections to determine progress, in conjunction with the A/E, of the dates of Substantial Completion and Final Completion;

(h) Rejecting construction work that does not conform to the Contract Documents and, when deemed

necessary or advisable, requiring additional inspection or testing of the construction work;

- (i) Reviewing written warranties and other documents required to be assembled by GEO, and recommending approval or denial to DMS; and
- (j) Interpreting and deciding matters concerning performance under, and requirements of, the Contract Documents upon written request of either GEO or DMS, which interpretation and decision shall be made with reasonable promptness and within any time limits agreed upon; provided, however, that if there is no agreement concerning any such time limits, then the Program Manager shall furnish such interpretations within five (5) days after receipt of a written request therefore if reasonably possible, and if more time is necessary, then as soon as is reasonable. Interpretations or determinations of the intent of the plans and specifications created by the A/E shall be issued only after consultation with the A/E.
- (k) Performing any other services requested by DMS, upon proper notice to GEO

The authority of the Program Manager to provide inspections to determine progress, and all other services, are specifically for the benefit of DMS, and in no way is to be interpreted as replacing the duties of the A/E as set forth in this Agreement. The Program Manager will be paid for by DMS from funds held in the Project Fund.

4.03 Construction. GEO shall perform, or cause to be performed, the following construction services:

- (a) Provide for permitting for construction of the Project;
- (b) Provide for all construction supervision, inspection, labor, materials (unless otherwise specified all materials to be incorporated into the Project shall be new), tools, construction equipment and subcontracted items necessary for the construction and equipping of the Project, in accordance with the Contract Documents, including handling and warehousing of materials, supplies and equipment;
- (c) Maintain or cause to be maintained an adequate inspection system and perform or cause to be performed such inspections and testing as will ensure that construction of the Project is performed in accordance with the requirements of the Contract Documents, recording all such inspections so performed and providing a copy thereof to A/E and the Program Manager, which DMS may review at its discretion from time to time;
- (d) Construction of the Project in accordance with the Contract Documents and Minimum Standards.

4.04 Machinery, Equipment and Furnishings. GEO shall procure, or cause to be procured, for the Project all machinery, equipment and other furnishings and fixtures considered capital assets that are incident and related to the operation, maintenance, and administration of the Facility, and which are identified as being a part of the Project in GEO's response to the ITN or are required to be provided by the ITN. Such machinery, equipment and furnishings shall be included in the Construction Costs of the Project and delivered prior to Final Acceptance of the Project. To the extent a brand, type, model number and quantity for any such capital asset was specified in GEO's response to the ITN submitted to DMS, the designation in GEO's response to the ITN shall control unless a change is approved by DMS. On or before Final Acceptance, GEO and DMS or their Authorized Representatives shall jointly prepare a property inventory listing each item and noting the condition of each such item of machinery and equipment for the Facility as provided by GEO. Unless otherwise specified herein, all furniture, fixtures and equipment incorporated into the Project shall be new. The furniture, fixtures, and equipment as indicated on Exhibit C will be provided by GEO, and shall be identified by location and include the

quantity, description, unit cost, net cost, freight, gross cost, and depreciation and term. A list of the machinery, equipment and furnishings to be provided by GEO is attached hereto as Exhibit C.

4.05 Commencement of Services. GEO shall commence performance of Services hereunder when the following conditions precedents have occurred:

- (a) All necessary permits and approvals, including modifications thereof that are preconditions to commencement of construction of the Project have been issued;
- (b) GEO has furnished or caused to be furnished the certificates of insurance evidencing that GEO has obtained or caused to be obtained the insurance required in Article XI and the ITN, as to the Project, which certificates shall contain a provision that coverage afforded under the policies will not be canceled or changed until at least 30 days prior written notice has been given to GEO and DMS;
- (c) GEO has furnished or caused to be furnished the Payment and Performance Bonds as required by Article 11.08; and
- (d) Notice To Proceed has been issued.

The parties agree that GEO may begin some work before all of these conditions are met, at GEO's risk, if deemed necessary by GEO to meet the Final Completion Date set forth in Article 6.02 herein.

ARTICLE V

INFORMATION AND ITEMS TO BE FURNISHED BY DMS

5.01 Information. DMS shall provide the A/E and GEO with all technical information related to court orders, regulations and policy changes, of which DMS is or may become aware, that have been or may be issued regarding the Project or are pertinent thereto, and such requirement shall be ongoing during the term hereof; provided, however, that DMS shall not have any liability nor responsibility whatever with respect to information provided to GEO regarding the design of the Project or the Plans and Specifications. The failure of DMS to provide the above information shall not relieve GEO of its duty to construct the Project in conformance with the Minimum Standards.

5.02 Titles and Permits. DMS shall cooperate in a reasonable and timely manner with GEO, if necessary, for GEO to secure, at GEO's expense, permits, environmental permits, and licenses necessary for the engineering, procurement, construction and completion of the Project, including licenses required to permit GEO to do business in the jurisdictions where Services are to be performed, and local building permits and licenses that are required for actual construction of the Project; any failure by DMS to cooperate in accordance with the foregoing may result only in adjustment to the Construction Schedule and not an adjustment to the Contract Price.

5.03 State Sales Tax. The parties hereto agree that the Project, as constructed in accordance with this Agreement, will be subject to state and local sales taxes. The Contract Price of the Services as provided in Article 7.01 hereof includes the cost of such taxes and such costs will be paid by GEO from said amount, it being expressly understood that DMS shall have no liability with respect to the payment of such taxes. Notwithstanding the foregoing, at DMS' sole option and election, any item of personal property or materials to be included in the Project may be purchased by DMS directly and delivered to the construction site. In the event DMS elects to so purchase any such property directly, upon the inclusion of such property into the Project, it will become part of the Project subject to the Series 2006 Lease Purchase Agreement, and the Firm Fixed Price will be adjusted to reflect the savings obtained by DMS'

purchase of such property.

ARTICLE VI
CONSTRUCTION COMMENCEMENT AND MONITORING

6.01 Construction Commencement. Actual physical commencement of construction shall not occur until GEO has delivered to DMS the following:

- (a) Presentation of 50% construction drawings and Project specifications related to the discipline(s) scheduled for construction which show, to the satisfaction of DMS, that the Project as designed conforms to GEO's response to the ITN (including any change orders thereto), including the Firm Fixed Price for the Work and the intended scope of Work;
- (b) The insurance and bonds required by Article XI;
- (c) Within seven (7) days after the date of DMS' issuance of a Notice to Proceed, GEO shall prepare and submit to the Program Manager a Construction Schedule in quadruplicate graphically depicting the activities contemplated to occur as a necessary incident to performance of the work required to complete the Project, showing the sequence in which GEO proposes for each such activity to occur and the duration (dates of commencement and completion, respectively) of each such activity. The schedule format shall be "Primavera" or "Sure Track" which will be acceptable to DMS if used by GEO; provided, however, that the A/E and the Program Manager shall determine whether the Construction Schedule developed and submitted by GEO meets the requirements stated above and such determination shall be binding on GEO; and
- (d) Following development and submittal of the Construction Schedule as aforesaid, GEO shall include with each monthly application for payment during the entirety of the construction phase of the work and more frequently when the circumstances may require, an updated and/or revised construction schedule to show the progress and status of the work performed and the occurrence of all events which have affected the progress of performance of the work already performed or will affect the progress of the performance of the work yet to be performed in contrast with the planned progress of performance of such work, as depicted on the original Construction Schedule and all updates and/or revisions thereto as reflected in the updated and/or revised Construction Schedule last submitted prior to submittal of each such monthly update and revision. Each such update and/or revision to the Construction Schedule shall be submitted to the A/E and Program Manager in duplicate. Failure of GEO to update, revise, and submit the Construction Schedule as aforesaid shall be sufficient grounds to withhold payment to GEO until a schedule or schedule update acceptable to the A/E is submitted and will be considered grounds for default hereunder. Notwithstanding anything above to the contrary, any schedule submitted by GEO shall be a Critical Path Method (CPM) schedule.
- (e) An updated Schedule of Values, in the form attached hereto as Exhibit B, and an updated Application and Certification for Payment with Continuation Sheets, in the form attached hereto as Exhibit D.

6.02 Completion Dates. GEO shall perform services to achieve Final Completion of the Project and begin accepting inmates into the Facility on or before September 25, 2007. Notwithstanding delays caused by the provisions of Article 4.05, the date for Final Completion in Article 6.02 shall not be extended; provided, however, that should a Force Majeure event as defined in this Agreement take place prior to the Completion Date, GEO shall have the right to petition DMS to seek an extension of the Completion Date.

ARTICLE VII
COMPENSATION

7.01 Contract Price. In consideration of the performance and subject to the conditions of the Agreement, GEO shall be paid solely from the Project Fund for its services the following, together constituting the Contract Price:

(a) Firm Fixed Price. A Firm Fixed Price, in the amount of \$67,875,000, shall be paid to GEO in accordance with the Schedule of Values set forth in Exhibit B, and the further provisions of Article VII.

(b) Contingency Reserve. The parties acknowledge and agree that construction conditions since the submission of GEO's proposal in July 2005 have been significantly impacted by, *inter alia*, the effects of Hurricanes Katrina and Wilma on the costs of construction material and labor in the state of Florida, and that a contingency fund of \$1,390,000 fairly reflects the potential impact of such post-Hurricane construction conditions on the cost of constructing the Project. The parties agree that GEO is entitled to apply for and shall be paid from the contingency fund of \$1,390,000 for the costs of any scheduled items/categories that are documented to exceed the estimated costs for such scheduled items/categories as set forth in the Schedule of Values – Exhibit B. For the purposes of this provision, a copy of any valid subcontract(s) or purchase agreement(s) accepted by GEO and containing a price for an item/category that exceeds the estimated cost for such item/category as set forth in the Schedule of Values – Exhibit B shall constitute sufficient documentation for payment from the contingency fund of the amount by which the item/category in the subcontract/purchase agreement exceeds the amount for the respective item/category in the Schedule of Values – Exhibit B. The total of the documented increases may not exceed \$1,390,000. A change order will be written and approved for the amount by which the item/category in the subcontract/purchase agreement exceeds the amount for the respective item/category in the Schedule of Values – Exhibit B within ten (10) working days of submission of such documentation by GEO to DMS or its authorized representative. It is specifically understood and agreed that no reduction of or adjustment to the Contract Price is to be made where the actual costs of any items/categories are documented or determined to be less than the estimated costs for such scheduled items/categories as set forth in Exhibit B. The application for and approval of payments from the contingency fund of \$1,390,000 shall be made in the same manner and subject to the same conditions as the application for and approval of payments from the Project Fund as set forth in Article 7.02, below.

7.02 Payments.

(a) A progress payment disbursement from the Project Fund, subject to the procedures set forth herein and in the Indenture which pertain to approval of Construction Fund disbursements, shall be made to GEO each month in the amount of ninety percent (90%) of the portion of the Contract Price properly allocable to labor, materials and equipment incorporated into the work and ninety percent (90%) of that portion of the Contract Price properly allocable to materials and equipment suitably stored at the site or at some other locations agreed upon in writing by the parties, less the aggregate of previous payments. Ten percent (10%) retainage shall be held on all payments until the Project is fifty percent (50%) complete, except, with prior approval from DMS, certain suppliers and subcontractors may be paid the entire amount due when such payment is generally the practice of the industry. In such cases, if DMS makes any payment of retainage to GEO which is attributable to the labor, services, or materials supplied by one or more of GEO's contractors, subcontractors, or suppliers, GEO shall timely remit payment of such retainage to said contractors, subcontractors, or suppliers. Unless otherwise stated herein, the term "50% completion" refers to the point at which DMS has expended 50 percent (50%) of the Contract Price of the Project together with all costs associated with existing Change Orders and other additions or modifications to the Work provided for in this Agreement. At 50% completion, DMS shall reduce the

retainage from 10% to 5%. Subject to the aforementioned retainage, disbursements from the Project Fund shall be made to GEO upon receipt by the TRUSTEE of an Application and Certification for Payment (see Exhibit 'D') executed by an authorized officer of GEO, GEO's and Contractor's Affidavit of Payment of Debts and Claims AIA Document G706, GEO's and Contractor's Affidavit of Release of Liens AIA Document G706A and concurred with by FCFC and DMS. GEO, FCFC and DMS shall comply with all requirements contained in the Indenture and Related Documents with respect to Applications and Certificates for Payment. Title to all material and work covered by Payments made shall thereupon become the sole property of the State, subject to the TRUSTEE's rights, if any; provided that (i) the work and material shall remain in the possession and control of GEO pending Final Acceptance; (ii) no such progress payment or transfer shall constitute an acceptance or begin the running of any time period within the meaning of the performance bond; (iii) the work and material shall remain covered by and insured pursuant to any insurance policy, including builders risk and/or casualty loss policy, required pursuant to this Agreement; and (iv) this provision shall not be construed as relieving GEO from the responsibility for the care and protection of such material and work or the restoration of any damaged construction work, or as a waiver of the right of DMS to require the fulfillment of all of the terms hereof. Notwithstanding any provision of this Article 7.02 (a) to the contrary, GEO shall be deemed to have a property interest in and to the material and work, prior to the Final Acceptance of the Project, to the extent, if any, as may be necessary to retain all the benefits and protections afforded to FCFC, DMS, the TRUSTEE, and GEO by the terms and provisions of any insurance policy or performance bond.

(b) There shall be a monthly progress meeting between GEO, the Program Manager, and the A/E, at which time the parties will consider and review GEO's proposed Application for Payment for that month. On the 20th day of each calendar month, GEO shall submit to the A/E and the Program Manager an itemized Application for Payment for the Project in accordance with the Schedule of Values and based on the percentage of work completed and materials delivered to the Project or stored off-site in a bonded warehouse, less the amount of prior payments. The Application for Payment to be submitted by GEO shall state:

- (1) The requisition number;
- (2) The amount to be paid;
- (3) That each obligation evidenced thereby is presently due in accordance with the Schedule of Values set forth in Exhibit B, as same may have been adjusted in accordance with the terms hereof, and has not been the basis of any previous payment;
- (4) That GEO is not on the date thereof in default of any of its representations, warranties, and covenants under the Contract Documents;
- (5) That all subcontractors and suppliers of equipment and materials, and all laborers have been paid their pro rata share of any prior Application for Payment, except for any disputed work which shall be listed as an attachment to the Application for Payment;
- (6) That GEO warrants that title to all Project work covered by the Application for Payment will have passed to the State no later than the time of payment. GEO further warrants that upon submittal of an Application for Payment all Project work for which Certificates for Payments have been previously issued and payments received from the TRUSTEE shall, to the best of GEO's knowledge, information and belief, be free and clear of liens, claims, security interests or encumbrances in favor of GEO, GEO's subcontractors, material suppliers, or other persons, or entities making a claim by reason of having provided labor, materials and equipment relating to the Project; and shall submit waivers and releases of lien from all having filed notice to owner documents; and GEO warrants that title to all construction covered by an Application for Payment will pass to the State no later than the time of payment.
- (7) Invoices from suppliers for all furnishings, equipment and fixtures which have been received by GEO and are either stored on site or stored in a facility approved by DMS.

7.03 Certificate for Payment. GEO shall forward a copy of its Application for Payment to the Program Manager and DMS. Within seven (7) days after receipt of GEO's Application for Payment, the A/E shall notify FCFC, the Program Manager, and DMS in writing of its analysis of GEO'S basis for Application for Payment and that it either intends to issue a Certificate for Payment, or that it intends to withhold certification in whole or in part. FCFC, the Program Manager, and DMS shall evidence in writing their concurrence or non-concurrence with such A/E intended action within five (5) business days after receipt of said notices. Any disputes with respect to the amount of any Application or Certificate for Payment shall be resolved in accordance with subsection (c) below. The issuance of a Certificate for Payment by the A/E and signed by GEO, the Program Manager, FCFC and DMS will constitute a representation by the A/E that based on observations at the site up to the date of the Application for Payment, the construction work has progressed to the point indicated and that, to the best of the A/E's knowledge, information and belief, the quality of the work is in accordance with the Contract Documents.

(a) Upon receipt of a Certificate for Payment and Application for Payment as provided in this Article VII, TRUSTEE shall make payment in accordance with Section 6.02 of the Indenture.

(b) Upon receipt of payment from the TRUSTEE, GEO shall promptly pay each of its subcontractors, laborers, and suppliers of equipment and materials, the amount to which each is entitled in accordance with the terms of their respective contracts.

(c) The A/E may refuse to certify payment and withhold a Certificate for Payment in whole or in part, either on its own or because of FCFC's or Program Manager's failure to concur therewith, in accordance with Article 7.03. If the A/E is unable to certify payment in the amount of the Application for Payment submitted by GEO, A/E will promptly notify GEO thereof. If GEO, DMS, the A/E, FCFC and the Program Manager cannot agree on a revised amount, the A/E will, within five (5) days of the aforesaid notification, promptly issue a Certificate for Payment as to the undisputed amount, if any, with respect to which the A/E certifies and DMS and the Program Manager concur in writing with such payment, if any. Either the A/E or the Program Manager may, because of subsequently discovered evidence or subsequent observation, revise the whole or a part of a Certificate for Payment previously issued as may be necessary because of:

- (1) Defective work not remedied;
- (2) Third party claims filed or reasonable evidence indicating probable filing of such claims;
- (3) Failure of GEO to make payments promptly for labor, materials or equipment or to its subcontractors and/or suppliers;
- (4) Reasonable evidence that the Project cannot be completed for the unpaid balance of the Contract Price;
- (5) Reasonable evidence that the Project will not be completed within the Construction Schedule; or
- (6) Persistent failure to carry out the Project work in accordance with the Contract Documents.

7.04 Source of Payment. Notwithstanding any other term of this Agreement, the parties hereto agree that the obligation to make any payment to GEO shall be satisfied solely to the extent there are amounts on deposit in the Project Fund or any other source appropriated by the State Legislature to DMS sufficient to pay the amount owed. Neither DMS nor FCFC shall be obligated to issue additional certificates of participation (as defined in the Indenture) to complete the Project or to pay any obligation due hereunder. GEO agrees to look solely to the Project Fund for payment of any and all sums of whatever kind and nature due on or to become due under this Agreement, not to exceed the Contract Price. The State's or DMS' liability to GEO for any sums due or to become due under this Agreement is expressly conditioned and contingent upon the release of such sums from the Project Fund.

ARTICLE VIII CHANGES

8.01 Changes to Project. The provisions of this Article VIII shall apply to any Change in the Project after execution of this Agreement. No Change shall be made that would cause the Project to fail to conform to applicable Minimum Standards, the standards contained in the ITN and GEO's response thereto, or any other of the Contract Documents. It is understood and agreed that no substitutions for major components of the Project specified in the Contract Documents to be used in construction of the Project shall be made by GEO without the prior written approval of DMS.

8.02 Minor Changes. GEO may order minor changes to the Project that enhance or does not detract from the reliability or quality of the Project or any component parts thereof, provided that such changes are approved by DMS and are not inconsistent with the intent of the Contract Documents, do not substantially alter the design or appearance of the Project or result in any adjustment to the Contract Price, Schedule of Values, or Scheduled Completion Date. Prior written notice to DMS and the Program Manager of any such proposed minor change shall be required. Such notice shall include any expected cost savings to GEO from the change.

8.03 Changes in the Work. During the course of GEO's performance of the work necessary to complete the Project, certain unanticipated events may occur which have the effect of changing the conditions under which the work is to be performed as specified and described in the Contract Documents, and/or the nature and extent of the work as specified and described in the Contract Documents. The occurrence of such events may cause GEO to incur greater or lesser cost and expense to perform the work required to complete the Project than planned to be incurred in GEO's response to the ITN, in which event GEO or DMS shall respectively be entitled to either an increase or decrease in the Contract Price, whichever is the case, to the extent such greater or lesser cost and expense results, and in which event the party entitled to the benefit of any such adjustment to the Contract Price shall present written demand on the other party within ten (10) days of first becoming aware of the Change in the Work, unless the times provided in Article 8.08(b) are shorter, in which case Article 8.08(b) shall control. It is the intent of the parties to provide prompt notice of a Change in the Work to allow the parties to negotiate a Change Order and resolve all issues of entitlement to time and money. In the event a resolution is not possible, GEO is required, in order to perfect any Claim, to strictly adhere to the notice and filing provisions of Article 8.08 and follow any Construction Change Directive.

(a) Changes in the Work may be accomplished after execution of this Agreement, without invalidating this Agreement, by Change Order, Construction Change Directive, or order for a minor change in the Work, subject to the limitations stated in the Contract Documents.

(b) A Change Order shall be based upon agreement between DMS and GEO; a Construction Change Directive may be issued by DMS without the agreement of GEO; a Change Order for a minor change in the Work or for an emergency may be issued by GEO alone, after proper notice to DMS and approval by DMS, if it does not impact the cost of the Project and otherwise meets the conditions of Article 8.02.

(c) Changes in the Work shall be performed under applicable provisions of the Contract Documents, and GEO shall proceed promptly, unless otherwise provided in the Change Order, Construction Change Directive, or order for a minor change in the Work. A Construction Change Directive is a written order prepared and signed by DMS, directing a change in the Work prior to agreement on adjustment, if any, in the Contract Price or Contract Time, or both.

(d) A Change Order is a written instrument in the form incorporated in Exhibit E and signed by DMS and GEO, stating their agreement upon all of the following:

- (1) A change in the Work;
- (2) The amount of the adjustment, if any, in the Contract Price;
- (3) The extent of the adjustment, if any, in the Contract Time; and
- (4) A full release from GEO to any other adjustments to Contract Price or Contract Time.

(e) If DMS requests a proposal for a change in the Work from GEO and subsequently elects not to proceed with the change, a Change Order shall be issued to reimburse GEO for any costs incurred for estimating services, design services or preparation of proposed revisions to the Contract Documents.

(f) Except as otherwise agreed by DMS and GEO, the adjustment to the Contract Price shall be determined on the basis of reasonable expenditures and savings of those performing the Work attributable to the change, including the expenditures for design services and revisions to the Contract Documents. In case of an increase or decrease in the Contract Price, the cost shall include a reasonable allowance for overhead and profit as determined in Article 8.04. In such case, GEO shall keep and present an itemized accounting together with appropriate supporting data for inclusion in a Change Order. Unless otherwise provided in the Contract Documents, costs for these purposes shall be limited to the following:

- (1) Costs of labor, including social security, fringe benefits required by agreement or custom, workers' compensation insurance, and any required unemployment insurance;
- (2) Costs of materials, supplies and equipment, including cost of transportation, whether incorporated or consumed;
- (3) Rental costs of machinery and equipment exclusive of hand tools;
- (4) Costs of premiums for all bonds and insurance permit fees, and sales, use or similar taxes;
- (5) Fees paid to the architect, engineers and other professionals.

(g) When DMS and GEO agree upon the adjustments in the Contract Price or Contract Time, such agreement shall be effective immediately and shall be recorded by preparation and execution of an appropriate Change Order.

8.04 Adjustments Resulting from Change Orders and Construction Directives. All adjustments to the Contract Price resulting from a change in the Work shall be determined by the measure of actual, or estimated, as the case may be, out-of-pocket costs and expenses incurred or spared by GEO for performing the changed Work:

(a) Labor costs shall be inclusive of all direct job site cost for estimation, laying out, mechanics' wages and laborers' wages, together with all payroll taxes, payroll assessments, and insurance premiums paid for such labor;

(b) All material costs, equipment costs and equipment rental costs shall be trade discount rates, plus State Sales Tax, where applicable;

(c) Overhead and profit shall be inclusive of all Project management, Project administration, superintendence, Project coordination, Project scheduling and other administrative support functions and services—whether performed on the job site or off the job site, and general support equipment. Overhead and profit shall be determined as follows:

- (1) Overhead and profit shall be calculated at the rate of 10% of GEO's labor, material,

equipment and equipment rental costs, incurred or spared, as measured under the preceding paragraphs for changes in the work performed by the officers, or employees of GEO;

- (2) Overhead and profit shall be calculated at the rate of 15% of the builder's labor, material, equipment and equipment rental costs, incurred or spared, as measured under the preceding paragraphs for changes in the work performed by the officers, employees or subsidiaries of the builder; and
- (3) Overhead and profit shall be calculated at the rate of 7 1/2 % of the builder's subcontractor's actual labor, material, equipment and equipment rental costs, incurred or spared, as measured under the preceding paragraphs.

(d) In addition to the foregoing, all adjustments to the Contract Price resulting from a change in the Work shall include all out-of-pocket expenses, incurred or spared, in performing the changes in the Work for:

- (1) Paying the premiums required to obtain Performance Bonds and Labor and Material Payment Bonds called for by the Contract Documents;
- (2) Paying the fee(s) required for licenses or permits called for by changes in the Work;
- (3) Paying for delivery of materials or equipment to the job site;
- (4) Paying for storage of materials or equipment before use thereof in performing changes in the Work;
- (5) Paying for testing required by the changes in the Work.

(e) In the event GEO demands an adjustment in the Contract Price, such demand shall be accompanied by paid receipts or other such written evidence satisfactory to DMS itemizing the costs and expenses incurred as a result of the event(s) constituting the changes in the Work as described herein.

8.05 Concealed Conditions. If conditions are encountered at the site which are (1) subsurface or otherwise concealed physical conditions which differ materially from those indicated in the Contract Documents, or (2) unknown physical conditions of an unusual nature which differ materially from those ordinarily found to exist and generally recognized as inherent in construction activities of the character provided for in the Contract Documents, then notice by the observing party shall be given to the other party promptly before conditions are disturbed and in no event later than seven (7) days after first observance of the conditions. The Contract Price shall be equitably adjusted for such concealed or unknown conditions by Change Order upon request by either party made within seven (7) days after the requesting party becomes aware of the conditions.

8.06 Regulatory Changes. GEO shall be compensated for changes in the construction necessitated by the enactment or revisions of codes, laws or regulations subsequent to the execution of this Agreement.

8.07 Delays.

(a) GEO's remedies for delays in the progress of the Work, or for changes in the Work, shall be limited to those provided in this Article 8.07. GEO's exclusive remedy for delays in performance of the Agreement caused by events beyond its control (or the control of its agents, employees, contractors and their subcontractors) shall be a claim for equitable adjustment in the Construction Schedule; provided, however, inasmuch as the parties expressly agree that overhead costs incurred by builder constructing the Project for delays in performing the Work cannot be determined with any degree of certainty, it is hereby agreed that in the event GEO is delayed in the progress of the Work after Commencement of Construction for causes beyond its control (or the control of its agents, employees, contractors and their subcontractors) and attributable solely to acts or omissions of DMS (other than a change of work), the builder shall be entitled to compensation for overhead costs, but not profit, determined as follows: at an amount for each day of delay calculated by dividing 5% of the original Contract Price by the number of calendar days of

the original Construction Schedule. However, no reimbursement will occur for delays that do not exceed cumulatively twenty (20) work days. Furthermore, any delays caused by a change in Work requested by DMS shall be compensated solely pursuant to Article 8.03 as a percentage of reasonable costs provided therein (along with an equitable adjustment in Construction Schedule pursuant to this Article 8.07). Finally, additional time and money will be granted pursuant to this Article 8.07 only for delays to controlling items of Work.

(b) The forgoing remedies for delays and changes in the Work are to the exclusion of, and thus eliminate, the total cost concept (that is, computing the builder's additional costs for changes in Work or the costs of a delay in the progress of the Work by comparing the builder's total actual costs with its original estimate, see McDevitt & Street Co. v. Department of Management Servs., 377 So.2d 191 (Fla. 1st DCA 1979)) as method of determining GEO's costs associated with a change in the Work or with delay in the progress of the Work.

(c) No provision of this Agreement shall be construed as a waiver of sovereign immunity by DMS.

8.08 Claim by GEO.

(a) When GEO deems that extra compensation or a time extension is due beyond that agreed to by DMS, whether due to delay, additional work, altered work, differing site conditions, breach of contract, or for any other cause, GEO shall follow the procedures set forth herein for preservation, presentation, and resolution of the Claim.

(b) Where GEO deems that additional compensation or a time extension is due for work or materials not expressly provided for in the Agreement or which is by written Construction Change expressly ordered by DMS, GEO shall notify the Program Manager in writing of its intention to make a Claim for additional compensation before beginning the Work on which the Claim is based, and if seeking a time extension, GEO shall also submit a preliminary written request for time extension within seven (7) calendar days after commencement of a delay. If such notification is not given and DMS is not afforded the opportunity for keeping strict account of actual labor, material, equipment, and time, GEO waives the Claim for additional compensation or a time extension. Such notice by GEO, and the fact that the Program Manager has kept account of the labor, materials and equipment, and time, shall not in any way be construed as establishing the validity of the Claim or method for computing any compensation or time extension for such Claim. GEO shall submit full and complete Claim documentation within Sixty (60) days of Final Acceptance.

Submission of timely notice of intent to make a Claim, preliminary time extension request, time extension request, and the Claim, together with full and complete Claim documentation, are each a condition precedent to GEO bringing any circuit court, arbitration, or other formal claims resolution proceeding against DMS for the items and for the sums or time set forth in GEO's written Claim, and the failure to provide such notice of intent to make a Claim, preliminary time extension request, time extension request, Claim and full and complete Claim documentation within the time required shall constitute a full, complete, absolute, and irrevocable waiver by GEO of any right to additional compensation or a time extension for such Claim.

(c) As a condition precedent to GEO being entitled to additional compensation or a time extension under the Agreement, for any Claim, GEO shall submit a written Claim to DMS which will include for each individual Claim, at a minimum, the following information:

- (1) A detailed factual statement of the Claim providing all necessary dates, locations, and items of work affected and included in each Claim;
- (2) The date or dates on which actions resulting in the Claim occurred or conditions

resulting in the Claim become evident;

(3) Identification of all pertinent documents and the substance of any material oral communications relating to such Claim and the name of the persons making such material oral communications;

(4) Identification of the provisions of the Agreement which support the Claim and a statement of the reasons why such provisions support the Claim, or alternatively, the provisions of the Agreement which allegedly have been breached and the actions constituting such breach;

(5) A detailed compilation of the amount of additional compensation sought and a breakdown of the amount sought as follows:

(i) documented additional job site labor expenses;

(ii) documented additional cost of materials and supplies;

(iii) a list of additional equipment costs claimed, including each piece of equipment and the rental rate claimed for each;

(iv) any other additional direct costs or damages and the documents in support thereof; and

(v) any additional indirect costs of damages and all documentation in support thereof.

(6) A detailed compilation of the specific dates and the exact number of calendar days sought for a time extension, the basis for entitlement to time for each day, all documentation of the delay, and a breakdown of the number of days claimed for each identified event, circumstance or occurrence.

Further, GEO shall be prohibited from amending either the bases of entitlement or the amount of any compensation or time stated for any and all issues claimed in its written Claim submitted hereunder, and any circuit court, arbitration, or other formal claims resolution proceeding shall be limited solely to the bases of entitlement and the amount of any compensation or time stated for any and all issues claimed in GEO's written Claim submitted hereunder. This shall not, however, preclude GEO from withdrawing or reducing any of the bases of entitlement and the amount of any compensation or time stated for any and all issues claimed in GEO's written Claim submitted hereunder at any time.

(d) DMS will respond within ninety (90) calendar days of receipt of a complete Claim submitted by GEO in compliance with Article 8.08(c). Failure by DMS to respond to a Claim within ninety (90) calendar days after receipt of a complete Claim in compliance with Article 8.08(c) constitutes a denial of the Claim by DMS. If DMS finds the Claim or any part thereof to be valid, such partial or whole Claim will be allowed and paid for to the extent deemed valid and any time extension granted, if applicable, as provided in the Agreement. No circuit court or arbitration proceedings on any Claim, or a part thereof, may be filed until after Final Acceptance of all Work by DMS or denial of a timely submitted complete Claim, whichever occurs last.

(e) DMS shall have no liability for any constructive acceleration of the Work, nor shall GEO have any right to either make any Claim for constructive acceleration or include the same as an element of any Claim GEO may otherwise submit under this Agreement. If the Program Manager gives express written direction for GEO to accelerate its efforts, such written direction will set forth the prices and other pertinent information and will be reduced to a written Contract Document promptly. No payment will be made for acceleration prior to DMS' approval of the documents.

(f) When submitting any Claim, GEO shall certify under oath and in writing, in accordance with the formalities required by Florida law, that the Claim is made in good faith, that the supportive data are accurate and complete to GEO's best knowledge and belief, and that the amount of the Claim accurately reflects what GEO in good faith believes to be DMS' liability. Such certification must be made by an

officer or director of GEO with the necessary authority to bind GEO.

(g) The parties agree that for any Claim DMS will not have liability for the following items of damages or expense:

- (1) Loss of profit, incentives or bonuses;
- (2) Any claim for other than extra work or delay;
- (3) Consequential damages, including, but not limited to, loss of bonding capacity, loss of bidding opportunities, loss of credit standing, cost of financing, interest paid, loss of other work or insolvency;
- (4) Acceleration costs and expenses, except where DMS has expressly and specifically directed GEO in writing, "to accelerate at DMS' expense"; nor
- (5) Attorney fees, Claims preparation expenses and costs of litigation.

8.09 Continuing Contract Performance. Pending final resolution of a Claim, unless otherwise agreed in writing, GEO shall proceed diligently with performance and DMS shall continue to make payments in accordance with the Contract Documents.

ARTICLE IX **ACCEPTANCE**

9.01 Correction of Work.

(a) GEO shall promptly correct Work rejected by DMS or known by GEO to be defective or failing to conform to the requirements of the Contract Documents, whether observed before or after Substantial Completion and whether or not fabricated, installed or completed. GEO shall bear all costs of correcting such rejected Work; including additional testing and inspections unless such testing and inspections substantiate that the Work is acceptable.

(b) If, within one (1) year after the date of Final Completion of the Work or, after the date for commencement of warranties established in a written agreement between DMS and GEO, or by terms of an applicable special warranty required by the Contract Documents, any of the Work is found to be not in accordance with the requirements of the Contract Documents, GEO shall correct it promptly after receipt of a written notice from DMS to do so unless DMS has previously given GEO a written acceptance of such condition.

(c) Nothing contained in this Article IX shall be construed to establish a period of limitation with respect to other obligations which GEO might have under the Contract Documents or applicable law. Establishment of the time period of one (1) year as described in this Agreement relates only to the specific obligation of GEO to correct the Work, and has no relationship to the time within which the obligation to comply with the Contract Documents may be sought to be enforced, nor to the time within which proceedings may be commenced to establish GEO's liability with respect to GEO's obligations other than specifically to correct the Work.

(d) If GEO fails to correct nonconforming Work as required or fails to carry out Work in accordance with the Contract Documents, DMS, by written order signed personally or by an agent specifically so empowered by DMS in writing, may order GEO to stop the Work, or any portion thereof, until the cause for such order has been eliminated; however, DMS' right to stop the Work shall not give rise to a duty on the part of DMS to exercise the right for benefit of GEO or other persons or entities.

(e) If GEO defaults or neglects to carry out the Work in accordance with the Contract Documents and fails within seven (7) days after receipt of written notice from DMS to commence and continue correction of such default or neglect with diligence and promptness, DMS may give a second written notice to GEO and, seven (7) days following receipt by GEO of that second written notice and without prejudice to other remedies DMS may have, DMS may correct such deficiencies. In such case an appropriate Change Order shall be issued deducting from payments then or thereafter due GEO the costs of correcting such deficiencies. If the payments then or thereafter due the GEO are not sufficient to cover the amount of the deduction, GEO shall pay the difference to DMS. Such action by DMS shall be subject to dispute resolution procedures as provided in this Agreement.

9.02 Substantial Completion of Project.

(a) When GEO considers that the Project is substantially complete, GEO shall notify Program Manager that the Project is ready for a Substantial Completion Inspection. Upon receipt of GEO's notice, the Program Manager will make an inspection to determine whether the Project is substantially complete, and will compile a list of items needing completion. If such inspection discloses any item, whether or not included on the A/E's list, which is not in accordance with the requirements of the Contract Documents, GEO shall complete or correct such item. Failure to include an item on such list does not alter the responsibility of GEO to complete all work in accordance with the Contract Documents. GEO shall then submit a request for another inspection by the A/E and Program Manager to determine Substantial Completion. When the A/E and Program Manager determine that the Project is substantially complete, the A/E will prepare and GEO shall execute and deliver to the Program Manager, DMS, and the TRUSTEE a Certificate of Substantial Completion. A list of any outstanding items required for Final Acceptance of the Project (the "Punchlist Items") shall accompany the Certificate of Substantial Completion. The purpose of Substantial Completion is to allow DMS and the Project Manager to begin a detailed review and inspection of the Project in order to determine what limited work remains to achieve Final Acceptance, and to allow all necessary entities to prepare for operation of the Facility and imminent transfer of inmates. Assumption of control of the Project by DMS and transfer of inmates will not occur until after Final Acceptance, and GEO shall remain at risk and responsible for all damages, security, maintenance, and insurance of the Project until Final Acceptance.

(b) Warranties required by the Contract Documents shall commence on the date of Final Completion. The Certificate of Substantial Completion shall be submitted to the Program Manager and DMS for their written acceptance. The Certificate of Substantial Completion shall include a certificate by the A/E that the Project as constructed has been constructed in accordance with the Contract Documents and the record drawings for the Project.

9.03 Punchlist Items. Upon Substantial Completion of the Project, GEO shall remain responsible for any Punchlist Items that are required for Final Acceptance of the Project. GEO shall complete all such Punchlist Items within thirty (30) calendar days after Substantial Completion, unless the parties agree otherwise. GEO shall provide the Program Manager with all equipment manuals and a record set of drawings.

9.04 Final Completion. Upon receipt of a Completion Certificate issued by the A/E, together with an application for Final Payment, the A/E, Program Manager and/or other Authorized Representative of DMS will promptly make an inspection of the Project and, when the Project is found to be completed and in accordance with the Contract Documents, shall issue an acceptance certificate. At such time the A/E will promptly issue a final Certificate for Payment, and arrange for the issuance of a Certificate of Occupancy from the appropriate agency. Final Acceptance shall occur when the A/E's Final Certificate for Payment is approved by DMS, the A/E has issued his certification, and a Certificate of Occupancy has been issued. The A/E's final Certificate for Payment will constitute a further representation that

conditions listed in this Article 9.04 precedent to GEO's being entitled to final payment have been fulfilled.

9.05 Final Payment.

(a) Neither the final payment nor the remaining retained percentage shall become due until GEO submits to the Program Manager for transmittal to DMS (1) an affidavit that all payrolls, bills for materials and equipment, and other indebtedness connected with the Work for which the State or its property might in any way be responsible, have been paid or will be paid or otherwise satisfied within thirty (30) days after receipt of final payment, (2) a certificate evidencing that insurance required by the Contract Documents to remain in force after final payment is currently in effect and will not be canceled or allowed to expire until at least thirty (30) days' prior written notice has been given to DMS; (3) a written statement that GEO knows of no substantial reason that the insurance will not be renewable to cover the period required by the Contract Documents; consent of surety to final payment, (4) complete and legally effective, releases or waivers (satisfactory to DMS) of all liens arising out of or filed in connection with the Project, and if required by DMS, other data establishing payment or satisfaction of obligations, such as receipts, releases and waivers of liens, claims, security interests or encumbrances arising out of the Agreement, to the extent and in such form as may be designated by DMS, and (5) the Machinery, Equipment and Furnishings required by Article 4.04. If a contractor or other person or entity entitled to assert a lien against DMS property refuses to furnish a release or waiver required by DMS, GEO may furnish a bond satisfactory to DMS to indemnify DMS against such lien. If such lien remains unsatisfied after payments are made, GEO shall indemnify DMS for all loss and cost, including reasonable attorneys' fees incurred as a result of such lien. Following Final Acceptance, GEO shall submit to DMS a statement showing the balance of the Contract Price remaining due, excluding the amount held as retainage, and the undisputed amount of such request shall be paid to GEO in accordance with Section 6.02 of the Indenture. It is understood and agreed however that the amount held as retainage shall not be paid to GEO until thirty (30) days after the date of Final Acceptance. Final Payment hereunder shall not constitute an acceptance of any work not in accordance with the Contract Documents, and shall not constitute a waiver of any claims against GEO. When the Work has been completed and the Agreement fully performed, GEO shall submit a Final Application for payment to DMS, who shall make final payment within thirty (30) days of receipt. The making of final payment shall constitute a waiver of claims by the TRUSTEE except those arising from:

- (1) Liens, claims, security interests or encumbrances arising out of the Agreement and unsettled;
- (2) Failure of the Work to comply with the requirements of the Contract Documents; or
- (3) Terms of special warranties required by the Contract Documents.

(b) Acceptance of final payment shall constitute a waiver of all claims by GEO except those previously made in writing and identified by GEO as unsettled at the time of final Application for Payment, which must be in accordance with Article 8.08.

ARTICLE X
RESPONSIBILITIES AND LIABILITIES OF GEO

10.01 Warranties.

(a) In addition to any other warranties of GEO contained and/or required herein, GEO and its subcontractors and suppliers of every tier shall perform Services in accordance with good engineering and construction practices and in accordance with approved practices and customs and the Minimum Standards. GEO will provide to DMS all warranties and guaranties required by the Plans and Specifications, which warranties and guaranties shall be furnished by its contractors, subcontractors, and

suppliers of every tier, and all such warranties and guaranties shall be addressed to and in favor of DMS and the TRUSTEE, in accordance with the Indenture, and delivered to DMS at Substantial Completion.

(b) The Services shall be provided and the Project shall be constructed, erected, and assembled in a good and workmanlike manner, in accordance with the Plans and Specifications. GEO warrants and guarantees all work required by this Agreement against defects in materials, equipment, and workmanship for one (1) year from the date of Final Completion. Upon receipt of written notification required by Article 10.02, GEO shall remedy any defects in materials, equipment or workmanship or any other deficiencies occurring within the warranty and guarantee period.

10.02 Deficiencies. After discovery of any defects or deficiencies in the Project, GEO shall correct it promptly after receipt of written notice from DMS or Program Manager to do so. The one-year warranty period shall be extended with respect to portions of the work first performed after Final Completion by the period of time between Final Completion and the actual performance of the Work. This obligation shall survive Final Acceptance of the Project and termination of the Agreement.

10.03 Warranties and Implied Warranties. GEO warrants to DMS that materials and equipment furnished under the Agreement will be of good quality and new unless otherwise required or permitted by the Contract Documents, that the Project will be free from defects not inherent in the quality required or permitted, and that the Project will conform to the Contract Documents. Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective. GEO's warranty excludes remedy for damage or defect caused by abuse, modifications not executed by GEO, improper or insufficient maintenance, improper operation, or normal wear and tear under normal usage.

10.04 Liquidated Damages.

(a) In as much as failure to complete the Project by the Scheduled Completion Date will result in substantial injury to DMS, and as damages arising from such failure cannot be calculated with any degree of certainty, it is hereby agreed that if Final Acceptance of the Project is not achieved by the Scheduled Completion Date set forth in Article 6.02, or within such further time, if any, as in accordance with the provisions of the Contract Documents shall be allowed for such Final Acceptance, GEO shall pay to DMS as liquidated damages for such delay, and not as a penalty, as follows: (1) Four Thousand Four Hundred Five Dollars and No Cents (\$4,405.00) per day for the first thirty (30) days and Ten Thousand Dollars and No Cents (\$10,000.00) thereafter for each and every calendar day elapsing between the date fixed for Final Acceptance above and the date such Final Acceptance shall have been fully accomplished. This provision of liquidated damages for delay shall in no manner affect DMS' right to terminate the Agreement as provided in the Contract Documents. If the failure to complete the Project with the time fixed above is caused by a Force Majeure event, the imposition of liquidated damages shall not include the delay period directly attributable to the Force Majeure event.

(b) DMS' exercise of the right to terminate shall not release GEO from its obligation to pay said liquidated damages in accordance with Article 10.04(a).

(c) DMS is entitled to completion of the Project by the Scheduled Completion Date or within such further time, if any, as may be allowed in accordance with the provisions of the Agreement. In the event of termination of the Agreement by DMS for cause prior to completion as provided in the Contract Documents, GEO shall be liable to DMS for the additional costs to complete the Project, including but not limited to increase construction costs, and expenses for additional managerial and administrative services provided in the Contract Documents. Moreover, GEO will be liable for liquidated damages as provided in Article 10.04(a) due to any delay in Final Acceptance in accordance with Article 6.02.

(d) It is further agreed that DMS may deduct from the balance retained by DMS, under the provisions above, the liquidated damages stipulated therein for delay or termination, as the case may be, or such portions thereof as the said retained balance will cover.

10.05 Indemnification.

(a) GEO hereby assumes the entire responsibility and liability for any and all damages or injury of any kind or nature whatever (including death resulting therefrom) to all persons, whether employees of GEO or otherwise, and to all property caused by, resulting from, arising out of or occurring in connection with the execution of this Agreement and/or the work performed by GEO, its agents, contractors, subcontractors, and suppliers. If any claims for such damage or injury (including death resulting therefrom) be made or asserted, whether or not such claims are based upon GEO's (or its agents, contractors, subcontractors, and suppliers) active or passive negligence or participation in the wrong or upon any alleged breach of any statutory duty or obligation on the part of the above parties, GEO agrees to indemnify, defend and hold harmless the State, DMS and FCFC, their officers, agents, servants and employees, but not the Program Manager, from and against any and all such claims, and further from and against any and all loss, cost expense, liability, damage or injury, including legal fees and disbursements, that the State, DMS or FCFC, their officers, agents, servants or employees, but not the Program Manager, may directly or indirectly sustain, suffer, or incur as a result thereof, and GEO agrees to and does hereby assume, on behalf of the State, DMS and FCFC, their officers, agents, servants and employees, but not the Program Manager, the defense of any action at law or in equity which may be brought against the State, DMS or FCFC, their officers, agents, servants or employees, but not the Program Manager, arising by reason of such claims and to pay on behalf of the State, DMS or FCFC, their officers, agents, servants and employees, but not the Program Manager, upon demand of either of them, the amount of any judgment that may be entered against them, individually, jointly or severally, its officers, agents, servants or employees, but not the Program Manager, in any such action.

(b) As part of GEO's assumption of all responsibility and liability for any and all damage or injury as detailed above, GEO further agrees to hold harmless, defend and indemnify the State, DMS and FCFC for any loss, expense, recovery or settlement, including attorneys fees and costs, which arise from any demand, claim (whether frivolous or not) or suit which may be asserted or brought against the State, DMS, FCFC or GEO as a result of any injury or damage to any person or persons (including death) or property (i) allegedly caused by, resulting from, arising out of, or occurring in connection with the furnishing of any goods, equipment or services or the performance or preparation for performance of any of the work or any duties of GEO, its agents, contractors, subcontractors, or suppliers, hereunder, or incidental or pertaining thereto, and (ii) whether or not such injury or damage is due to or chargeable to DMS or any contractor or subcontractor under a contract for which the goods or services herein ordered are required, including, but not limited to, any claim based on liability without fault for injury caused by defective goods supplied by or to GEO. GEO also agrees to assume responsibility for, hold harmless, defend and indemnify the State, DMS and FCFC for payment of any expenses, costs (including delay costs), direct and consequential damages, penalties, taxes or assessments (including punitive damages), including attorneys fees and costs, which may be imposed or incurred (a) under any Federal, State, or local law, ordinance or regulation upon or with respect to any compensation of any person employed by the GEO, its agents, contractors, subcontractors, or suppliers, and (b) under any Federal, State, or local, law, ordinance or regulation upon or with respect to discrimination in employment against any individual employed by GEO, its agents, contractors, subcontractors, or suppliers, on the basis of race, color, religion, sex, or national origin, and (c) under any Federal, State, or local law, ordinance or regulation upon or with respect to any compensation of any person for claims or civil actions alleging deprivation of right, privilege or immunity secured by the United States Constitution and laws pursuant to 42 USC Section 1983 or similar statutes as well as claims for attorneys fees brought pursuant to 42 USC Section 1988 or similar statutes.

10.06 Patent Indemnity. GEO shall pay all royalties and license fees and shall defend all suits on claims for infringement of any patent right and shall indemnify and hold harmless the State, DMS, and FCFC, and its officers, agents, and employees from and against all claims for patent infringement based on materials or equipment incorporated into the Project, or the means and methods of construction used to build the Project.

10.07 Protection of Persons and Property.

- (a) GEO shall be responsible for initiating, maintaining and providing supervision of all safety precautions and programs in connection with the performance of this Agreement.
- (b) GEO shall take reasonable precautions for the safety of, and shall provide reasonable protection to prevent damage, injury or loss to:
 - (1) Employees on the Project and other persons who may be affected thereby;
 - (2) The Project and materials and equipment to be incorporated therein, whether in storage on or off the site, under care, custody, or control of GEO or GEO's contractors;
 - (3) Other property at or adjacent thereto, such as trees, shrubs, lawns, walks, pavements, roadways, structures and utilities not designated for removal, relocation or replacement in the course of construction.
- (c) GEO shall give notices and comply with applicable laws, ordinances, rules, regulations and lawful orders of public authorities bearing on the safety of persons or property or their protection from damage, injury or loss.
- (d) GEO shall promptly remedy damage and loss (other than damage or loss insured under property insurance provided or required by the Contract Documents) to property at the site caused in whole or in part by GEO, its contractor, subcontractor, or supplier or anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

ARTICLE XI
PROJECT INSURANCE AND BONDS

11.01 Purchase of Insurance. GEO shall secure and retain, or shall cause to be secured and retained, such policy or policies of insurance as are required by the Contract Documents, including (i) coverage against all claims; (ii) coverage to protect against all claims arising from Services performed hereunder; and (iii) coverage to protect from actions by a third party against GEO as a result of this Agreement, and (iv) builders risk/casualty loss coverage for the Project. The insurance required by this Article 11.01 shall be written for not less than any limits of liability specified herein and in the Contract Documents or the Indenture, or required by law, whichever is greater, and shall include "coverage for liabilities assumed by this contract", as applicable to the obligations of GEO hereunder. GEO shall submit insurance as shown on Exhibit F to DMS for review and approval, which approval shall not be unreasonably withheld, but all insurance carriers must have an A. B. Best & Co. rating of at least "A". The insurance coverage provided by GEO hereunder shall name DMS and FCFC (as their interests may appear) as additional insureds and loss payees.

11.02 Amounts and Types.

- (a) During the performance of Services hereunder, GEO shall maintain insurance for the mutual

protection and benefit of GEO, FCFC and DMS to cover claims that may arise out of or result from GEO's Services hereunder, whether same be by GEO or its agents, contractors, subcontractors, or suppliers, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; and such insurance shall include the types and shall be for amounts set forth on the attached Exhibit F.

(b) Such insurance set forth on the attached Exhibit F shall cover claims for damages insured by usual personal liability coverage that are sustained (a) by any person as a result of an act directly or indirectly related to the employment of such person by GEO, its agents, contractors, subcontractors, or suppliers, or (b) by any other person; and (c) claims for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom. Compliance with the foregoing insurance requirements shall not relieve GEO from any liability under the indemnity provisions of Article X.

11.03 GEO's Liability Insurance.

(a) GEO shall purchase and maintain, or shall cause to be purchased and maintained, in a company or companies lawfully authorized to do business in Florida, such insurance as will protect GEO from claims set forth below which may arise out of or result from operations under this Agreement by GEO or by a contractor, subcontractor or supplier of GEO, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

- (1) Claims under workers' compensation, disability benefit and other similar employee benefit laws that are applicable to the Work to be performed;
- (2) Claims for damages because of bodily injury, occupational sickness or disease, or death of GEO's employees;
- (3) Claims for damages because of bodily injury, sickness or disease, or death of persons other than GEO's employees;
- (4) Claims for damages covered by usual personal injury liability coverage which are sustained (1) by a person as a result of an offense directly or indirectly related to employment of such person by GEO or (2) by another person;
- (5) Claims for damages, other than to the Work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom;
- (6) Claims for damages because of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle; and
- (7) Claims involving contractual liability insurance applicable to GEO's obligations.

11.04 Limits of Liability.

(a) The insurance required shall be written for not less than limits of liability specified in this Agreement or required by law, whichever coverage is greater. Coverages, whether written on an occurrence or claims-made basis, shall be maintained without interruption from date of commencement of the Work until date of Final Acceptance and termination of any coverage required to be maintained after Final Acceptance.

(b) Certificates of Insurance acceptable to DMS shall be delivered to DMS immediately after execution of this Agreement. These Certificates and the insurance policies required by this Article shall contain a provision stating that coverages afforded under the policies will not be canceled or allowed to expire until at least thirty (30) days' prior written notice has been given to DMS. If any of the foregoing insurance coverages are required to remain in force after Final Acceptance, an additional certificate evidencing continuation of such coverage shall be submitted with the application for final payment. Information concerning reduction of coverage shall be furnished by GEO with reasonable promptness in accordance with the GEO's information and belief. All such policies shall have DMS and FCFC as additional insureds and loss payees.

11.05 Property Insurance.

(a) GEO shall purchase and maintain, with a company or companies authorized to do business in Florida, property insurance upon the Project to the full insurable value thereof on a replacement cost basis without optional deductibles. Such property insurance shall be maintained until Final Acceptance. This insurance shall include interests of DMS, GEO, and their respective contractors and subcontractors in the Project.

(b) Property insurance shall be on an all-risk policy form and shall insure against the perils of fire and extended coverage and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, falsework, temporary buildings and debris removal, including demolition occasioned by enforcement of any applicable legal requirements, and shall cover reasonable compensation for the services and expenses of the A/E and other professionals required as a result of such insured loss. Coverage for other perils shall not be required unless otherwise provided in the Contract Documents.

(c) Unless otherwise provided, GEO shall purchase and maintain such boiler and machinery insurance required by this Agreement or by law, which shall specifically cover such insured objects during installation and until Final Acceptance by DMS. This insurance shall include interests of DMS, GEO, GEO's contractors and subcontractors in the Project, and the A/E and other design professionals.

(d) Before an exposure to loss may occur, DMS shall file with GEO a copy of each policy that includes insurance coverages required by this Agreement. Each policy shall contain all generally applicable conditions, definitions, exclusions and endorsements related to this Project. Each policy shall contain a provision that the policy will not be canceled or allowed to expire until at least thirty (30) days prior written notice has been given to DMS.

11.06 Cancellation. DMS, FCFC, and TRUSTEE shall be given written notice thirty (30) days prior to any cancellation of any insurance required to be maintained hereunder. GEO shall be diligent in replacing any canceled insurance and, subject to the next sentence hereof, shall replace such insurance in a timely fashion to avoid any potentially uninsured liabilities of the type required to be covered by insurance. In the event that any insurance described herein or any portion thereof becomes commercially unavailable, GEO shall obtain, with DMS approval, such suitable replacement insurance as may be available and the insurance coverage required by this Agreement shall be modified accordingly.

11.07 Subcontractor's Insurance. GEO shall require all contractors and subcontractors to obtain, maintain, and keep in force insurance coverage in accordance with accepted industry standards during the time they are engaged hereunder.

11.08 Bonds. Prior to commencing construction, GEO shall furnish or cause to be furnished, the following surety bonds:

- a. A performance bond and a payment bond, each for the full amount of the Construction Contract between GEO and the designated design-build subcontractor to be provided by said design-build subcontractor for the beneficial interest DMS and FCFC naming them as Co-Obligees
- b. A Materials Supply Bond representing the full amount of the work to be self-performed by GEO. DMS and FCFC will be named as obligees on this bond.

The combined penalties of the performance bond referenced in item (a.) above and the supply bond referenced in item (b.) shall equal the Contract Price set forth in Article 7.01 of the Agreement .

The bonds shall be issued by an insurance company or companies licensed by the Florida Department of Financial Services, covering the full and faithful performance by GEO and GEO's design-build subcontractor of the terms and conditions of the Agreement between DMS and GEO. Such bonds will indemnify and hold harmless DMS and FCFC from all costs and damages by reason of GEO or GEO's design-build subcontractor's default, breach, or failure to satisfactorily perform any of the following:

- a. Payment to all entities, individuals, and the like furnishing labor or materials in connection with the Agreement; and
- b. Successful, full, and satisfactory completion, including the dates specified between DMS and GEO, of the construction, installation of equipment and final acceptance of the facility herein concerned.

The performance and payment bonds furnished by GEO's design-build subcontractor shall apply only to the work performed by the design-build subcontractor and its various tiers of subcontractors.

However, said bonds are for the benefit of DMS and FCFC to ensure completion of the facility in accordance with the terms of the Agreement.

In the event of control and operation of the site by DMS or Surety, DMS shall incur no financial obligation to GEO, and shall recover from GEO or Surety(ies) any costs of cover, i.e., additional costs, if any, incurred by DMS in operating any site(s) during the breach by GEO or GEO's design-build subcontractor.

Bonds shall cover any damages incurred by DMS on failure of GEO to perform in regard to any part of the Agreement, including the specifications outlined herein, up to the face amount of the bonds.

To be acceptable to the purchaser as a Surety for the bonds required herein, a Surety Company shall comply with the following provisions:

- a. The Surety Company must be licensed to do business in the State of Florida.
- b. The Surety Company shall have been in business and have a record of successful continuous operation for at least five (5) years.
- c. All bonds shall be signed by a Florida-licensed resident Agent who holds a current power-of-attorney from the surety company issuing the bond.

If a surety upon any bond furnished in connection herewith becomes insolvent, or otherwise not authorized to do business in this State, GEO shall promptly replace or cause to be replaced the bond or furnish equivalent security acceptable to DMS. The performance, payment and materials supply bonds shall clearly state that their coverage includes payment of liquidated damages assessed under this Agreement; applies to all work to be performed by GEO or its design-build subcontractor (or its subcontractors) in accordance with the terms of this Agreement and the Contract Documents; subordinates all rights of GEO as Co-obligee on the performance and payment bonds to the rights of the DMS and FCFC; and agrees that to the extent any term of the bond conflicts with the terms of Section 255.05, Florida Statutes, then the statutory terms shall apply.

ARTICLE XII
EVENTS OF DEFAULT AND REMEDIES

12.01 Default by GEO. The following events shall be considered events of default by the GEO:

- (a) A material failure to keep, observe, perform, meet or comply with any covenant, agreement, term or provision of this Agreement, or of any of the Contract Documents.
- (b) If GEO shall (i) admit in writing its inability to pay its debts; (ii) make a general assignment for the benefit of creditors; (iii) suffer a decree or order appointing a receiver or trustee for it or substantially all of its property to be entered and, if entered without its consent, not to be stayed or discharged within sixty (60) days; (iv) suffer proceedings under any law relating to bankruptcy, insolvency, or the reorganization or relief of debtors to be instituted by or against it and, if contested by it, not to be dismissed or stayed within sixty (60) days; or (v) suffer any judgment, writ of attachment or execution, or any similar process to be issued or levied against a substantial part of its property which is not released, stayed, bonded, or vacated within sixty (60) days after issue or levy.
- (c) The failure of performance of any of the terms and conditions of this Agreement, or any of the Contract Documents, due to Force Majeure shall suspend a default event by the number of days of the Force Majeure.

12.02 DMS' Remedies. Upon an Event of Default by GEO, DMS, without prejudice to its other rights and remedies hereunder, shall be entitled to terminate this Agreement for cause and the procedure outlined in the performance bond for completion of the Project shall be followed; provided, however, that no default by GEO shall constitute an Event of Default unless and until:

- (a) DMS has given at least five (5) business days prior written notice thereof to GEO specifying that a default(s) has occurred that will, unless corrected, constitute a material breach and cause termination hereof; and
- (b) GEO either (i) has not corrected such default or has not initiated reasonable steps to do so within said five (5) business day period, or (ii) if such reasonable steps have been initiated within such period, GEO has not thereafter continued to take all actions necessary to diligently correct such default within a reasonable time period.

12.03 Default by DMS. The following shall constitute Events of Default on the part of DMS:

Failure by DMS to observe and perform any covenant, condition, or agreement on its part to be observed or performed, or its failure or refusal to substantially fulfill any of its obligations hereunder, unless caused by the default of GEO, which action continues for twenty (20) days after receipt of written notice from GEO specifying that a default has occurred that will, unless corrected, constitute a material breach hereof.

12.04 Remedy of GEO. Upon an Event of Default by DMS, GEO shall be entitled to take the following remedial steps, provided that the default has not been cured prior to termination of the time periods indicated below, or reasonable actions have not been initiated by DMS which would cure such default within a reasonable time:

With respect to the failure of DMS to pay any installment of the Contract Price within thirty calendar days from the due date thereof, GEO may suspend its performance of Services (and the Construction Schedule shall be adjusted accordingly); and, if such

failure to pay continues for a period of thirty (30) days thereafter, terminate this Agreement, which termination shall be without prejudice to GEO's other rights and remedies hereunder.

ARTICLE XIII **TERMINATION**

13.01 Termination for Convenience. DMS may terminate the entire Agreement, or any portion thereof, if the Secretary determines that a termination is in DMS' best interest. The Secretary will deliver to GEO a Written Notice of Termination specifying the extent of termination and the effective date.

13.02 Termination Payment. Upon termination of GEO's Services hereunder GEO shall be paid, in accordance with the provision of Article VII, for all work satisfactorily performed in accordance with the Contract Documents up to and including the date of termination, including any earned retainage and materials purchased, delivered or stored but not installed, less the cost for correcting any Work that was not satisfactorily performed in accordance with the Contract Documents, and less any Liquidated Damages applicable to GEO. In no event shall GEO be paid monies for a portion of the Project in excess of the values set forth in the Schedule of Values attached hereto as Exhibit B. No payment of any kind or amount will be made for items of work not started. DMS will not consider any Claim for loss of anticipated profits, or overhead of any kind (including home office and jobsite overhead or other indirect impacts).

DMS will consider reimbursing GEO for actual cost of mobilization (when not otherwise included in the Agreement) including moving equipment to the job where the volume of work that GEO has completed is too small to compensate for these expenses under the unit prices of the Agreement. Termination of the Agreement, or a portion thereof, hereunder, does not relieve GEO or the surety of its responsibilities for the completed portion of the Agreement or its obligations for and concerning any just Claims arising out of the Work performed. All Claims for additional payment, due to DMS' termination of the entire Agreement or any portion thereof, must meet the requirements of Article 8.08.

13.03 GEO Responsibility. After receipt of a notice of termination and unless otherwise directed by DMS, GEO shall immediately proceed with the following obligations:

- (a) Stop work as specified in the notice;
- (b) Place no further contracts or orders for materials or Services;
- (c) Properly secure the Project site; and
- (d) Deliver to DMS all supplies, equipment, and materials for which GEO has been reimbursed.

ARTICLE XIV **SPECIAL COVENANTS**

14.01 Right of Access. GEO hereby agrees that employees and agents of DMS and the TRUSTEE shall have the right to enter upon the Project at any time for inspections and other purposes. The Governor,

members of the Legislature, and all other members of the Executive and Judicial Departments of the State, as well as any other persons designated, shall be admitted into the Project at any time, subject to reasonable safety restrictions and restrictions to prevent delay in completing the Project.

14.02 Time of Essence. Time is of the essence in the performance of this Agreement.

14.03 Right to Audit. DMS and or its agents, designees or duly Authorized Representatives shall have, at all times, the right to examine and/or audit all financial transactions and data, reports, correspondence, and other documents relating to the Project. All subcontracts shall contain similar audit provisions that provide DMS with the right to examine and audit all records pursuant to such subcontracts that relate to the Project.

14.04 Public Records. GEO shall allow public access to all documents, papers, letters, or other material subject to the provisions of Chapter 119, Florida Statutes, made or received by GEO and its agents, contractors, subcontractors, and suppliers, in conjunction with this Agreement. Failure to grant such public access will be grounds for immediate termination of this Agreement by DMS pursuant to Article XII.

14.05 Site Drawings. GEO shall maintain at the site of the Project one copy of all record Plans and Specifications, in good order and marked to record all Changes made during construction of the Project. On or before final payment to GEO hereunder, one contract set of the record Plans and Specifications as built shall be provided to DMS. The Design, Plans and Specifications furnished by GEO shall become the property of DMS and they may be used by DMS on any other project. GEO will not be liable for DMS' use of the Plans and Specifications on any other project beyond the scope of this Agreement.

14.06 Financing Authorization. The use of tax-exempt financing through the issuance of certificates of participation or other tax-exempt financing methods approved by DMS is hereby authorized. Any payment to GEO hereunder is contingent upon completion of such tax-exempt financing, and GEO shall look to repayment only from the Project Fund held in trust pursuant to such financing. GEO will cooperate and execute any documents reasonably necessary to complete such financing.

FCFC, as the groundlessee under the Ground Lease Agreement with DMS, has the possessory rights to the real property on which the Project is to be constructed pursuant to this Agreement. In accordance with the Series 2006 Lease Purchase Agreement, FCFC has consented to DMS contracting with GEO under this Agreement for the Project, with the understanding that in the event DMS loses possession under the Series 2006 Lease Purchase Agreement prior to the completion of the Project, FCFC shall have the right to assume the position of DMS under this Agreement and complete the construction of the Project.

It is further expressly understood and agreed that neither the State nor DMS or any other agency of the State shall be obligated for any lease purchase payments that exceed the amount of the current annual appropriation.

14.07 Statutory Requirements. This Agreement shall be subject to Sections 255.2502, 255.2503, and 287.0582, Florida Statutes. Accordingly, as provided elsewhere herein, the State's performance and obligation to pay under this Agreement is contingent upon an annual appropriation by the Legislature.

ARTICLE XV **MISCELLANEOUS**

15.01 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts.

15.02 Headings. The headings used herein are for convenience of reference only and shall not constitute a part hereof or affect the construction or interpretation hereof.

15.03 Severability. If any clause, provision, or section hereof be held illegal, invalid, or unenforceable by any court, the illegality, invalidity, or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions, or sections hereof, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable clause, provision or section had not been contained herein.

15.04 TRUSTEE. The TRUSTEE shall have no obligation, liability or responsibility hereunder; its only obligations being set forth in the Indenture, and to make disbursements as directed under the Indenture. TRUSTEE shall be fully protected and shall incur no obligation, liability or responsibility hereunder in making payments as directed under the Indenture.

15.05 Assignment. FCFC shall assign to the TRUSTEE, for the benefit of the Certificate holders and in order to subject such rights to the Trust Estate created by the Indenture, all its rights, but not its obligations, hereunder, to the extent necessary to accomplish the purposes and intents of the Indenture and any other related documents. GEO shall not assign any portion of this Agreement without the express prior written consent of DMS and such consent to assignment shall not be unreasonably withheld.

15.06 Waiver. No failure on the part of any party to exercise, no delay in exercising, and no course of dealing with respect to any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy provided by law or in equity, except as expressly set forth herein.

15.07 Notices. All notices, certificates, requests, or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail (except as otherwise specified herein), postage prepaid, addressed as follows:

TO GEO:
GEO Group, Inc.
Attn: John Bulfin, General Counsel
General Counsel
One Park Place, Suite 700
621 Northwest 53rd Street
Boca Raton, Florida 33487

TO DMS:
Florida Department of Management Services
Attn: Rosalyn Ingram
4050 Esplanade Way, Suite 335
Tallahassee, Florida 32399-0950

TO FCFC:
Florida Correctional Finance Corporation
Attn: President
4050 Esplanade Way, Suite 335
Tallahassee, Florida 32399-0950

Each party may, by notice given under this Article, designate any further or different addresses to which

subsequent notices, certificates, requirements, or other communications shall be sent.

15.08 Amendment. This Agreement shall not be amended except by written agreement by the parties hereto.

15.09 Governing Law. This Agreement shall be governed by the laws of the State of Florida and any suits for any breach hereof shall be instituted and maintained in a court of competent jurisdiction in Leon County, Florida.

15.10 Terminology. All personal pronouns used herein whether used in the masculine, feminine, or neuter gender, shall include the singular.

15.11 Integration. This Agreement, together with all of the Contract Documents, sets forth the entire agreement and understanding between the parties as to the subject matter hereof and merges and supersedes all prior agreements, commitments, representations, writings, negotiations, and discussions between them.

15.12 Inspection. GEO acknowledges that it has had an adequate opportunity to inspect the Plans and Specifications, all legal requirements applicable to the construction of the Project and the visible appearance of the site upon which the Project will be constructed. GEO has not relied upon any information, representations, or warranties furnished to GEO by DMS except as specifically set forth in this Agreement and the Invitation to Negotiate issued by DMS.

15.13 Interpretation. This Agreement shall not be construed against either party and shall be deemed to have been drafted by both parties.

15.14 Annual Appropriation. The State's performance and obligation to pay under this Agreement is contingent upon an annual appropriation by the Legislature.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its duly authorized representatives on the respective dates set for below.

THE GEO GROUP, INC.

DATE: 16 FEB 2006

BY: [Signature]
WAYNE M. CALABRUSA
Its: PRESIDENT

(Corporate Seal)

ATTEST: [Signature]
John J. Ruffin
Its: Secretary

DEPARTMENT OF MANAGEMENT SERVICES

DATE: Feb 21, 2006

BY: [Signature]
Its: Secretary

(Corporate Seal)

ATTEST: [Signature]
Its: Unit of Staff

Approved as to form and legality for DMS

[Signature]
Steven S. Ferst, General Counsel

Date: 2/20/06

IN WITNESS WHEREOF, the Florida Correctional Finance Corporation hereby approves and acknowledges its consent to the terms of this Agreement.

FLORIDA CORRECTIONAL FINANCE CORPORATION

DATE: 2/20/06

BY: [Signature]
Roselyn M. Ingram
Its: President

(Corporate Seal)

ATTEST: [Signature]
Jerry Rocco
Its: Secretary / Treasurer

**THE GEO GROUP, INC.
OPERATIONS & MANAGEMENT SERVICES CONTRACT
GRACEVILLE CORRECTIONAL FACILITY**

This Contract made and entered into on February 21st, 2006, by and between THE STATE OF FLORIDA, DEPARTMENT OF MANAGEMENT SERVICES, BUREAU OF PRIVATE PRISON MONITORING (hereinafter referred to as the "BUREAU") and THE GEO GROUP, INC., (hereinafter referred to as the "CONTRACTOR").

WITNESSETH:

Whereas, it is necessary that budget resources be allocated effectively;

Whereas, the Florida Legislature, Chapter 957, Florida Statutes, authorizes the BUREAU to enter into a contract with a private entity for the construction, operation, maintenance, and management of a secure correctional facility housing medium/close custody inmates;

Whereas, an Invitation to Negotiate was issued on December 9, 2004, by the BUREAU in order to select a CONTRACTOR to design, finance, acquire, lease, construct, and operate a 1,500-bed, adult male, medium/close custody security level correctional facility.

Now, therefore, in consideration of the agreements contained herein, the parties agree:

ARTICLE ONE
DEFINITIONS

The following terms used in this Contract shall, unless the context indicates otherwise, have the meanings set forth below:

ACA: American Correctional Association.

ACA STANDARDS or STANDARDS: The Standards for Adult Correctional Institutions (Fourth Edition, 2003) published by ACA (as heretofore supplemented and as same may be modified, amended, or supplemented in the future).

ADDITIONAL SERVICES: Additional operational and management services required to be furnished by the CONTRACTOR, which are required by changes in ACA Standards, laws, government policies, regulations, or court orders generally applicable to the BUREAU and which cause an increase in the cost of operating and managing the Facility.

AGREEMENT: The Cooperative Transfer Agreement between the BUREAU, the CONTRACTOR, and the Florida Department of Corrections (Department or the DEPARTMENT) which establishes guidelines for transfer of inmates between the Graceville Correctional Facility and facilities operated by the Department.

AUTHORIZED REPRESENTATIVE: The person designated in writing to act for and on behalf of a party of this Contract, which designation has been furnished to the other party hereto. In the case of the CONTRACTOR, the Authorized Representative shall be designated in writing by its President or any Vice President. The designation of the CONTRACTOR'S initial Authorized Representative shall be delivered to the BUREAU no later than the effective date of this Agreement. The CONTRACTOR'S Authorized Representative may designate other persons to assist such Authorized Representative in the performance of certain obligations required by this Agreement. In the case of the BUREAU, the BUREAU Chief is hereby designated as its Authorized Representative. At any time, either party may designate any person as its Authorized Representative by delivering to the other party a written designation signed, if on behalf of the CONTRACTOR by its President or Vice President,

or if on behalf of the BUREAU by the BUREAU Chief. Such designations shall remain effective until new written instruments are filed with or actual notice is given to the other party that such designations have been revoked.

BREACH OF CONTRACT: Any of the events or circumstances described in Article 10.

BUREAU: The Florida Department of Management Services, BUREAU of Private Prison Monitoring.

CLOSE CUSTODY GRADE: Refers to a class of inmates who must be maintained within an armed perimeter or under direct, armed supervision when outside of a secure perimeter. Transport off institutional grounds requires two armed transport officers and the inmate will be restrained using handcuffs, waist chains with handcuff cover and leg irons.

CONTRACT: The Operation and Management Services Contract, together with all attachments and exhibits hereto, and all amendments and modifications hereof.

CONTRACT ADMINISTRATOR: The Department employee who is primarily responsible for maintaining the official contract file. As of the Effective Date of the Contract, the Contract Administrator is Kaye Robertson, 4050 Esplanade Way, Suite 280, Tallahassee, Florida 32399. The Department may appoint a different Contract Administrator, which shall not constitute an amendment to the Contract, by sending notice to CONTRACTOR.

CONTRACT DOCUMENTS: The Contract, the Plans, Specifications and Related Construction Documents, together with the Invitation to Negotiate issued by the BUREAU and the CONTRACTOR'S response thereto, all of which documents are attached hereto by reference and become a part hereof. In the event of ambiguity or contradiction among the Contract Documents, the following order of authority shall apply: this Contract, Invitation to Negotiate, CONTRACTOR'S response thereto, the Plans, Specifications and Related Construction Documents.

CONTRACT MANAGER: The Department employee who is primarily responsible for management and oversight of the Contract and evaluation of the CONTRACTOR'S performance of its duties and obligations pursuant to the terms of the Contract. The Contract Manager is currently Terry Rocco. The Department may appoint a different Contract Manager, which shall not constitute an amendment to the Contract, by sending notice to CONTRACTOR. Any communication to the Department relating to the Contract shall be addressed to the Contract Manager.

CONTRACT MONITOR: The employee or employees of the BUREAU designated to monitor the operation of the Facility for contract compliance and to coordinate actions and communications between the Department and the CONTRACTOR. The Contract Monitor will be designated by the BUREAU at the opening of the Facility. The CONTRACTOR will be required monthly to reimburse the BUREAU for the salary and expenses of the Contract Monitor. Such salary and expenses will include coverage of employee benefits. The salary and expenses of the Contract Monitor may be adjusted annually, subject to legislative appropriations, at a rate not to exceed the CONTRACTOR'S rate of per diem increase. The Contract Monitor or the BUREAU'S designee will be the official liaison between the BUREAU and CONTRACTOR on all matters pertaining to the operation and management services of the Facility.

COURT ORDERS: Any existing or future orders or judgments issued by a court of competent jurisdiction or any existing or future stipulations, agreements, or plans entered into in connection with litigation that are applicable to the operation, management, or maintenance of the Facility or related to the care and custody of inmates at the Facility.

DAY: A calendar day.

DEPARTMENT OR DC: The Florida Department of Corrections.

DESIGN/BUILD AGREEMENT: The Agreement entered into between the BUREAU and the CONTRACTOR for the design and construction of the Facility.

DMS: The Florida Department of Management Services.

FACILITY: The 1,500-bed mixed (medium and close) custody secure correctional Facility located in Graceville, Florida, and designed and constructed for the detention of mixed (medium and close) custody inmates. Further expansion of this Facility may be authorized by the BUREAU. In the event further expansion of the Facility occurs, per diem and other adjustments will be made upon mutual agreement of the parties.

FIXED EQUIPMENT: Refers to all equipment and systems necessary to the operation of the Facility, which are an integral part of, or permanently attached to, a structure, or permanently connected to the Facility utilities.

FORCE MAJEURE: The failure of performance of any of the terms and conditions of this Contract resulting from acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the State of Florida or the United States of America or any of their departments, agencies or officials, or any civil or military authority.

INMATE: Any person assigned by the DEPARTMENT to be housed at the Facility over which DMS has contractual authority.

INMATE DAY: Each day on which an inmate is housed at the Facility, including the first, but not the last day of incarceration as determined by the midnight count of each day.

LEASED FURNISHINGS AND EQUIPMENT: The items of personal property as described in Article 4.2 and Exhibit C of this Contract to be financed or refinanced by disbursements from the Project Account and leased to the BUREAU pursuant to the terms and provisions of the Lease Agreement.

MANAGEMENT SERVICES AGREEMENT, OR CONTRACT: The management services agreement or Contract, together with all attachments, exhibits, amendments, and modifications entered into between the BUREAU and the CONTRACTOR.

MEDIUM CUSTODY GRADE: As used herein, refers to a class of inmates who are eligible for placement at a facility with a secure perimeter and require armed supervision for all movement outside the secure perimeter. Such inmates may be transported without armed supervision if in a secure vehicle that does not leave institutional grounds. Transport off institutional grounds, in addition to armed supervision, requires a minimum restraint of handcuffs.

MINIMAL CONSTITUTIONALLY ADEQUATE LEVEL OF HEALTH CARE: As used herein, means access to and provision of medically necessary and appropriate health care that is reasonably and legally sufficient to address the inmate's health complaint.

MOVABLE EQUIPMENT: All furniture and equipment not permanently attached to the Facility.

OSHA: The Occupational Safety & Health Administration.

PER DIEM RATE: The cost charged per inmate, per inmate day for the delivery of operation and management services at the Facility.

PRIVATELY OPERATED INSTITUTION INMATE WELFARE TRUST FUND (POIWF): A trust fund account maintained by DEPARTMENT that is required by Section 945.215, Florida Statutes, and into which the net proceeds derived from operating inmate canteens, vending machines used primarily by inmates, receipts from telephone commissions, and similar sources shall be deposited

monthly.

PUBLIC ENTITY CRIMES: As defined in Section 287.133(1)(g), Florida Statutes, “public entity crime” means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or with the United States, including, but not limited to, any bid or Contract for goods or services to be provided to any public entity or an agency or political subdivision of any other or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.

SERVICE COMMENCEMENT DATE: The date on which the CONTRACTOR shall begin providing operations and management services at the Facility, which date shall be the first date that inmates are assigned.

STATE: The State of Florida, including the Florida Department of Management Services or any other state government entity referenced therein. These terms may be used interchangeably.

SUBCONTRACT: An agreement entered into by the CONTRACTOR with any other person or organization that agrees to perform any performance obligation for the CONTRACTOR specifically related to securing or fulfilling the CONTRACTOR’S obligations to the Department under the terms of this Contract.

SUBCONTRACTOR: Any person other than an employee of the CONTRACTOR who performs any of the services compensation paid by the CONTRACTOR.

UNFORESEEN CIRCUMSTANCES: Those acts or occurrences beyond the reasonable contemplation of the parties at the time of execution of this Contract that materially alter the financial conditions upon which this Contract is based.

ARTICLE TWO **SCOPE OF WORK**

Article 2.1 Purpose. The purpose of this Contract is to establish the terms and conditions under which the CONTRACTOR shall operate and manage the Facility.

ARTICLE THREE **TERM OF THE CONTRACT AND REPRESENTATIONS**

Article 3.1 Term. This Contract shall commence at 12:01 a.m. on the Services Commencement Date and terminate three (3) years thereafter, unless terminated earlier pursuant to Article 10 of this Contract. The BUREAU may renew the Contract for additional two-year periods by giving written notice to the CONTRACTOR of its desire to do so at least 120 days before the original or any subsequent termination date with concurrence of the CONTRACTOR.

Article 3.2 Representations of the BUREAU. The BUREAU represents and warrants to and for the benefit of the CONTRACTOR, with the intent that the CONTRACTOR will rely thereon for purposes of entering into this Contract, as follows:

3.2.1 **Authorization.** This Contract has been duly authorized, executed, and delivered by the BUREAU and, assuming due execution and delivery by the BUREAU constitutes a legal, valid, and binding agreement enforceable against the BUREAU in accordance with its terms.

3.2.2 **Disclosure.** There is no material fact which materially and adversely affects or in the

future will (so far as the BUREAU can now reasonably foresee) materially and adversely affect the BUREAU'S ability to perform its obligations under this Contract which has not been accurately set forth in this Contract or otherwise accurately disclosed in writing to the CONTRACTOR prior to the date hereof.

3.2.3 Statutory Contingency. The State's performance and obligation to pay under this Contract is contingent upon an annual appropriation by the Florida Legislature, pursuant to Section 287.0582, Florida Statutes; the State is not obligated for any payments that exceed the amount of the current appropriation, pursuant to Section 957.04(1)(h),(2)(d), Florida Statutes.

Article 3.3 Representations of CONTRACTOR. The CONTRACTOR represents and warrants to and for the benefit of the BUREAU, with the intent that the BUREAU will rely thereon for purposes of entering into this Contract, as follows:

3.3.1 Organization and Qualification. The CONTRACTOR has been duly incorporated and is validly existing as a corporation in good standing under the laws in its jurisdiction of incorporation with power and authority to own its properties and conduct its business as presently conducted. The CONTRACTOR is duly qualified to do business as a corporation in good standing in Florida.

3.3.2 Authorization. This Contract has been duly authorized, executed, and delivered by the CONTRACTOR, and constitutes a legal, valid, and binding agreement enforceable against the CONTRACTOR in accordance with its terms.

3.3.3 No Defaults under Agreement. The CONTRACTOR is not in default, nor is there any event in existence which, with notice or the passage of time or both, would constitute a default by the CONTRACTOR, under any indenture, mortgage, deed of trust, lease, loan agreement, license, security agreement, contract, governmental license or permit, or other agreement or instrument to which it is a party or by which any of its properties are bound and which default would materially and adversely affect the CONTRACTOR'S ability to perform its obligations under this Contract.

3.3.4 Compliance with Laws. Neither the CONTRACTOR nor its officers and directors purporting to act on behalf of the CONTRACTOR have been advised, and have no reason to believe, that CONTRACTOR or such officers and directors have not been conducting business in compliance with all applicable laws, rules, and regulations of the jurisdictions in which the CONTRACTOR is conducting business including all safety laws and laws with respect to discrimination in hiring, promotion or pay of employees or other laws affecting employees generally, except where failure to be so in compliance would not materially and adversely affect the CONTRACTOR'S ability to perform its obligations under this Contract.

3.3.5 No Litigation. Except as previously disclosed in writing to the BUREAU, there is not now pending nor, to the knowledge of the CONTRACTOR, threatened, any action, suit, or proceeding to which the CONTRACTOR is a party, before or by any court or governmental agency or body, which might result in any material adverse change in the CONTRACTOR'S ability to perform its obligations under this Contract, or any such action, suit, or proceeding related to environmental or civil rights matters: and no labor disturbance by the employees of the CONTRACTOR exists or is imminent which might be expected to materially and adversely affect the CONTRACTOR'S ability to perform its obligations under this Contract.

3.3.6 Taxes. The CONTRACTOR has filed all necessary federal, state, and foreign income and franchise tax returns and has paid all taxes as shown to be due thereon; the CONTRACTOR has no knowledge of any tax deficiency which has been or might be asserted against the CONTRACTOR which would materially and adversely affect the CONTRACTOR'S ability to perform its obligations under this Contract.

3.3.7 Financial Statements. The CONTRACTOR has delivered, or will deliver, to the BUREAU copies of the following financial statements with all sub schedules and footnotes: a balance sheet, profit and loss statement, and a change in financial position schedule for each of the prior three (3) years. Such financial statements fairly present the financial position of the CONTRACTOR at the date shown and the results of its operations for the periods covered, and have been prepared in conformity with generally accepted accounting principles applied on a consistent basis, except as discussed in the notes to the financial statements.

3.3.8 No Adverse Change. Since the date of the CONTRACTOR'S most recent balance sheet provided to the BUREAU, there has not been any material adverse change in the CONTRACTOR'S business or condition, nor has there been any change in the assets or liabilities or financial condition of the CONTRACTOR from that reflected in such balance sheet which is material to the CONTRACTOR'S ability to perform its obligations under this Contract.

3.3.9 Disclosure. There is no material fact which materially and adversely affects or in the future will (so far as the CONTRACTOR can now reasonably foresee) materially and adversely affect CONTRACTOR'S ability to perform its obligations under this Contract which has not been accurately set forth in this Contract or otherwise accurately disclosed in writing to the BUREAU prior to the date hereof. Failure to disclose such material facts, as described above, is grounds for termination for false representation.

ARTICLE FOUR **POSSESSION**

Article 4.1 Possession of Facility. On the Services Commencement Date effective the date of this Contract, the BUREAU shall grant to the CONTRACTOR exclusive use, possession, and control of the land and property comprising the Facility and its grounds, subject to terms of this Contract and to the right of the BUREAU and other appropriate parties to enter and/or inspect same. The design of the Facility will be owned by the State of Florida.

Article 4.2 Possession of Leased Furnishings and Equipment. On the Services Commencement Date, the BUREAU will grant the CONTRACTOR exclusive use and possession, subject to the terms of this Contract, of leased furnishings and equipment as same is defined and set out in the Design/Build Agreement. Items purchased with state funds are owned by the State of Florida and shall remain with the Facility in the event of termination or non-renewal of this Contract. All furnishings and equipment are State property, except for CONTRACTOR Property as set forth under Article 4.5.

Article 4.3 Inventory. As part of CONTRACTOR'S initial responsibility, the CONTRACTOR shall, in cooperation with the construction contractor if applicable, prepare and maintain an inventory of leased furnishings and equipment. Such inventory shall include the manufacturer, model number, serial number, monetary value (purchase cost), and assigned identification number. Leased furnishings and equipment shall remain part of the Facility and may not be removed from the Facility, without approval from the Contract Monitor. The BUREAU shall be entitled to conduct an inventory of leased furnishings and equipment prior to or within a reasonable time after the Services

Commencement Date, and shall be entitled to conduct an inventory of leased furnishings and equipment throughout the Term of this Agreement. The CONTRACTOR shall cooperate with the BUREAU in its conducting of all inventories of leased furnishings and equipment.

Article 4.4 Replacement of Inventory. The CONTRACTOR, subject only to the facility furnishings, fixtures, and equipment covered by the "major maintenance and repair reserve fund" as described in Article 4.9, shall replace within sixty (60) days of the date of discovery of loss, theft, damage or inoperability beyond repair with equipment having like functional ability, life expectancy and quality. Such replacement equipment shall be added to the inventory and shall become the property of the State. The Contract Monitor shall be notified quarterly, in writing, when an item of leased furnishings and equipment is replaced. Such notification must include all pertinent information (including a copy of the purchase receipt showing purchase cost, manufacturer, model number, serial number and assigned identification number) for the replaced item. Inoperable equipment replaced by the CONTRACTOR shall be disposed of by the CONTRACTOR with prior approval by the BUREAU.

Article 4.5 CONTRACTOR Property. The CONTRACTOR will provide such other equipment as it deems necessary which shall be clearly identified and inventoried. Ownership of this property shall remain with the CONTRACTOR and may be removed from the premises at any time by the CONTRACTOR; provided that any damage to the Facility resulting from any removal pursuant to this Article shall be repaired by the CONTRACTOR at the expense of the CONTRACTOR. Any additional equipment purchased by the CONTRACTOR during the term of this Contract may be purchased by the BUREAU at the conclusion of the Contract at the CONTRACTOR'S cost, less depreciation. Documentation of costs shall be provided.

Article 4.6 Sanitation and Hygiene. The CONTRACTOR shall provide an environmentally clean, healthy, and safe Facility for both employees and inmates as follows:

- A. Sanitation and hygiene will be maintained at a minimum, at a level equivalent to the level of DEPARTMENT facilities. All floors, including concrete shall be waxed and buffed. Cobwebs or dust build-up anywhere, including on ceiling and wall grills will be not be accepted. The yards will be free of all trash. All kitchen equipment and utensils will be free of grease build-up.
- B. All areas of the Facility are to be inspected regularly for cleanliness and such inspections are to be documented.
- C. Lighting, ventilation and heating equipment shall be functioning at all times.
- D. No fire, safety or health hazards shall exist.
- E. All plumbing equipment, including toilets, sinks, and showers shall be operating properly at all times.
- F. All hazardous chemicals shall be inventoried, stored and maintained in accordance with OSHA DEPARTMENT policy and procedures.
- G. Food service areas shall be clean and in compliance with applicable state health regulations.

Article 4.7 Utilities. The CONTRACTOR shall furnish all utilities.

Article 4.8 Maintenance. The CONTRACTOR shall maintain the physical structure of the Facility and all tangible personal property contained therein, including leased furnishings and equipment, in

accordance with applicable ACA Standards and Article 4.9, including all maintenance related to structural conditions or defects as well as ordinary routine maintenance, and will in so doing maintain, preserve and keep the facility and leased furnishings and equipment in good repair, working order and condition, subject to normal wear and tear, and will from time to time make or cause to be made all necessary and proper repairs, including those identified by self-monitoring and the BUREAU'S inspections such that all replacements and renewals shall thereupon become part of the Facility. It is specifically understood and agreed that the CONTRACTOR will develop and implement a preventive and routine maintenance plan and will keep maintenance records. During the term of this Contract, the BUREAU shall have no responsibility (other than the major maintenance and repair reserve fund, Article 4.9) financial or otherwise, with respect to maintenance of the Facility. The responsibility for maintenance of the Facility shall be the sole responsibility of the CONTRACTOR.

The maintenance plan shall include the following:

- (1) Plant equipment;
- (2) Structural maintenance; and
- (3) Vehicle preventive maintenance programs

Article 4.9 Major Maintenance and Repair Reserve Fund. The CONTRACTOR shall make and be responsible for all routine and necessary repairs of the Facility, and repairs/replacement of all Facility furnishings, fixtures, and equipment so long as the cost associated with any maintenance, replacement, or repair is \$5,000 or less (per item, per occurrence). Routine and necessary repairs shall be defined as any maintenance or repair which has a cost of \$5,000 or less (per item, per occurrence). On the first day of each month, the BUREAU will deduct 1/12 of \$150,924.72 from the Facility's man-days billing and transfer said amount to the Grants and Donations Trust Fund.

Requests for reimbursement for maintenance or repair costs in excess of \$5,000 shall be submitted to the BUREAU'S Chief and, subject to the receipt of written approval from the BUREAU'S Chief, the costs of such major maintenance or repairs shall be charged to the Major Maintenance and Repair Reserve Fund. The BUREAU shall be the owner of such fund, and the CONTRACTOR shall have no rights, other than as set forth herein, in such fund or in any fund earnings.

Article 4.10 Access to the Facility. The Contract Monitor, the BUREAU Chief, DEPARTMENT representatives, or other designated representatives and members of the BUREAU shall have access at all times, with or without notice, to inmates and staff and to all areas of the Facility. Other BUREAU employees and State officials (including the Governor's Office of Program, Policy and Government Accountability), on official business, shall have access to the Facility when necessary.

Article 4.11 Expansion/Renovations. Subject to the prior written approval of the BUREAU, which approval shall not unreasonably be withheld, the CONTRACTOR shall have the authority to remodel the Facility or make substitutions, alterations, additions, modifications, and improvements to the Facility from time to time (provided the CONTRACTOR does not use a lesser quality, burden of proof of quality is with the CONTRACTOR), the cost of which remodeling, substitutions, alterations, additions, modifications, and improvements shall be paid by the CONTRACTOR, and the same shall become part of the Facility, except that other alterations may be done at the CONTRACTOR'S expense, without prior approval.

Article 4.12 Material Damage or Loss. Promptly after the occurrence of any damage to or loss at the Facility that materially affects the continued operation of the Facility, the CONTRACTOR shall notify the BUREAU of such loss or damage and the BUREAU and the CONTRACTOR shall jointly assess the nature and extent of such damage or loss and, as soon as practicable thereafter, determine

whether it is practicable and desirable to rebuild, repair or restore such damage or loss. If the BUREAU and the CONTRACTOR determine that such rebuilding, repairing or restoring is practicable and desirable, the CONTRACTOR shall forthwith proceed with such rebuilding, repair or restoration and upon the completion thereof, such rebuilding, repair or restoration shall thereupon become part of the Facility. In such case, any insurance proceeds received in respect to such damage or loss shall be used for payment of, or reimbursement for, the costs of such rebuilding, repairing or restoring. In the event such insurance proceeds are not sufficient to pay in full the costs of such repair, rebuilding or restoration, the CONTRACTOR is responsible for payment due in excess of insurance proceeds received. If the BUREAU and the CONTRACTOR determine that repairing, rebuilding or restoration is not feasible and agree in writing not to rebuild, repair or restore the Facility, then this Contract shall terminate with respect to such Facility thirty (30) days after such determination.

Article 4.13 Vehicles. The CONTRACTOR shall purchase and provide all vehicles required for the operation and maintenance of the Facility. The CONTRACTOR shall have all vehicles properly insured for comprehensive, collision, property, medical, personal injury, theft and replacement damages.

ARTICLE FIVE **OPERATION**

Article 5.1 General Duties. The CONTRACTOR shall provide the operation and management services and shall operate, maintain, and manage the Facility in compliance with applicable federal and state constitutional requirements, laws, court orders, and standards (in the case of a conflict between standards, the more demanding standard will control), whether now in effect or hereafter effected or implemented, and in accordance with the operational plan, the terms and conditions contained in this Contract, and any documents referenced therein. The CONTRACTOR shall be in compliance with all applicable ACA Standards and requirements for adult correctional institutions, except for ACA Standards from which the CONTRACTOR has been explicitly exempted in writing by the BUREAU'S Chief, and shall maintain ACA accreditation. The CONTRACTOR must submit a written request for any such exemption to the BUREAU'S Chief, who may, at his/her sole discretion, grant or deny such exemption in writing to the CONTRACTOR. Any decision by the BUREAU'S Chief is final and not subject to appeal or challenge by the CONTRACTOR in any civil or administrative forum, nor subject to any mediation or arbitration proceedings.

Article 5.2 Fiscal Operations. The CONTRACTOR shall comply with all of the following requirements concerning fiscal operations, including but not limited to, the proper maintenance of accounting records and the periodic report of financial data in accordance with all auditing requirements as generally specified in Articles 5.3 through 5.8.

Article 5.3 Maintenance and Operation of Funds. The CONTRACTOR shall maintain operating fund accounts segregated into four separate groups of accounts, referred to as budget entities (Facility operations, health services, substance abuse, and educational services).

Article 5.4 Operation of Inmate Bank. The CONTRACTOR shall maintain Inmate Bank funds separate and apart from other funds and to abide by DEPARTMENT'S policy and procedure directives as regarding the same.

Article 5.5 Operation of the Privately Operated Institutions Inmate Welfare Trust Fund (POIWF). The CONTRACTOR shall maintain the Privately Operated Institutions Inmate Welfare Trust Fund (POIWF) accounts in accordance with the all applicable standards and DEPARTMENT rules and regulations. Funds in the POIWF may be appropriated annually by the Legislature for the

benefit and welfare of inmates incarcerated in privately operated correctional facilities. By July 1 of each year, the CONTRACTOR must submit a list of expenditures to be made from the trust fund for the next fiscal year to the BUREAU to be reviewed by the Privately Operated Institutions Inmate Welfare Trust Fund (POIIWTF) Committee. The POIIWTF Committee will make its recommendation to the Secretary to be considered by the Legislature in the allocation of funds. In accordance with 60AA-203.101, Florida Administrative Code, planned expenditures must cover expenses for unique and innovative programs or items or activities for the inmates at the Facility. Proposed additional expenditures for contractually required programs will not be authorized. Also, the CONTRACTOR must compile a report that documents the actual receipts and expenditures from this trust fund for the previous fiscal year and the projected receipts and expenditures for the next fiscal year, beginning July 1 and ending June 30, and provide such to the BUREAU.

Expenditures for operational cost and fixed capital outlay made from the POIIWTF must meet the guidelines of Section 945.215, Florida Statutes, and applicable terms of this Contract. The vendor is responsible for contracting and overseeing the construction of fixed capital outlay projects authorized by the Legislature. All operations and fixed capital outlay projects and expenditures must be approved by the BUREAU. Expenditures made from the POIIWTF may not include items included in the vendor's proposal.

Article 5.6 Auditing of Trust Accounts. The CONTRACTOR shall develop and update, as necessary, with the approval of the BUREAU, administrative procedures to ensure proper accounting and internal control of the receipts and expenditures of the funds from the Commissary Account and the POIIWTF. The CONTRACTOR shall have an independent audit of this fund conducted on an annual basis and the results of the audit will be submitted to the BUREAU. CONTRACTOR will send to the BUREAU a monthly report of deposits and expenditures made to the POIIWTF. This report should include deposits and expenditures made to the commissary account.

Article 5.7 Financial Reporting. Audited annual financial statement, prepared in accordance with GASB and clearly distinguishing Inmate Bank and Private Inmate Welfare Funds shall be filed not later than July 1st of each year except as provided for as below:

For the first, or partial year of occupancy:

- a. If the period of occupancy has been six months or less prior to July 1st of the succeeding year, the report shall not be due until July 1st of the second succeeding year.
- b. If the period of occupancy has been greater than six months prior to July 1st of the succeeding year, the report shall be filed not later than July 1st of the succeeding year.

The financial statement shall consist of at a minimum:

- a. **Inmate Bank Fund:** Accounting of the Inmate Bank fund and POIIWTF including a spread sheet showing all account actions for the relevant time period for each account and the balance if any at the time of submission of the statement. Also, as to the POIIWTF, the report shall include a statement of revenues, expenses and changes in retained earnings, and statement of budgeted and actual expenditures (detailed by object code).

Article 5.8 SEC Records. The CONTRACTOR shall, on a timely basis, provide the BUREAU with copies of all annual reports on Form 10-K, quarterly reports on Form 10-Q and reports on Form 8-K required to be filed by the CONTRACTOR with the Securities and Exchange Commission. Prior to the execution of the resulting agreement, the CONTRACTOR shall provide the BUREAU with its most recent Form 10-K and any Form 10-Q's or Form 8-K's filed.

Article 5.9 ACA Accreditation. The CONTRACTOR shall maintain ACA accreditation for the Facility pursuant to and in accordance with the terms of Section 957.04(1)(c), Florida Statutes. The CONTRACTOR must provide a detailed plan addressing CONTRACTOR'S achieving and maintaining ACA accreditation through the term of the Contract. The CONTRACTOR shall apply for no later than sixty (60) days after the Service Commencement Date and achieve ACA accreditation of the Facility within twelve (12) months after the date the CONTRACTOR applies to the ACA for accreditation. Once accreditation is achieved, the CONTRACTOR shall maintain it for the duration of the Contract term. The CONTRACTOR'S failure to comply with this section will be considered a violation of the terms of this Contract, subjecting the CONTRACTOR to the imposition of liquidated damages and/or termination of the Contract by the BUREAU at the BUREAU'S discretion.

Article 5.10 Classification and Assignment of Inmates.

- A. The CONTRACTOR shall provide a classification program that is in accordance with all applicable standards and DEPARTMENT rules and regulations. The CONTRACTOR shall provide suitable office space at the Facility for a certain number of DEPARTMENT classification officers as may be determined by the DEPARTMENT to conduct classification services, subject to the BUREAU'S approval. CONTRACTOR may not make any change in an inmate's custody level, but may recommend custody level changes to DEPARTMENT for approval.

- B. Beginning on the Services Commencement Date, inmates will be assigned to the Facility by the DEPARTMENT at a rate not to exceed capacity of the Facility in accordance with the following:

Mixed (medium and close) custody security level; the inmates transferred by the DEPARTMENT shall represent a cross section of the general mixed (medium and close) custody inmate population, and be mentally, physically, and medically capable of participating in the programs; prior completion of the initial classification process at a DEPARTMENT facility; accompanied by all initial classification and subsequent reviews and other necessary documentation; accompanied with a complete medical record, including chest X-ray; and accompanied by documentation of the amount contained in the inmate's Commissary account with the funds to be forwarded by the DEPARTMENT to the Facility within ten (10) days of receipt of the inmate, in compliance with Chapter 33, Florida Administrative Code.

If an inmate does not meet the qualifications or classification level necessary for classification to the Facility and the CONTRACTOR is aware of this before acceptance, the CONTRACTOR may refuse to accept an inmate. If an inmate is later found not to meet the qualifications or classification level necessary for classification to the Facility, the CONTRACTOR may request the transfer of unqualified or improperly classified inmates to a DEPARTMENT facility pursuant to Articles 5.12 and 5.14 herein.

Article 5.11 Orientation of Inmates. CONTRACTOR shall conduct an orientation program for newly assigned inmates with the program meeting minimum standards as outlined in Chapter 33-601.101, Florida Administrative Code.

Article 5.12 Transfer of Inmates. Certain circumstances may require an inmate's transfer out of the Facility. These circumstances include custody changes resulting from disciplinary infractions or other behavior in the Facility; medical and psychiatric transfers, as initiated by medical staff at the Facility; disciplinary transfers in accordance with the CONTRACTOR'S disciplinary procedures; emergency transfers that involve extreme circumstances not normally found at the Facility;

administrative transfers used in witness protection cases; or to adjust operational capacities.

The CONTRACTOR may request, in writing, that an inmate be transferred from the Facility. The BUREAU, the CONTRACTOR, and the DEPARTMENT shall comply with the terms of the Cooperative Transfer Agreement when transferring inmates between a correctional facility operated by the DEPARTMENT and a private facility. In the event that a cooperative agreement cannot be reached on a transfer request, the BUREAU will have the final decision on which inmates may be transferred from the Facility. Any decision by the BUREAU'S Chief is final and not subject to appeal or challenge by the CONTRACTOR in any civil or administrative forum, nor subject to any mediation or arbitration proceedings.

Article 5.13 Release of Inmates. The CONTRACTOR will release inmates in compliance with the DEPARTMENT'S policy pertaining to release and the requirements of Rules 33-7.006 and 33-7.007, 60AA-7.006, 60AA7.007, F.A.C., which establishes the procedure to be followed in providing a discharge gratuity and travel to eligible inmates upon their release. The CONTRACTOR shall follow procedures which are substantially identical to those in Rules 33-7.006 and 33-7.007, 60AA-7.006, 60AA7.007, F.A.C., and make payment from its fund to eligible inmates. The DEPARTMENT shall not reimburse the CONTRACTOR for discharge gratuity payments made.

Article 5.14 Transportation of Inmates. The CONTRACTOR shall not be responsible for inmate transportation from the DEPARTMENT to the Facility or from the Facility to the inmate's destination upon transfer. The CONTRACTOR will be responsible for transporting inmates to the hospital or outside medical appointments, and will be responsible for discharge transportation in compliance with Rules 33-7.007 and 60AA-7.007, F.A.C., "Discharge Transportation".

Article 5.15 Inmate Discipline. The CONTRACTOR will develop and implement a system of inmate rules and disciplinary procedures in compliance with the Standards and penalties consistent with those imposed by the DEPARTMENT. Disciplinary hearings will be conducted by the CONTRACTOR'S staff who will make recommendations to the DEPARTMENT classification staff. The DEPARTMENT'S classification staff shall either accept those recommendations or prepare a written statement in which good cause for a rejection of those recommendations are established. In the event that a recommendation is rejected by the DEPARTMENT'S classification staff, the CONTRACTOR shall have a right of administrative appeal to the BUREAU'S Chief. The decision of the BUREAU'S Chief in the event of any such administrative appeal shall be final and not subject to appeal or challenge by the CONTRACTOR in any civil or other administrative forum, nor subject to any mediation or arbitration proceedings.

Article 5.16 Inmate Visitation. The CONTRACTOR shall provide all space, furniture, equipment, and supervision necessary to implement a visitation program in compliance with the Standards. Both contact and non-contact visitation will be provided as determined by an inmate's custody level and disciplinary status.

Article 5.17 Drug Testing. A random drug testing program consistent with DEPARTMENT requirements must be conducted. Monthly reports must be submitted to the BUREAU regarding the testing results.

Article 5.18 Inmate Mail and Telephone.

- A) The CONTRACTOR shall provide for mail and telephone services in compliance with the Standards. As required by Section 945.215, Florida Statutes, net receipts from telephone commissions shall be sent to the DEPARTMENT and deposited monthly in the Privately Operated Institutions Inmate Welfare Trust Fund (POIWTF), using the

procedure outlined in Article 5.5. Expenditures from this trust fund must meet the guidelines of Section 945.215, Florida Statutes, and may not include items that are part of the Contract. The telephone CONTRACTOR(s) for the Facility shall be responsible for the repair and maintenance of any equipment it installs. However, the CONTRACTOR shall take all reasonable precautions to prevent damage to the equipment. The CONTRACTOR will provide computer hardware for administration of the inmate telephone system. The CONTRACTOR shall comply with all state, federal and local laws, including the DEPARTMENT's rules, policies and procedures regarding inmate access to telephones found in Chapter 33, Florida Administrative Code.

- B) The CONTRACTOR shall develop and update, as necessary, with the approval of the BUREAU, administrative procedures to verify that: contracted telephone companies accurately record and report all telephone calls made by inmates incarcerated in the Facility; persons who accept collect calls from inmates are charged the contracted rate; and the funds are deposited into the telephone revenue account and transmitted monthly into the POIIWTF.

Article 5.19 Use of Force. The CONTRACTOR will develop and implement use of force policies and procedures in compliance with the Standards.

Article 5.20 Inmate Personal Property. The CONTRACTOR shall develop and implement policy and procedures for handling and disposing of inmate property. Such procedures shall be in compliance with DEPARTMENT rules, regulations and other applicable standards provided in Chapter 33, Florida Administrative Code, and the United States Constitution.

Article 5.21 Inmate Grievance Procedure. The CONTRACTOR will develop and implement an inmate grievance system that meets or exceeds the requirements of federal guidelines established under 42 U.S.C. § 1997e (2005).

Article 5.22 Sentence Computation. The CONTRACTOR shall provide the DEPARTMENT with data and information relating to sentence computation. The decision with respect to sentence computation rests with the DEPARTMENT.

Article 5.23 Gain Time, Change of Custody and Furloughs. The CONTRACTOR will provide specific information to the DEPARTMENT for the purposes of award or forfeiture of gain time, change of custody or granting furloughs with the decision for such resting with the DEPARTMENT. In the event that a recommendation is rejected by the DEPARTMENT, the CONTRACTOR shall notify the BUREAU'S Chief.

Article 5.24 Security.

- A) **Security Services:** The CONTRACTOR shall provide security services designed for preventing escapes, maintaining order and managing the inmate population. A successful security program depends heavily on staff training, effective administration, and the establishment of inmate programs. The organization, staffing, and administration of the security program are vital to the Facility. The direction provided by a well-organized and clearly articulated operations manual, and emergency planning provides a solid base for successful administration.
- B) **Security Operations:** The CONTRACTOR shall provide all Security Operations in accordance with ACA Standard 4-4174, and DEPARTMENT'S Security Manual if such is not in direct conflict with ACA Standards.
- C) **Emergency Plans:** The CONTRACTOR shall create and establish detailed emergency

plans that are in accord with ACA Standards and the DEPARTMENT'S Emergency Plans which address the following:

- 1) Assault From Outside or Terrorist Activities
- 2) Bomb Threat
- 3) Escape
- 4) Evacuation
- 5) Fire
- 6) Hostage
- 7) Riot or Disorder
- 8) Hazardous Material
- 9) Medical Emergencies or Epidemics
- 10) Employee Strike Plan
- 11) Natural Disaster
- 12) Coordination with Local Agencies and DEPARTMENT for Emergency Assistance

D) Emergency Squads: The CONTRACTOR shall conform to DEPARTMENT'S standards regarding the organization of its emergency squad(s), how they will be deployed, and what their individual responsibilities will be, the line of authority concerning emergency squads and the type of training they will receive.

E) Security Staff Utilization: The CONTRACTOR shall develop and implement policy and procedures for Security staff utilization that includes, but is not limited to the following:

- 1) A table of organization for the security staff for the maximum inmate population for the Facility and the position qualifications, job descriptions, pay levels, number of persons per post, distribution by shift, and security staff to inmate ratio in each housing unit and by shift.
- 2) A detailed Security Post Chart outlining how key functions/duties will be staffed. For example, escape - canine supervisor; weapon systems - arsenal officer; and exercise - confinement/Hospital coverage, Transfer/Transport/Escort - Medical Escort Officer or Utility Officer.
- 3) A complete explanation of how the responsibility for Medical Escort and Transfer for out-patient and in-patient will be handled; how coverage will be provided for inmates who are in-patients at hospitals; and how the responsibility of transporting or transferring inmates to other facilities will be handled. These assignments are to be reflected and identified on the Security Post Chart consistent with DEPARTMENT rules, policy and procedures.
- 4) A recap of the Security Post Chart by total number of staff, to include rank, number of days each post is covered and corresponding relief.
- 5) A detailed explanation and written example of how the relief factor for posts are calculated and arrived at to generate the total number of security positions.
- 6) A detailed explanation of the use of any part-time staff positions and their deployment shall be detailed on the Security Post Chart. The use of part-time

correctional officers shall be limited to a maximum of 20 hours per officer per week, for a total not to exceed 900 hours per week for the Facility. The use of part-time staff in supervisory positions is forbidden. The BUREAU reserves the right to authorize exceptions to this section.

- 7) Post Orders detailing and indicating the key duties and responsibilities for each security post/function identified on the proposed Security Post Chart.

Article 5.25 Food Service. The CONTRACTOR will provide a food service program in compliance with the Standards. Section 957.04 (1)(f), Florida Statutes, requires CONTRACTOR to be responsible for a variety of services including diet, at least equal to those provided by the DEPARTMENT in comparable facilities.

The CONTRACTOR shall provide all food, staffing and supervision of preparation for the total delivery of food service at the Facility. The CONTRACTOR shall provide a full service kitchen with separate dining rooms for inmates and staff.

1. Master Menu:

- a. The DEPARTMENT has developed, and has in place, a four-week cycle Master Menu that shall be followed by the CONTRACTOR to ensure inmates housed in the Facility receive the same caloric and dietary requirements. The CONTRACTOR shall serve three hot meals per day, with the exception of sack lunches or other special diets, as directed by medical staff.
- b. The CONTRACTOR shall make provisions for providing sack lunches for inmate work crews in compliance with the applicable DEPARTMENT standards.

2. Delivery of Food:

- a. General Population: The delivery of food for the general population inmates is normally provided in cafeteria style in the inmate dining room Facility. Alternate methods may be proposed by the CONTRACTOR.
- b. Staff/Employees/Official Visitors: The CONTRACTOR shall provide separate dining room facilities for staff and employees and official visitors; however, the same food prepared for inmates shall be served to staff and employees. This requirement is not intended for inmate visitation participants.
- c. Confinement/Infirmary: Inmates who are housed in confinement or infirmaries shall be fed in the confinement units or infirmary, whichever is appropriate.
- d. Medical Diets: The CONTRACTOR shall prepare all medical diets in accordance with the recipes and menus in DEPARTMENT'S Modified Diets Component of the Master Menu and account for the number of inmates receiving such diet.

3. Religious Diets/Alternate Entrée: The Facility's Chaplain shall have the authority under the Florida Administrative Code to approve and facilitate religious diets. Except in rare circumstances, requirements for religious diets are met by the Master Menu through the alternate entree program. A non-meat protein source is designated on each daily menu as an alternate to the main entree. Any inmate may choose between either the main entree or the designated alternate.

4. Records must be maintained indicating daily menus and number of meals served. Substitutions to the pre-approved menus must be clearly documented and CONTRACTOR must ensure that substitutions made are of equivalent nutritional and

caloric value to the original item.

5. CONTRACTOR shall develop a written policy and procedure for delivery of food in case of an emergency (examples: non-delivery of food, riots, natural disasters, equipment failure).
6. CONTRACTOR shall develop and implement a written plan for sanitation and rodent control which includes all kitchen/dining space, appliances, supplies and equipment.
7. A preventive maintenance schedule for the food service equipment must be developed, as applicable. All tools, knives and utensils must be locked in a controlled environment, inventoried, and signed in and out in accordance with DEPARTMENT policy.
8. All foods and/or condiments of a high security risk shall be locked in a controlled environment in accordance with DEPARTMENT policy.

Article 5.26 Inmate Commissary and Vending Services.

- A. Inmates shall have access to a commissary for purchase of goods. CONTRACTOR will provide an inmate commissary and may provide for the placement in the Facility of one or more vending machines for use by the inmate's visitors. Items for resale must be priced comparatively with like items for retail sale at fair market prices.
- B. As required by Section 945.215, Florida Statutes, the net proceeds derived from operating inmate canteens, vending machines used primarily by inmates, receipts from telephone commissions, and similar sources shall be sent to the DEPARTMENT and deposited monthly in the Privately Operated Institutions Inmate Welfare Trust Fund (POIIWTF).
- C. Funds necessary to purchase items for resale in the commissary and inmate vending machines shall be deposited into a local bank account established by the CONTRACTOR and approved by the BUREAU, hereinafter called the "Commissary Account".
- D. CONTRACTOR shall make expenditures to the Commissary Account, to purchase items for resale in the commissary and for other items as contemplated in Section 945.215, Florida Statutes. CONTRACTOR will send to the BUREAU a monthly report of deposits and expenditures made to the POIIWTF. This report should include deposits and expenditures made to the Commissary Account.

Article 5.27 Health Care Services. The CONTRACTOR will provide medical, dental and mental health services in compliance with the Standards, that include the following:

Dental/Physical/Mental Health Services: The CONTRACTOR shall provide, or cause to be provided, all dental, physical, and mental health services in accordance with all applicable Florida laws and consistent with the judicial orders and consent agreements entered into by the State of Florida in Celestineo v. Singletary, 147 F.R.D. 258 (M.D.F.L. 1993). The CONTRACTOR shall be subject to the provisions of Sections 945.601, 945.6035, and 945.35, Florida Statutes. The CONTRACTOR shall stand in the place of the DEPARTMENT for purposes of this Act. Accordingly, the facility shall be subject to comprehensive surveys by the Correctional Medical Authority (CMA) of the dental, physical, and mental health care systems no less than biennially. The CONTRACTOR shall designate a Chief Health Officer who shall submit reports to the Assistant Secretary of Health Services for all clinical matters. Any and all contracts for the provision of dental, physical, and/or mental health services to an inmate shall be reviewed by the Florida CMA, prior to the operation of said contracts. The Florida CMA reviews and recommendations will be presented to the BUREAU'S Chief and the DEPARTMENT. The CMA review will not imply any approval authority by the CMA, over the contracts prior to operation. Approval authority for any and all contracts will be the sole responsibility

of the BUREAU.

Limitations on inpatient hospitalization costs: If in the opinion of the on-site Chief Health Officer, the inmate cannot be properly treated in the facility, he/she shall refer the inmate to a medical facility that can provide the necessary treatment. A list of medical facilities to which inmates can be referred for off-site care will be agreed on by the DEPARTMENT and the CONTRACTOR prior to Service Commencement Date. In the event that the DEPARTMENT and the CONTRACTOR cannot mutually agree on a list of medical facilities that can provide the necessary treatment, the BUREAU will make the final decision. Any decision by the BUREAU'S Chief is final and not subject to appeal or challenge by the CONTRACTOR in any civil or administrative forum, nor subject to any mediation or arbitration proceedings. The CONTRACTOR shall not be responsible for inpatient hospitalization costs, including any surgery and specialty services, in amounts greater than \$15,000 per inmate per admission, or for costs incurred after five (5) days of hospitalization, whichever comes first. If inpatient costs exceed \$15,000, as described above, any further cost will be assumed by the DEPARTMENT. If an inmate is considered by the Facility's Chief Health Officer to be medically, physically, or mentally incapable of participating in the programmatic activities (which have been specifically designed to reduce recidivism) for greater than two (2) weeks, the CONTRACTOR may request in writing that the DEPARTMENT either transfer the inmate or provide in writing to the BUREAU valid reasons for the failure to do so. If it is requested that the DEPARTMENT transfer an inmate because the inmate is not medically, physically, or mentally capable of participating in the programmatic activities, specific information must be provided that indicates what programmatic activities the inmate is unable to participate in, and an explanation of the cause.

The CONTRACTOR shall be responsible for providing security for any inmate admitted to a hospital for the initial period the CONTRACTOR is responsible for inpatient hospitalization costs. Should the security provided by the CONTRACTOR continue beyond the initial period because of the need to provide continuous security, such security shall be provided by the CONTRACTOR. However, CONTRACTOR shall be reimbursed for reasonable costs associated with such supplemental security. Any such inmate will be included in CONTRACTOR'S Midnight Strength Report for any midnight during which the CONTRACTOR is furnishing security for such inmate. CONTRACTOR shall notify the BUREAU and the DEPARTMENT as soon as possible (within 12 hours) any time an inmate is admitted to a hospital.

Medical Services: The CONTRACTOR will be responsible for the following: all inmate medical costs for care provided at the facility to include emergency outpatient care, pharmaceutical services, initial intake screening for medical, dental and mental health pre-existing conditions, detoxification of substance abusers, medically required eyeglasses, hearing aids, and dentures; regularly scheduled chronic illness clinics conducted under the direct supervision of the Chief Health Officer for the following conditions: diabetes; respiratory; cardiovascular; seizure disorder; tuberculosis preventive therapy; general medicine; immunodeficiency; and hepatitis C; an infectious disease education program for inmates which will be consistent with the DEPARTMENT'S existing health education program for HIV and AIDS as described in Section 945.35, Florida Statutes. Testing for HIV infection under the following conditions: upon request by the inmate; when there is evidence that an inmate, while at the facility, has engaged in high-risk behavior, as established in Section 945.35, Florida Statutes, for transmitting or contracting HIV; if the inmate has a positive tuberculosis skin test or active TB; or any other condition deemed medically necessary by the appropriate medical practitioner; no more than 16% of the population shall be M2 and/or M3 (previously P2 and P3); there can be a 2% variance. No more than 0.5% of the population shall be M4. No more than 5% of the population shall be HIV positive; there can be a 0.5% variance. No more than 18% of the population shall be S-3 at any one time; there can be 0.5% variance. No more than 48% of the population shall be close custody; there can be a 3% variance. Contractor should follow requirements outlined in Section 945.355, Florida Statutes.

Inmate Co-Payment: The CONTRACTOR shall be responsible for collecting a medical co-payment for each inmate-initiated, non-emergency visit to a health care provider as required by Section 945.6037, Florida Statutes. The fees collected will be retained by the CONTRACTOR and the same amount will be deducted from the monthly management payment billing. All co-payments must be noted in the Offender Based Information System and accounted for in the medical record. A monthly report of co-payments will be included with the management payment billing.

Off-site Security for Hospitalization: CONTRACTOR shall be responsible for providing security for any inmate admitted to a hospital anytime that CONTRACTOR is responsible for inpatient hospitalization costs. Should the security provided by CONTRACTOR continue beyond this period because of the need to provide continuous security, such security shall be provided by the CONTRACTOR.

Chief Health Officer: The CONTRACTOR shall designate a Chief Health Officer (CHO) for the Facility who shall submit reports to the DEPARTMENT (and Director of Health Services, as required) for all clinical matters.

Health Education Program: The CONTRACTOR shall develop, subject to DEPARTMENT approval, an inmate health education program. To promote this health education process, informational programs shall be made available based on the requirements of Florida Statutes and assessed educational needs of the inmates. Selected topics for these programs may include but are not limited to:

- 1) Personal hygiene;
- 2) Nutrition;
- 3) Physical fitness;
- 4) Stress management;
- 5) Sexually transmitted diseases;
- 6) Chemical dependency;
- 7) Tuberculosis and other communicable diseases;
- 8) Effects of smoking;
- 9) HIV/AIDS;
- 10) Hypertension/Cardiac;
- 11) Epilepsy;
- 12) Diabetes;
- 13) Dermatology; and
- 14) Rehabilitation.

An infectious disease education program for inmates, which will be consistent with the DEPARTMENT'S existing health education program for HIV and AIDS as described in Section 945.35, Florida Statutes.

Quality Management: The CONTRACTOR shall establish and maintain a Clinical Quality Management program that maintains full compliance with DEPARTMENT rules and regulations and the DEPARTMENT Office of Health Services Technical Instructions that pertain to:

- 1) Quality Management
- 2) Infection Reporting to the Department of Health
- 3) Infection Control Program

- 4) Medical Peer Review Committees
- 5) Clinical Risk Management Program
- 6) Mortality Review Program

The CONTRACTOR will also maintain full compliance with the policies and procedures pertaining to quality assurance and quality indicators that are currently being revised by the Office of Health Services.

Health Assessment at Intake: CONTRACTOR shall ensure all inmates being admitted to the Facility are provided a comprehensive health assessment/examination by a physician in accordance with DEPARTMENT guidelines upon intake into the Facility. This shall include screening and evaluation as required by the applicable standards and the requirements provided herein, by medical personnel immediately upon arrival at the Facility. The preliminary screening shall be documented in the inmate's case file and include the following:

Inquiry into:

- 1) Current illness.
- 2) Communicable diseases.
- 3) Alcohol/chemical abuse history.
- 4) Medications currently being taken.
- 5) Dental status.
- 6) Chronic health problems.

Observation of:

- 1) State of consciousness.
- 2) Mental status.
- 3) Appearance.
- 4) Conduct.
- 5) Bodily deformities and ease of movement.
- 6) Signs of trauma, bruises, lesions, jaundice, rashes and infestations, and needle marks or other indications of drug abuse.

Explanation of procedures for access to health and dental services shall be provided to inmates both orally and in writing via the Inmate Handbook. The handbook will be provided by the DEPARTMENT, along with additional information necessary to inform the inmate about unique Facility operations.

Referrals: All routine referrals shall be approved by the CHO and outside referrals shall be made only when appropriate. Coordination and compliance with the DEPARTMENT's utilization review program requirements is mandatory. Appropriate referral logs shall be maintained and available for review upon request.

Staffing of Health Care Professionals: The CONTRACTOR shall employ only candidates who have appropriate Florida licensure and certification and who have provided documentation of past health care experience and letters of recommendation. Each candidate will be subject to a credentials review and approval process with individual certification that the employee has the requisite training, experience and licensure or certification necessary to perform the duties assigned. The credentials process must meet or exceed the requirements of Florida Law. All Physicians, Advanced Registered Nurse Practitioners

(ARNPs), Psychologists, Psychological Specialists, Physicians' Assistants and Dentists or clinical equivalents of these position titles employed by the CONTRACTOR shall be credentialed. The CONTRACTOR shall provide a certification statement on each individual to the Director of the DEPARTMENT Office of Health Services certifying that the credentials of each individual have been reviewed and he/she is certified as qualified to perform the duties assigned.

Medical Records: The CONTRACTOR shall ensure that all health care unit staff document each health care encounter in the Problem-Oriented Medical Record utilizing the SOAP format, (including DEPARTMENT approved forms) as outlined in DEPARTMENT rules, Technical Instructions and Florida Statutes.

The CONTRACTOR shall ensure that each health record is complete, accurate and contains sufficient documentation to warrant the treatment rendered and that each entry is made in a timely manner. This shall include requesting, and documenting the request for all available previous medical records and composing a medical history.

The CONTRACTOR shall ensure that all medical record procedures concerning confidentiality are followed. Medical records shall remain the property of the DEPARTMENT and information contained in a medical record shall not be released to anyone who is not legally authorized to receive it.

The CONTRACTOR shall ensure that each medical record meets the provisions in Florida Statutes, DEPARTMENT rules, Technical Instructions, the Health Record Manual, HIPAA, and other applicable laws, rules and regulations.

Other General Health Service Requirements: Routine transportation of inmates for medical visits, consultations, diagnostics studies and hospital admissions shall be the responsibility of the CONTRACTOR.

Subject to the approval of the DEPARTMENT, hospitalization or other specialty care which is required in follow-up to a previous surgery or procedure shall be referred to the provider or Facility originally providing the services.

CONTRACTOR'S personnel shall establish regular meetings with representatives from the designated hospital and other providers to coordinate the referral of inmates. Policies and procedures shall be developed by CONTRACTOR regarding referral methods, scheduling, transportation, reporting of test results, medical records, acute care hospitalization and patient follow-up, subject to approval of the DEPARTMENT.

Article 5.28 Physical Health Services.

- A. Chronic Illness Clinics: The CONTRACTOR shall provide regularly scheduled chronic illness clinics conducted under the direct supervision of the Chief Health Officer for the following conditions:
- 1) diabetes;
 - 2) respiratory;
 - 3) cardiovascular;
 - 4) seizure disorder;
 - 5) tuberculosis preventive therapy;
 - 6) general medicine;
 - 7) immunodeficiency; and
 - 8) hepatitis C.

- B. Sick Calls: The CONTRACTOR shall ensure sick calls are provided in accordance with DEPARTMENT'S guidelines and internal directives of the Facility.
- C. Emergency Care Services: Emergencies shall be taken to the nearest hospital approved by the DEPARTMENT. The CONTRACTOR shall ensure the availability of emergency treatment through predetermined arrangements with local hospitals. If an inmate should need to be transferred by air, the CONTRACTOR shall use appropriate aviation assets. All ambulances utilized shall be equipped with life support systems and shall be operated by personnel trained in life support that are currently certified by the State of Florida. The CONTRACTOR shall obtain documentation of State certification and keep it on file at the Facility. The CONTRACTOR shall be responsible for the cost of all emergency air ambulance or land ambulance transportation.

The following service requirements shall be met to ensure that qualified emergency treatment is provided:

- 1) In-service education on first aid and emergency procedures.
 - 2) Written policies and procedures concerning emergency transfer and transportation of inmates.
 - 3) Arrangements for emergency 24-hour on-call physician coverage.
 - 4) Coordination with security for arrangements when the emergency transfer of an inmate is indicated.
 - 5) Cardiopulmonary Resuscitation (CPR) Basic Training for all Health Services staff and other designated Departmental staff members.
- D. HIV Testing: The CONTRACTOR shall provide testing for HIV infection under the following conditions:
- 1) Upon request by the inmate;
 - 2) When there is evidence that an inmate, while at the Facility, has engaged in high-risk behavior, as established in Section 945.35, Florida Statutes, for transmitting or contracting HIV;
 - 3) If the inmate has a positive tuberculosis skin test or active TB; or
 - 4) Any other condition deemed medically necessary by the appropriate medical practitioner.
- E. Infection Control Program: The Contract shall provide for an Infection Control Program at the Facility. The program will include, but is not limited to, concurrent surveillance of patients and staff, prevention techniques, and treatment and reporting of infections in accordance with local and state laws.
- F. Special Medical Programs: The CONTRACTOR shall provide a "special medical program" for inmates who require close medical supervision including chronic and convalescent care. The plan of treatment shall include directions for health care staff and correctional staff regarding their roles in the care and supervision of the inmates. The special medical program shall service a broad range of health problems including but not limited to seizure disorders, diabetes, hypertension and AIDS.
- G. Optical Services: The CONTRACTOR shall provide for Optical Services, including eye examinations performed on-site and in accordance with ACA Standards and DEPARTMENT bulletins. A qualified optometrist shall examine inmates with specific complaints. Eyeglasses shall be provided at the inmate's expense unless clinically

mandated by an ophthalmologist at which time the CONTRACTOR is financially responsible.

H. Infirmiry Care and Hospitalization: The CONTRACTOR shall provide Infirmiry care for inmates requiring skilled nursing care, chronic illness care, convalescent care, and all acute and chronic conditions which can be managed on-site which includes, but is not limited to the following:

- 1) 24-hour coverage, supervised on site by a Registered Nurse;
- 2) Daily infirmiry rounds by nursing staff;
- 3) 24-hour Physician on-call coverage;
- 4) Physician shall conduct infirmiry rounds no less than one time per day, Monday through Friday.

In addition, the CONTRACTOR shall develop a manual of nursing care procedures and ensure that a medical record is established for each patient. All infirmiry encounters by a health care provider shall be documented in the inmate's medical record.

If, in the opinion of the on-site CHO, the inmate cannot be properly treated at the Facility, the inmate shall be referred to a Facility that can provide the necessary treatment, which has been mutually agreed to by the DEPARTMENT and CONTRACTOR to provide hospital-based services for the DEPARTMENT'S inmates.

Those inmates requiring care beyond the capability of the infirmiry shall be hospitalized at a licensed community Facility. Routine admission from the Facility shall be made to a hospital Facility approved by the DEPARTMENT. Recommendations for hospitalization, with the exception of emergency situations, shall require review and approval by the on-site CHO. Hospital admissions that arise from emergency situations shall be reviewed by the on-site CHO within 48 hours of admission.

Treatment, care or medical procedures including but not limited to surgery, or prosthetics, initiated at the Facility, shall be completed prior the clearance of the inmate for transfer to another DEPARTMENT Facility with the exception of emergency disciplinary or mental health transfers. Services may be provided at the receiving Facility and billed to the CONTRACTOR, or with the approval of the DEPARTMENT and the BUREAU, the inmate may be returned to the sending Facility.

The CONTRACTOR shall be responsible for all levels of care, including Secondary or Tertiary level of care for permanent inmates assigned to the Facility.

Article 5.29 Dental Health Services. CONTRACTOR will provide inmate dental health services that conform to DEPARTMENT'S Dental Care Manual and the Standards in accordance with:

- Chapter 466, Florida Statutes
- American Correctional Association standards
- American Dental Association standards
- Florida Board of Dentistry Rules
- Center For Disease Control Standards
- Occupational Safety and Health Administration Standards

The CONTRACTOR shall provide emergency and comprehensive dental care, consistent with all applicable laws, rules, regulations and practicing standards. This includes reexamination,

complete and partial dentures, crowns and bridges when indicated, operative, endodontics, periodontics and oral surgery. Prevention of dental diseases must be stressed along with oral hygiene education. The CONTRACTOR shall have back-up coverage when the Facilities' dentists are not available.

All CONTRACTOR'S dentists will be currently licensed in the State of Florida and be in good standing with the Florida Board of Dentistry. Copies of such licensure shall be maintained by the Facility.

If applicable, all dental prosthetics shall be provided by the CONTRACTOR through PRIDE of Florida Dental Laboratory. Clinical oversight of the CONTRACTOR'S dentists shall be provided by the DEPARTMENT Office of Health Services' Director of Dentistry. The CONTRACTOR'S provision of dental services shall include the following components:

- A. Initial intake screening within five (5) workdays of arrival; and
- B. Development of a dental treatment plan that includes:
 - 1) Prioritization of needs;
 - 2) Counseling on oral hygiene;
 - 3) Fillings, cleaning and prosthesis; and
 - 4) Dentistry based on preventive care and complaint-oriented care.

Article 5.30 Mental Health Services. The CONTRACTOR shall ensure that inmate mental health care is delivered in a manner that complies with all state and federal laws, rules and regulations contained herein. The DEPARTMENT publication, "Mental Health Services Plan," provides guidelines on how the DEPARTMENT has organized its mental health care system. Inmates are assigned to a correctional Facility according to the mental health grade assigned during the health assessment each inmate receives upon incarceration with the State. Throughout the term of the prospective contract, CONTRACTOR shall utilize the mental health grading assignment system utilized by the DEPARTMENT and shall comply with DEPARTMENT'S Mental Health Services Plan.

The CONTRACTOR shall provide Mental Health Services to inmates that include, but are not limited to, the following:

- A. Screening and orientation of all new arrivals.
- B. Evaluation of each inmate housed in administrative or disciplinary confinement or protective/close management on or before the 30th consecutive day and every 90th day thereafter.
- C. Additional screening of each sex offender to determine need and amenability to treatment.
- D. Psychological evaluation at the request of the Parole Commission or Facility staff.
- E. Case management for all inmates who require treatment. Case management consists of various activities designed to facilitate medically necessary care and to monitor its impact.
- F. Psychiatric assessment of those inmates referred for possible pharmacological intervention.
- G. Routine psychiatric review of all inmates requiring such pursuant to DEPARTMENT standards and the rules and regulations referenced herein, including review of adjustment to Facility, medication efficacy, and medication review.

- H. Individualized Service Plans, regularly updated for inmates requiring such plans pursuant to DEPARTMENT rules and regulations and any applicable standards referenced herein, and for other inmates receiving ongoing monitoring and/or care.
- I. Nursing staff will provide medication distribution and medication education for all inmates requiring such pursuant to DEPARTMENT standards and the rules and regulations as described herein and as determined by each inmate's service plan, routine assessment of medication side effects, and monitoring of medication compliance.
- J. Regular group and/or individual counseling for all inmates requiring such pursuant to DEPARTMENT standards and the rules and regulations as described herein, and others in need of treatment.
- K. Crisis intervention and timely referral of inmates who require a higher level of care than what is available at the Facility.

Additional contractual responsibilities will be:

- L. Ongoing training of other Facility staff on relevant mental health topics.
- M. Supervision of non-doctoral psychological staff by a doctoral psychologist.
- N. Thorough documentation of service delivery in the inmate's medical record.
- O. Maintenance of logs of workload and service delivery.
- P. Updating various screens in the Health Service component of the Offender Based Information System (OBIS-HS).
- Q. Regular monitoring of inmates with mental health needs to ensure that appropriate counseling services are provided.
- R. Psychotropic medications as prescribed by a duly licensed medical practitioner for inmates.
- S. Counseling programs.
- T. Providing an intensive substance abuse treatment program as part of the Inmate Reintegration Program.

Article 5.31 Pharmacy Services. The CONTRACTOR shall provide Pharmacy Services and such services will be performed in strict compliance with applicable Florida Statutes, Florida Board of Pharmacy Rules, Federal Drug Enforcement Administration Rules, DEPARTMENT Policies and Procedures and all other applicable rules and regulations referenced herein.

The Pharmacy shall be permitted to provide all pharmacy services for medication distribution at the Facility as required by Chapters 465 and 893, Florida Statutes. This may be effected by utilizing on-site pharmacies, mail order pharmacies or any pharmacy process meeting the requirements in this section.

The CONTRACTOR shall establish a Facility Pharmacy and Therapeutic Committee that shall make determinations regarding pharmacy services provided by CONTRACTOR.

The CONTRACTOR shall provide coverage on-site or on-call by a licensed pharmacist 24 hours a day, 7 days a week. Each pharmacist performing services under the contract shall be reachable by beeper.

The CONTRACTOR shall provide, furnish and supply pharmaceutical and drugs to the Facility utilizing a "unit dose" method of packaging. Unit doses of medication to be administered by nursing staff are to be provided in a patient specific format. If each dose is individually labeled and packaged, the label shall include the drug name, strength, lot number, expiration date and manufacturer. If a modified unit dose system such as a card or blister pack is utilized, each card or pack shall be labeled as a prescription.

Prescriptions shall minimally be labeled to include the inmate name and number, drug name, dosage, directions (frequency of administration) prescribing physician, pharmacist's initials, date, quantity of tablets, manufacturer, lot number and expiration date and any applicable warnings or dietary instructions.

The CONTRACTOR may provide liquid psychotropic medications in unit doses, individually labeled, with manufacturer, lot number, expiration date and date packaged listed. If the CONTRACTOR utilizes pill form psychotropic medications, the necessary precautions must be taken to prevent inmate "cheeking" or other means of retaining medications without ingestion.

The CONTRACTOR shall strictly comply with the DEPARTMENT'S formulary in all cases unless the DEPARTMENT approves a medication exception request.

The CONTRACTOR shall provide other medications in liquid unit dose properly labeled as specified by the CHO.

The CONTRACTOR shall provide injectable medications as required.

The CONTRACTOR shall provide hypodermic supplies to include needles and syringes and disposal containers that are tamper proof and puncture resistant. The CONTRACTOR shall be responsible for appropriate disposal and/or destruction of needles and syringes with documentation.

The CONTRACTOR shall provide on-site STAT dose capability for emergency stock of drugs in unit dose packages to be used in emergency situations or until regular delivery of medications can resume. The specific drugs and quantities shall be determined by the CHO in conjunction with the Facility's Pharmacy and Therapeutics Committee.

The CONTRACTOR shall provide emergency drugs in sealed emergency kit(s) as requested by the CHO.

In accordance with all governing DEPARTMENT rules and regulations, the CONTRACTOR shall provide and fill all prescriptions for inmates leaving on writ or discharge for a maximum of thirty (30) days or in sufficient quantity to complete the current prescription. In no event shall an inmate on maintenance medications be released or sent without at least seven (7) days supply of such medication. The medication should be provided to the transferring officer along with the transfer summary.

The CONTRACTOR shall properly package all medications in light and/or humidity resistant containers as appropriate.

The CONTRACTOR shall label each prescription container to include inmate name, inmate number, inmate location, date, medication name, strength, instructions, prescribing physician, quantity, pharmacist's initials, prescription number and warnings.

The CONTRACTOR shall package non-controlled, non-abusable medications in not more than a month's supply as directed by the Facility's Chief Health Officer. If the quantity is larger than 120 tablets, the supply shall be dispensed not to exceed 120 tablets with appropriate refills.

The CONTRACTOR shall maintain copies of all prescriptions issued to inmates in a permanent file on-site for a period of three (3) years. Copies will be provided to the DEPARTMENT upon request.

The CONTRACTOR shall maintain appropriate documentation including, but not limited to, inventory records, controlled drug perpetual inventory, patient profiles and cost data for financial records. All documentation shall be made available for review by the Warden and the DEPARTMENT Office of Health Services' Director of Pharmacy, or designated representatives of DMS.

The CONTRACTOR shall document and maintain a medication administration record to include all information contained on the prescription label and the name of the practitioner who prescribed the medication.

The CONTRACTOR shall perform in-service training for staff according to a schedule mutually agreed upon and approved by the DEPARTMENT.

The CONTRACTOR shall provide a licensed pharmacist to perform third party drug utilization reviews as requested by the DEPARTMENT Clinical Quality Management Committee.

The CONTRACTOR shall provide a licensed consultant pharmacist to conduct monthly inspections of all institutional areas where medications are maintained. Inspection shall include, but not be limited to, the expiration dates, storage and a periodic review of medication records. The consultant pharmacist's monthly inspection report shall be completed. One copy shall remain in the pharmacy and a second copy shall be sent to the DEPARTMENT Director of Pharmacy.

The CONTRACTOR shall provide a Pharmacist to serve as chairperson of the Facility's Pharmacy and Therapeutics Committee and to consult on-site and by telephone with the CHO and staff as requested.

Article 5.32 Laboratory Services. The CONTRACTOR shall provide Laboratory Services for all medically necessary and appropriate diagnostic laboratory procedures in accordance with the requirements set forth below:

All STAT laboratory work shall be performed at a local hospital or accredited laboratory nearest the Facility. Results shall be telephoned immediately to the requesting physician and a written report shall follow within 24 hours.

Non-urgent laboratory services may be provided to the Facility by the DEPARTMENT'S laboratory services contracted provider or by the CONTRACTOR under a written arrangement. The most cost-effective process may be utilized subject to prior Office of Health Services' approval. However, the subcontracted laboratory must be in compliance with all applicable requirements of Chapter 483, Florida Statutes, including Sections 483.011, 483.26 and 483.800 through 483.827, and the Standards as described herein. If the CONTRACTOR provides any in-house laboratory testing, it must also be in compliance with the appropriate provisions of Florida law. If only waived tests are conducted, the CONTRACTOR must obtain a Certificate of Exemption from the Agency for Healthcare Administration.

Services shall include, but not be limited to:

- A. Laboratory supplies and required equipment (i.e., centrifuges).
- B. Pick-up and delivery on a daily basis, or as needed Monday through Friday.
- C. Printer installed at the Facility, to provide test results (FACSIMILE NOT ACCEPTABLE).
- D. Immediate telephone contact with written reporting capability within 24 hours.

The CONTRACTOR will provide a physician who shall check, initial and date all laboratory results within an appropriate time, not to exceed 24 hours (weekends excluded), to assess the follow-up care indicated and to screen for discrepancies between the clinical observations and the laboratory results. In the event that the laboratory report and the clinical condition of the patient do not appear to correlate, it shall be the responsibility of the physician to make a clinical assessment, and to provide appropriate follow-up, which shall include reordering of the lab tests.

Article 5.33 Radiology Services. The CONTRACTOR shall provide Radiology Services for all medically necessary and appropriate diagnostic X-ray procedures.

Subject to the prior approval of the DEPARTMENT Office of Health Services. All services shall be provided in accordance with applicable state and local regulations for equipment and personnel licensure.

The CONTRACTOR shall ensure that X-ray films are read by a radiologist. The radiologist shall call the Facility CHO with any report requiring immediate intervention. The CONTRACTOR shall ensure that a written report, on the appropriate DEPARTMENT form, is forwarded as required. All emergency X-rays that are required at times other than normal working hours shall be performed at a local Facility. A physician shall review, initial and date all X-ray reports within a reasonable time.

Article 5.34 Inmate Programmatic Services. The CONTRACTOR shall provide Inmate Programmatic Services including academic and vocational programs that have the objective of reducing recidivism by assuring the successful reintegration of the inmates back into society upon release from incarceration. Such services shall be initiated upon the Service Commencement Date, that will be maintained continuously and will be certified by the appropriate governing agency(ies). Teacher's and Instructor's credentials must meet or exceed all applicable requirements of Florida Law. The inmate participation requirements set forth in Exhibit 1 shall be reevaluated annually and adjusted as necessary by mutual agreement of the parties through an addendum to this Contract; any reduction in inmate participation requirements shall be accompanied by a corresponding reduction under Article 7.1.

In addition, the CONTRACTOR may utilize volunteers for programs that will contribute to leisure time, religious educational programs, or that in the CONTRACTOR'S judgment may contribute to inmates' adjustment in the Facility or upon release. Volunteers shall be screened according to the established DEPARTMENT policy.

All inmate programs are subject to reporting requirements of the state and federal government. All programs must be offered on a continuous basis. Teacher/instructor ratios are to be reasonable to accomplish this goal, and once approved are subject to the vacant positions clause of the Contract. The CONTRACTOR shall achieve and maintain performance measures for these programs as stated in the Contract and shall provide DMS with a quarterly status report indicating whether the programs' goals have been met or the reason why the goals have not been met.

Types of program services to be provided include, but are not limited to the following:

- A. Industry Programs that are specialized to meet current needs of the Facility and or the DEPARTMENT. The industry program will be designed to impart knowledge and develop skills that are essential for success in meeting the needs of the Facility and or the DEPARTMENT, with adequate experience to enable the inmate to obtain outside employment. Actual work-based projects are to be included in the learning activities. Industry programs must have specific performance measures: number enrolled, number participated, number completed, number certified, etc., with the goal of placing as many inmates as feasible in a work program to benefit the state and maintain security in the Facility. The custody level of the inmate is to be a consideration in establishing and assigning inmates to industry programs. The program may include subcontractors to accomplish the program goals.
- B. Release Preparation or Pre-Release classes emphasizing resources in the community to aid in transition.
- C. Intervention classes to offenders with violent histories at a minimum of two times per year, and more often if the population turnover warrants. These classes may be included with Life Management skills classes. Cognitive behavior and self-help programs are encouraged.
- D. Religious Services shall be made available to all inmates who wish to participate in accordance with the Standards and the United States Constitution. Services may be provided by a Chaplain(s) hired by the CONTRACTOR, or by qualified volunteers. If the CONTRACTOR chooses to depend upon volunteer services and said services prove to be inadequate to meet the needs of the inmates as determined by the BUREAU, then the CONTRACTOR shall hire one or more Chaplains at no additional cost.
- E. Organized weekly religious services shall be offered. Volunteers from the community may be utilized to assist in offering a variety of religious programs. Religious activities must be afforded in accordance with applicable federal and state laws. Pastoral qualifications of employees or volunteers in this program must meet the minimum

qualifications required by the DEPARTMENT.

- F. Wellness Program which includes indoor and outdoor recreation and leisure time programs for the inmates in compliance with the applicable and corresponding Constitutional standards and the Standards provided herein.
- G. Substance Education Abuse Program that provides individual and group counseling for inmates that complies with the standards and includes mental Health Care and Crises Intervention Services, etc.

Article 5.35 Program Plan. CONTRACTOR shall provide as part of its Contract a plan for providing academic and vocational programs to inmates ("Program Plan"), to be initiated upon the commencement date, that will be maintained continuously and certified by the appropriate governing agency(ies). All programs are subject to reporting requirements of the state and federal government. All Programs described in the Contract must be offered on a continuous basis. Teacher/instructor ratios are to be reasonable to accomplish the goal, and once approved are subject to the vacant positions clause of the contract. The CONTRACTOR shall achieve and maintain performance measures for these programs and shall provide the BUREAU with a quarterly status indicating whether the programs' goals have been met or the reason why the goals have not been met. See Exhibit I for a detailed plan.

Article 5.36 Inmate Laundry and Clothing. The CONTRACTOR will furnish uniforms, including shoes, for inmates that will be properly sized and fitted, climatically suitable, durable and presentable. The CONTRACTOR will provide laundry services and clothing in compliance with the Standards to include, but not be limited to the following:

- Regular changes of clothing;
- Specialized clothing for inmates who are involved in activities such as food service, maintenance; and
- Clean bedding and linen.

Article 5.37 Inmate Compensation. Some inmates employed in selected jobs are paid for their labor. Wages should be deposited to the inmate's account and a portion of earnings be returned to the State to offset part of the cost of incarceration. Distribution of inmate earnings will continue to accrue to either the inmate or the State and the CONTRACTOR will have no claim to any part of inmates' earnings. The CONTRACTOR shall comply with Florida Statutes regarding inmate earnings distribution.

Article 5.38 Library. The CONTRACTOR shall provide an inmate library in compliance with the Standards.

Article 5.39 Access to Courts. The CONTRACTOR shall provide inmates access to courts in compliance with the Standards as referenced herein and the United States Constitution.

Article 5.40 CONTRACTOR Staffing Requirements.

- A. Staffing Levels and Guidelines as provided by the ACA, including Inmate to staff ratio.
The CONTRACTOR shall provide sufficient, qualified personnel to oversee and carry out the required operations of the Facility as specified in this CONTRACT.
- B. **Equal Employment Opportunity:** The CONTRACTOR shall provide written procedures on recruitment and selection of both objective and subjective merit principles. Recruitment and selection shall be done without regard to age, race, color, sex, religious creed, national origin, political opinions, or affiliations, marital status or handicap, except

when such requirement constitutes a bonafide occupational qualification necessary to perform the tasks associated with the position, equal opportunity practices relating to recruitment, examination, appointment, training, promotion, demotion, compensation, retention, discipline, separation, or other employment practices. The CONTRACTOR is responsible for maintaining records as required by the federal Equal Opportunity Act.

- C. Vacancies: It is understood and agreed that from time to time a vacancy may occur in staff positions required by the staffing pattern. For purposes of this CONTRACT, a vacant position is defined to occur when the employee assigned to that position has resigned, been terminated, or is reassigned to another position. A vacancy does not occur when an employee is temporarily absent due to vacation, sick leave, or other temporary leave condition. A vacant position also includes a staff position that is filled with a person who does not possess the training, licensure or credentials required to perform the function. A vacant position does not include a vacancy in a position on the CONTRACTOR'S table of organization if the CONTRACTOR arranges for the service to be provided by another appropriately qualified individual, so long as the service is actually provided on the shift or during the hours and in the manner contemplated by the agreement. This adjustment shall not be considered a form of liquidated or actual damages, but is a withholding of payment for a service not provided. After thirty (30) days, a position that is actually vacant may also be subject to an assessment of liquidated damages without the necessity of written notice. Any vacant position shall be filled as soon as possible by the CONTRACTOR. The CONTRACTOR shall provide to the BUREAU'S Contract Monitor each month, a list of vacant positions along with a position control documentation. The CONTRACTOR agrees to exercise due diligence to attempt to fill any vacant security positions within thirty (30) days of vacancy and non-security positions, within forty-five (45) days after the date upon which the position becomes vacant. If the CONTRACTOR anticipates a problem in filling a vacant position within the forty-five (45) day allowance for non-security positions or the thirty (30) day allowance for security positions, the CONTRACTOR must request a waiver from the BUREAU on a case-by-case basis to fill a position with contracted staff. Positions not filled with permanent employees or contracted staff will incur vacancy deductions. If the CONTRACTOR fills a position with contracted staff after a waiver has been approved, documentation must be provided to that effect to the BUREAU'S Contract Monitor to be included on the monthly vacancy report submitted to the BUREAU. A vacancy deduction will continue to be made for a vacant position until the CONTRACTOR receives final approval for a waiver from the BUREAU. As long as the CONTRACTOR has exercised and continues to exercise due diligence to fill a position, the fact that the position remains vacant shall not constitute an Event of Default, but if the CONTRACTOR has less than the required number of employees for more than the specified time, deductions for vacancies will be made from the monthly per diem paid by the BUREAU using the 365-day method inclusive of benefits, until such time as the position is filled permanently or with contracted staff. The CONTRACTOR shall maintain a file containing job descriptions for each position contained within the staffing pattern. All security posts will have a post order with sufficient detail to insure the security person filling the position can accomplish all tasks.
- D. Staff Health Requirements: The CONTRACTOR shall have all staff tested annually for Tuberculosis, and offer inoculation for Hepatitis B per the DEPARTMENT'S Blood Borne Pathogens Manual and applicable ACA Standards.
- E. Minimum Required Staffing Positions: As provided by ACA.

a) Staffing Qualifications: All required personnel documentation including certifications shall be maintained at the Facility.

b) CONTRACTOR Staff Conduct: The CONTRACTOR shall ensure that all staff adheres to the following requirements for conduct:

The CONTRACTOR or staff shall not display favoritism to or preferential treatment of, one inmate or group of inmates over another.

The CONTRACTOR or staff shall not display any favoritism or preferential treatment to family, friends of employees or inmate family members.

The CONTRACTOR or staff shall not enter into any business relationship with inmates or their families (example – selling, buying or trading personal property), or personally employ them in any capacity.

Unless approved in writing by the Contract Manager, the CONTRACTOR or staff shall have no outside contact (other than incidental contact) with an inmate residing at the Facility or their family or close associates, except for those activities which are approved as part of the contract and part of the employee's job description.

The CONTRACTOR or staff shall not engage in any conduct which is criminal in nature or which would bring discredit upon the CONTRACTOR or the Department. In providing services pursuant to this CONTRACT, the CONTRACTOR shall ensure that their employees avoid both misconduct and the appearance of misconduct.

Any violation or attempted violation of the restrictions referred to in this section regarding employee conduct shall be reported by phone and in writing to the Contract Manager and the Warden, including proposed corrective action to be taken by the CONTRACTOR. Any failure to report a violation or take appropriate disciplinary action against the offending party or parties shall subject the CONTRACTOR to appropriate action, up to and including termination of this Contract.

The CONTRACTOR shall report any violations detailed above and any other incident requiring investigation by the CONTRACTOR in writing to the Contract Manager within 24 hours of the CONTRACTOR'S knowledge of the incident.

The CONTRACTOR shall provide their employees with a copy of these standards of employee conduct and document receipt of such notification in the employee's personnel file.

c) Criminal History Check: The CONTRACTOR shall ensure its officers, employees or agents, and any sub-CONTRACTOR or subcontracted staff performing operational and/or management services at the Facility, shall be subject, at the CONTRACTOR'S expense, to a Florida Department of Law Enforcement (FDLE) Florida Crime Information Center/National Crime Information Center (FCIC/NCIC) criminal history check. This criminal history check will be conducted by the State and may occur or re-occur at any time during the contract period. The State has full discretion to require the CONTRACTOR to disqualify, prevent, or remove any staff from any work under this CONTRACT. In order to carry out this criminal history check, the CONTRACTOR shall provide, prior to commencing services or upon request, the following data for any individual CONTRACTOR or sub-CONTRACTOR'S

staff assigned to the contract: Full Name, Race, Sex, Date of Birth, Social Security Number, Driver's License Number and State of Issue.

The CONTRACTOR shall screen all potential employees through referral, employment and background checks prior to the individual providing services, custody, control or supervision to inmates as directed by this CONTRACT. This screening shall include but not be limited to employment history, academic/vocational achievement, references, organizational affiliations and any certifications or licensures.

The CONTRACTOR shall require that all current and potential employees provide the details of any of the following criminal background information:

- Conviction of a felony or first-degree misdemeanor;
- Pled nolo contendere or pled guilty to a crime, which is a felony or first-degree misdemeanor;
- Had adjudication of guilt withheld to a crime, which is a felony or a first-degree misdemeanor; and
- Current pending charges for a violation of law.

The CONTRACTOR shall not assign or employ personnel to provide any services pursuant to this CONTRACT who were convicted of a felony unless approved in writing by the Contract Manager.

The CONTRACTOR shall ensure that the Contract Manager is provided the information needed to conduct the NCIC/FCIC criminal history check prior to any new contractor or subcontractor staff being hired or assigned to work under the contract. The CONTRACTOR shall not offer employment to any individual or assign any individual to work in accordance with this CONTRACT, who has not had an NCIC/FCIC criminal history check conducted and employment approved by the BUREAU.

The CONTRACTOR shall not hire any individual to provide services as described in this CONTRACT who has been barred from any Department or other criminal justice facility.

The CONTRACTOR shall immediately report to the Contract Manager any new arrest, criminal charges or convictions of any current officer, agent or employee performing services under this Contract.

Article 5.41 Records and Documentation.

- A. Records Maintenance: CONTRACTOR will provide a records and reporting system both manual and computerized, for Facility operations that includes the following and is compatible with that used by the DEPARTMENT. Further, the CONTRACTOR'S system will be in compliance with federal, state, and local laws governing confidentiality and will identify and limit those persons who have control or access. The system will provide for the following:
- a. Provision of all reports and records necessary for monitoring of any court-ordered compliance.

- b. Maintenance of an individual custody record on each inmate that includes, but is not limited to, personal data, personal inventory receipts, disciplinary action reports, incident reports, release information, classification and counseling records, dental, psychiatric and medical records;
 - c. Signed release of information forms;
 - d. Appropriate transfer documentation as to legal authority to accept the inmate;
 - e. Referrals to other agencies;
 - f. Confidentiality and safeguarding of case records to ensure against unauthorized and improper disclosure;
 - g. Maintenance of records and reports; and,
 - h. The retention and storage of logs and records in a manner consistent with DEPARTMENT policy and Florida law.
- B. Management Information System: The CONTRACTOR shall install a fully compatible electronic data processing (EDP) System to Access the Florida Offender Based Management Information System (OBIS) for information purposes with regard to inmate transfer, inmate financial records, and classification and health services.

Article 5.42 Deliverables. To operate a 1,500-bed, adult male, medium/close custody security level correctional facility.

Article 5.43 General Reporting Requirements. CONTRACTOR should provide samples of any current reporting requirements it utilizes.

Article 5.44 Monitoring and Evaluation.

- A. Contract Monitoring/Performance Evaluation Monitoring: At its discretion, the BUREAU will monitor the CONTRACTOR'S performance to ensure compliance in accordance with all contract provisions, DMS's instructions, and all applicable standards, including, but not limited to ACA, Administrative Rules, DMS and DEPARTMENT guidelines, specifications of this CONTRACT, Court Orders and Decrees.

The Contract Monitor or designated representatives or employees of the BUREAU may conduct inspections as deemed necessary. The BUREAU shall have the right to reasonably prompt access to examine and receive copies, if requested, of all records of the CONTRACTOR relating to the Facility, including without limitation, all financial books and records, maintenance records, employee records, and inmate records generated by the CONTRACTOR and its subcontractors, or independent contractors, in connection with the performance of this Contract.

The BUREAU'S monitoring activities shall include review of subcontracts as previously described herein. The Contract Monitor shall provide the results of monitoring/inspection activities conducted to the CONTRACTOR in writing. If CONTRACTOR noncompliance issues are noted during a monitoring activity, each shall be specifically identified and corrective action shall be recommended with a time frame specified to achieve compliance.

The cost of the Contract Monitor will be a deduction to the monthly invoice payment to the CONTRACTOR. The actual cost for such deductions will be based upon the appropriated rate, salary and expense dollars for the function.

Compensation will be adjusted monthly to reimburse the BUREAU for the salary and

expenses (to include coverage of employee benefits) of the Contract Monitor. Additional deductions will be made for any ad valorem taxes or payment in lieu of such taxes that may become due on the Facility pursuant to judicial determination or legislative mandate.

B. Monitoring and Evaluation: The BUREAU'S Contract Monitor or designated BUREAU staff, will perform monitoring during the term of the contract, but not less than once a year to ensure contract compliance. Monitoring shall include periodic review of compliance with contract performance, including but not limited to, review of the following:

- 1) Security
- 2) Inmate Management and Control
- 3) Inmate Programs and Services
- 4) Facility Safety and Sanitation
- 5) Administration
- 6) Food Service
- 7) Personnel Practices and Training
- 8) Inmate Health Services
- 9) Inmate Discipline

Other matters relating to services as determined by the BUREAU.

In addition to monitoring, the performance of the CONTRACTOR may be compared to the performance of the State in operating like facilities. The CONTRACTOR shall supply all data necessary to conduct such evaluations. In evaluating the CONTRACTOR'S performance, the BUREAU shall consider the specific areas identified above.

C. Self-Monitoring: The CONTRACTOR shall continually conduct self-monitoring utilizing a comprehensive self-monitoring plan providing for both Facility-level Self-Monitoring and Corporate-level Self-Monitoring. The CONTRACTOR shall designate an employee as the staff member responsible for continuous self-monitoring of the Facility. CONTRACTOR shall provide access to all self-monitoring to the Contract Monitor.

Article 5.45 Inmate Reintegration Program. CONTRACTOR will provide an Inmate Reintegration Program which provides for the following:

Treatment Program Counseling which will provide individual and group counseling for inmates which will comply with the Standards and includes mental health care and crisis intervention services, adjunct community resource assistance as needed, specific therapy groups as determined by inmate needs and which may change over time, and a substance abuse program which is more fully described in Exhibit 1.

Volunteer Programs which will include clearly specified lines of authority, responsibility and accountability for the volunteer services program; recruitment, screening and selection of volunteers; and volunteer orientation and training.

Education Programs in compliance with the Standards and as more fully described in Exhibit 1.

Inmate Work Programs in compliance with the Standards. All inmates will be required to keep their living areas clean and in addition, work opportunities will be available in the food service, laundry, maintenance shop, warehouse, and utility squads. DEPARTMENT will be responsible for approving gain time credit for labor performed. The CONTRACTOR will be required to submit an annual report documenting the number of persons who have satisfactorily completed each of the academic education, vocational education, and substance abuse components, required to be delivered per the terms of this Contract and the CONTRACTOR'S response to the Invitation to Negotiate. Included in this annual report shall be an update of the career outlook analysis, concerning information as required in the CONTRACT including: type of jobs the vocational training prepares the inmates for; estimated job growth, in the State of Florida, in the fields of training being offered; salary range of the jobs available; and qualifications necessary for the jobs.

Article 5.46 Recreation. The CONTRACTOR will provide indoor and outdoor recreation and leisure time programs for the inmates in compliance with the Standards.

Article 5.47 Safety and Emergency Procedures. The CONTRACTOR will operate and maintain the Facility in compliance with applicable federal, state and local safety and fire codes and in accordance with the Standards.

ARTICLE SIX **EMPLOYEES**

Article 6.1 Independent Contractor. With respect to the performance of the services set out herein, the CONTRACTOR is and shall be an independent CONTRACTOR and, subject to the terms of this Contract, shall have the sole right to manage, control, operate, and direct the performance of the details of its duties under this Contract. The CONTRACTOR'S agents and employees shall not accrue from the State, the BUREAU, or the DEPARTMENT any leave, retirement, insurance, bonding or any other benefit afforded to the employees of the State, the BUREAU, or the DEPARTMENT as a result of this Contract. CONTRACTOR, its agents, and employees shall not be considered agents or employees of the State, the BUREAU, or the DEPARTMENT.

Article 6.2 Sub-Contractors. The CONTRACTOR may subcontract for the performance of any of its responsibilities to provide services pursuant to this Contract, provided the BUREAU reviews all procedural, and operational and fixed capital outlay project plans and provides written approval, which approval may not be unreasonably withheld. The CONTRACTOR shall furnish to the BUREAU'S Contract Monitor copies of all subcontracts, without regard to amount of annual payments. Any arrangement by the CONTRACTOR with an affiliate or member company to provide services to the Facility shall be subject to the subcontractor provisions of this Article. No contractual relationship shall exist between the BUREAU and any subcontractor and the BUREAU shall accept no responsibility whatsoever for the conduct, actions, or omissions of any subcontractor selected by the CONTRACTOR. The CONTRACTOR shall be responsible for the management of the subcontractor in the performance of their work. A subcontractor may not work directly with the BUREAU in any manner and shall not be included in contract negotiations, renewals, audit or any other discussions except at the request of the BUREAU.

The provisions of law governing the participation of minority business enterprises are applicable to this Contract.

The terms "Certified Minority Business Enterprises" and "MBE(s)" mean only those minority business enterprises as defined in Section 288.703(2), Florida Statutes, which possess a current certification issued by the DMS Office of Supplier Diversity.

Article 6.3 Personnel. CONTRACTOR shall at all times provide sufficient trained staff to provide for and maintain the security, control, custody, and supervision of inmates of the Facility in compliance with applicable court orders, the Standards, and this Contract.

Positions will be staffed with qualified employees in accordance with the staffing pattern provided in the CONTRACTOR'S Contract.

Sufficient staff shall be employed at all times to assure that all positions identified as critical complement on the approved staffing pattern, are manned for each shift, unless a departure from the staffing pattern has been approved in writing by the BUREAU'S Chief. The CONTRACTOR shall be required to fill critical complement positions by using overtime or other staff members to ensure that the staffing levels do not decrease below the established critical complement. The approved staffing pattern is attached as Exhibit 2 and herein incorporated by reference.

Part-time correctional officers may be used as long as they are fully trained and licensed. The use of part-time correctional officers will be limited to a maximum of 900 hours per week. The use of part-time staff in supervisory positions is forbidden.

Article 6.4 Training. The CONTRACTOR will provide training programs in compliance with the Standards, Chapter 943 and Section 957.05, Florida Statutes, the Florida Department of Law Enforcement, Division of Training, Rule 33.25, Florida Administrative Code.

ARTICLE SEVEN **COMPENSATION AND ADJUSTMENTS**

Article 7.1 Management Payment. This payment reflects operating costs and does not include debt service numbers. Compensation will be based on two (2) per diem rates: the first rate is based on 90% occupancy and the second rate is based on the number of inmates exceeding the 90% occupancy.

The BUREAU will compensate the CONTRACTOR at the following per diem rates (inmate, per day):

- **\$ 42.36** times the minimum occupancy of 90%
- **\$ 8.00** for each inmate over the minimum occupancy rate of 90%; less
- Monthly deductions for:
 - The Major Maintenance and Repair Reserve Fund set forth in Article 4.9, in the monthly amount of \$12,577.06.
 - The Contract Monitor set forth in Article 5.44, in the monthly amount of \$4514.21
 - Any property taxes or payments in lieu of taxes (PILOT) that may become due on the Facility pursuant to judicial determination or legislative mandate.

Regardless of the number of inmates incarcerated at the facility, the CONTRACTOR is guaranteed an amount equal to 90% occupancy (1,350 inmates) times the 90% per diem rate subject to legislative appropriations. The CONTRACTOR guarantee may be subject to the following: liquidated damages as set forth in Article 10.11; deductions due to position vacancies as set forth in Article 5.40; deductions for reimbursement of contract monitor as set forth above; deductions for the maintenance reserve as set forth in Article 4.9; ad valorem taxes and/or PILOT payments required to be paid by CONTRACTOR by judicial determination or legislative mandate, as set forth in Article 12.7; and any other deduction or

charge permitted in this Contract.

Article 7.2 Invoices. CONTRACTOR shall submit monthly invoices within ten (10) working days of the month end, in a format acceptable to the accounting department of the DEPARTMENT to the attention of the BUREAU'S appointed Contract Manager. Invoices shall be submitted in detail sufficient for a proper pre-audit and post-audit thereof. The invoice will reflect the prison population for each day, midnight count, times the security per diem minus adjustments allowed in the Contract. The invoice will reflect a separate per diem for programs provided by the CONTRACTOR. The DEPARTMENT will verify the daily inmate population count. If there is a discrepancy between the CONTRACTOR and DEPARTMENT'S count, the DEPARTMENT count will be used in calculating the per diem payment. Invoices will be adjusted as specified in the CONTRACT.

The BUREAU'S Contract Manager or his/her successor shall be responsible for enforcing performance of the contract terms and conditions and he/she shall serve as liaison with the CONTRACTOR and shall approve all invoices for payment.

Submit to:

Rhonda Vause, Chief
Bureau of Finance and Accounting
Florida Department of Corrections
2601 Blairstone Road
Tallahassee, Florida 32399-2500

AND

Terry Rocco, Chief
Bureau of Private Prison Monitoring
Florida Department of Management Services
4050 Esplanade Way, Suite 335
Tallahassee, Florida 32399-0950

Name, and Address of Payee

The name and address of the contact person and official payee to whom the payment shall be made:

The GEO Group, Inc.
One Park Place, Suite 700
621 Northwest 53rd Street
Boca Raton, Florida 33487

Article 7.3 Interest Penalties. Payment shall be made in accordance with Sections 215.422 and 55.03, Florida Statutes, which state the CONTRACTOR'S rights and the BUREAU's responsibilities concerning interest penalties and time limits for payment of invoices. Vendors providing goods and services to an agency should be aware of the following time frames. Upon receipt, an agency has five (5) working days to inspect and approve the goods and services, unless the bid specifications, purchase order or contract specifies otherwise. An agency has twenty (20) days to deliver a request for payment (voucher) to the Department of Banking and Finance. The twenty (20) days are measured from the latter of the date the invoice is received or the goods or services are received, inspected and approved.

If a payment is not available within forty (40) days, a separate interest penalty, established annually by the Chief Financial Officer pursuant to Section 55.03(1), Florida Statutes, will be due and payable, in addition to the invoice amount, to the CONTRACTOR. The interest rate for

calendar year 2005 is 0.0001918 percent per day (7.0% per annum). The interest penalty provision applies after a thirty-five (35) day time period to health care providers, as defined by rule. Interest penalties of less than one (1) dollar will not be enforced unless the CONTRACTOR requests payment. Invoices which are returned to a vendor due to vendor preparation errors will result in a delay in the payment. The applicable time period does not commence until a properly completed invoice is received by the agency.

A CONTRACTOR Ombudsman has been established within the Department of Banking and Finance. The duties of this individual include acting as an advocate for Contractors who may be experiencing problems in obtaining timely payment(s) from a state agency. The CONTRACTOR Ombudsman may be contacted at (850) 410-9724 or by calling the State Comptroller's Hotline at (800)848-3792.

Article 7.4 Adjustments to Compensation. The BUREAU recognizes that the CONTRACTOR has entered into this Contract based upon the Standards in effect as of the date the Contract became effective. If there are changes in the Standards or unforeseen circumstances which change the scope of services to be furnished pursuant to this Contract and increase or decrease the cost of managing the facility, CONTRACTOR will provide the BUREAU written notice and documentation supporting an adjustment to compensation. The BUREAU will review and not unreasonably deny the adjustment to compensation. The BUREAU may adjust the total compensation paid CONTRACTOR so that CONTRACTOR may be paid compensation equal to the amount required to the change in CONTRACTOR'S cost managing the Facility because of the change in scope of services, retroactive to the effective date of such cost changes. Since requests for appropriated funds are based on costs as provided in the CONTRACTOR'S proposal, any adjustment to compensation to cover changes in the Standards or unforeseen circumstances which changes the scope of services, shall be subject to adequacy of appropriated funds, sufficient to cover the compensation change.

Article 7.5 Supplemental Compensation. In the event that, pursuant to Article 4.11, the CONTRACTOR proposes to expand the capacity of the Facility and the BUREAU approves such a Contract, then the CONTRACTOR shall be eligible for supplemental compensation for any inmates housed in the Facility in excess of 1,500 inmates. The per inmate per day rate of any such supplemental compensation will be an amount mutually agreed upon by the BUREAU and the CONTRACTOR, and shall not be greater than the maximum allowable pursuant to Section 957.07, Florida Statutes, and shall be subject to legislative appropriation.

Article 7.6 Appropriation Contingency. The State's performance and obligation to pay under this Contract is contingent upon an annual appropriation by the Florida Legislature, pursuant to Section 287.0582, Florida Statutes; the State is not obligated for any payments that exceed the amount of the current appropriation, pursuant to Section 957.04(1)(h), (2)(d), Florida Statutes.

ARTICLE EIGHT

INDEMNIFICATION AND INSURANCE

Article 8.1 Indemnification. The CONTRACTOR hereby assumes entire responsibility and liability for any and all damages or injury of any kind or nature whatever (including death resulting therefrom) to all persons, whether employees of the CONTRACTOR or otherwise, and to all property caused by, resulting from, arising out of or occurring in connection with any action of the CONTRACTOR (including its officers, directors, employees, subcontractors, or agents) in performance of the duties of this Contract. If any claims for such damage or injury (including death resulting therefrom) be made or asserted, whether or not such claims are based upon the CONTRACTOR'S (including its officers, directors, employees, subcontractors, or agents) active or passive negligence or participation in the wrong

or upon any alleged breach of any statutory duty or obligation on the part of the above parties, the CONTRACTOR agrees to indemnify, defend and hold harmless, the State and the BUREAU, its officers, agents, servants and employees from and against any and all such claims, and further from and against any and all loss, cost expense, liability, damage or injury, including legal fees and disbursements, that the State, its officers, agents, servants or employees may directly or indirectly sustain, suffer, or incur as a result, and the CONTRACTOR agrees to and does hereby assume, on behalf of the State, its officers, agents, servants and employees, the defense of any action at law or in equity which may be brought against the State, its contractors (if any), its officers, agents, servants or employees, arising by reason of such claims and to pay on behalf of the State, its officers, agents, servants and employees, upon demand of either of them, the amount of any judgment that may be entered against them, individually, jointly or severally, its officers, agents, servants or employees in any such action.

As part of the CONTRACTOR'S assumption of all responsibility and liability for any and all damage or injury as detailed above, the CONTRACTOR further agrees to hold harmless, defend and indemnify the State for any loss, expense, recovery or settlement, including counsel fees and costs of defense, which arise from any demand, claim (whether frivolous or not) or suit which may be asserted or brought against the State or the CONTRACTOR as a result of any injury or damage to any person or persons (including death) or property (i) allegedly caused by, resulting from, arising out of, or occurring in connection with the furnishing of any goods, equipment or services or the performance or preparation for performance of any of the work or any duties of the CONTRACTOR hereunder, or incidental or pertaining thereto, and (ii) whether or not such injury or damage is due to or chargeable to the site owner or any contractor or subcontractor under a contract for which the goods or services herein ordered are required, including, but not limited to, any claim based on liability without fault for injury caused by defective goods supplied by the CONTRACTOR. The CONTRACTOR also agrees to assume responsibility for, hold harmless, defend and indemnify the State for payment of any expenses, costs (including delay costs), direct and consequential damages, penalties, taxes or assessments (including punitive damages), including counsel fees and costs of defense, which may be imposed or incurred (a) under any Federal, State, or local law, ordinance or regulation upon or with respect to any compensation of any person employed by the CONTRACTOR, and (b) under any Federal, State, or local law, ordinance or regulation upon or with respect to discrimination in employment against any individual employed by the CONTRACTOR on the basis of race, color, religion, sex, or national origin, and (c) under any Federal, State, or local law, ordinance or regulation upon or with respect to any compensation of any person for claims or civil actions alleging deprivation of right, privilege or immunity secured by the United States Constitution and laws pursuant to 42 USC Section 1983 or similar statutes as well as claims for attorneys fees brought pursuant to 42 USC Section 1988 or similar statutes.

Article 8.2 Legal Proceedings. The CONTRACTOR shall not be responsible for defending any post conviction action, including appeals and writs of habeas corpus by any inmate challenging the underlying judgment of conviction or the administration of the sentence imposed.

Article 8.3 Insurance. The CONTRACTOR is responsible for obtaining and maintaining adequate insurance coverage as required herein. The CONTRACTOR shall obtain and provide proof of general liability insurance coverage (broad form coverage) which shall specifically include fire, and legal liability in an amount not less than two million dollars (\$2,000,000) for each occurrence within a yearly aggregate of at least ten million dollars (\$10,000,000), and civil rights claims in an amount not less than two million dollars (\$2,000,000) for each occurrence within a yearly aggregate of at least five million dollars (\$5,000,000). The State of Florida and its respective agencies shall be included as additional insureds under the policy of general liability insurance coverage issued to the CONTRACTOR. Coverage for civil

rights liability may be issued under a separate policy but shall also include the State and its agencies as additional insureds. Vehicle liability coverage for all vehicles used by the CONTRACTOR shall be provided in an amount of not less than two million dollars (\$2,000,000) per occurrence. Coverage shall also specifically be provided to protect against employee dishonesty in an amount of not less than fifty thousand dollars (\$50,000).

The CONTRACTOR shall obtain and provide proof of workers' compensation insurance coverage (including employer liability) in the amount and manner required by Florida law for all employees of the CONTRACTOR.

The CONTRACTOR shall obtain and/or provide proof of professional liability insurance coverage, including medical malpractice liability and errors and omissions coverage, to cover all professional services to be provided by the CONTRACTOR to the State under this Contract. The amount of coverage obtained shall be two million dollars (\$2,000,000) per occurrence with a five million dollar (\$5,000,000) yearly aggregate. If occurrence coverage is not available, claims-made coverage with a three (3) year tail coverage shall be provided for the same amounts and aggregate as detailed above.

The CONTRACTOR shall obtain and provide proof of contractual liability insurance coverage to cover all liability assumed by the CONTRACTOR under this Contract and for which the CONTRACTOR may be liable to the State under the indemnification provisions of this Contract (intermediate form coverage). Such coverage may be provided by separate coverage or as an additional endorsement to a general liability policy, but shall be in the same amounts and limits of coverage as that required for general liability coverage.

The CONTRACTOR shall obtain and provide proof of boiler and machinery coverage ("comprehensive" coverage) in the amounts of one million dollars (\$1,000,000) per occurrence to cover all loss arising from the operation of boilers and machinery including loss to other property and losses due to business interruption.

The CONTRACTOR shall obtain and provide proof of premises liability insurance (which should be included in any general liability coverage) and property coverage (fire and extended coverage) for the full value of the buildings, structures or other facilities operated by the CONTRACTOR and its subcontractors and all movable contents which value can never be less than the then remaining balance owed under the lease purchase agreement. The State and its respective agencies shall be included as additional insureds under this policy.

The CONTRACTOR shall obtain and maintain environmental impairment liability coverage for liability resulting from sudden, accidental or gradual pollution arising from operations conducted by the insured, covering damage for bodily injury and property damage in the amount of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) yearly aggregate limit. The State and its respective agencies shall be included as additional insureds under this policy.

All insurance coverage shall be obtained by the CONTRACTOR through an insurance agent licensed in the State of Florida and such coverage shall be provided by an insurance company licensed to issue such coverage in the State of Florida. No "self-insurance" coverage shall be acceptable unless the contractor is licensed or authorized to self-insure for a particular coverage in the State of Florida, or is an insured member of a self-insurance group that is licensed to self-insure in Florida. All policies shall include a provision requiring at least thirty (30) days' prior written notice of cancellation to the State.

All insurance coverage required to be obtained by the CONTRACTOR shall continue in full force and

effect during the term of the Contract. No contract shall be entered into between the CONTRACTOR and BUREAU unless insurance coverage binders are received by the date scheduled for the execution of the contract. Proof of insurance policies must be delivered prior to the date on which the services of the CONTRACTOR shall commence.

All insurance coverage is to be provided by insurance carriers admitted to do business in Florida and coverage issued by surplus lines companies shall not be acceptable with the exception of civil rights liability coverage. All insurance carriers shall be, at the minimum, rated "A VII" by A.M. Best or an equivalent rating by a similar insurance rating service.

The CONTRACTOR may choose the amount of deductible for any of the insurance coverage required (above) to be obtained by the CONTRACTOR, but in no event shall such deductible for each occurrence exceed three (3) percent of the required yearly aggregate limit of coverage.

The CONTRACTOR is responsible for first dollar defense coverage. All general liability and professional liability policies shall provide defense in addition to the policy limits.

The limits required herein are the minimum acceptable. However, these limits are not to be construed as being the maximum any CONTRACTOR may wish to purchase for their own benefit.

As respects to the total limits of liability required, any combination of primary and/or umbrella coverage may satisfy those totals. However, if an umbrella is used, coverage must be at least as broad as the primary coverage.

Article 8.4 Certificate of Insurance and Cancellation. During the performance of the management services hereunder, the CONTRACTOR shall maintain the plan of insurance and submit a Certificate of Insurance to the BUREAU for the mutual protection and benefit of it and the BUREAU, naming the BUREAU as co-insured and entitled to all notices issued under the policy, to cover claims that may arise out of or result from the CONTRACTOR'S operation and management services hereunder, whether same be by the CONTRACTOR or a subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. The BUREAU shall be notified at least thirty (30) days in advance of cancellation, non-renewal or adverse change in the coverage. New Certificates of Insurance are to be provided to the BUREAU at least fifteen (15) days after receipt by CONTRACTOR.

Article 8.5 Defense/Immunity. By entering into the Contract, neither the State, DMS, the DEPARTMENT nor the CONTRACTOR waives any immunity defense which may be extended to them by operation of law including limitation of damages. Excepting only that the CONTRACTOR may not assert the defense of sovereign immunity.

Article 8.6 Notice of Claims. Within five (5) calendar days after receipt by the BUREAU or the DEPARTMENT, or of any agent, employee or officer thereof of a summons in any action, or within five (5) calendar days of receipt by the BUREAU or the DEPARTMENT, or of any agent, employee or officer thereof, of notice of claim, the BUREAU, the DEPARTMENT, or any agent, employee or officer, shall notify the CONTRACTOR in writing of the commencement thereof. The notice requirement is intended to ensure that the CONTRACTOR'S defense of the claim is not harmed by failure to comply with the notice requirements. Failure to comply with the notice requirements may result in the CONTRACTOR'S refusal to indemnify the BUREAU, the DEPARTMENT, or any agent, employee or officer, but only if such failure to notify results in a prejudice to the CONTRACTOR, the BUREAU, the DEPARTMENT, or any agent, employee or officer. The CONTRACTOR will provide the BUREAU or the DEPARTMENT similar notice of claims.

Article 8.7 Prior Occurrences. The CONTRACTOR shall not be responsible for any losses or costs resulting from inmate litigation pending at the effective date of this Contract or for lawsuits based on acts or omissions occurring prior to the effective date of the Contract. The CONTRACTOR agrees to cooperate with the State in the defense of these suits. The BUREAU recognizes that any settlement or judgment in such cases may lead to a request that the compensation be increased pursuant to Article 7.3.

Article 8.8 Waiver. No waiver of any breach of any of the terms or conditions of the Contract shall be held to be a waiver of any other or subsequent breach; nor shall any waiver be valid or binding unless the same shall be in writing and signed by the party alleged to have granted the waiver.

ARTICLE NINE **CERTAIN PROHIBITIONS**

Article 9.1 Prohibitions. The CONTRACTOR acknowledges the provisions of Section 957.06, Florida Statutes, which states that a contract entered into under this chapter does not authorize, allow, or imply a delegation of authority to the CONTRACTOR to:

- A) Choose the Facility to which an inmate is initially assigned or subsequently transferred. The CONTRACTOR may request, in writing, that an inmate be transferred to a facility operated by the DEPARTMENT. The BUREAU, the CONTRACTOR, and a representative of the DEPARTMENT shall develop and implement a cooperative agreement for transferring inmates between a correctional facility operated by the Department and a private correctional facility. The DEPARTMENT, the BUREAU, and the CONTRACTOR must comply with the cooperative agreement.
- B) Develop or adopt disciplinary rules or penalties that differ from the disciplinary rules and penalties that apply to inmates housed in correctional facilities operated by the DEPARTMENT.
- C) Make a final determination on a disciplinary action that affects the liberty of an inmate. The CONTRACTOR may remove an inmate from the general prison population during an emergency, before final resolution of a disciplinary hearing, or in response to an inmate's request for assigned housing in protective custody.
- D) Make a decision that affects the sentence imposed upon or the time served by an inmate, including a decision to award, deny, or forfeit gain-time.
- E) Make recommendations to the Parole Commission with respect to the denial or granting of parole, control release, conditional release, or conditional medical release. However, the CONTRACTOR may submit written reports to the Parole Commission and must respond to a written request by the Parole Commission for information.
- F) Develop and implement requirements that inmates engage in any type of work, except to the extent that those requirements are accepted by the BUREAU.
- G) Determine inmate eligibility for any form of conditional, temporary, or permanent release from a correctional facility.

ARTICLE TEN

DEFAULT AND TERMINATION PROVISIONS

Article 10.1 BUREAU Breach. Each of the following shall constitute a Breach of Contract on the part of the BUREAU:

- A) After appropriation of adequate funds by the State, failure by the BUREAU to make payments to the CONTRACTOR under the guidelines of Section 215.422, Florida Statutes.
- B) The persistent or repeated failure or refusal by the BUREAU to substantially fulfill any of its obligations under this Contract; unless: such failure or refusal is caused by a Force Majeure event or otherwise justified under this Contract; such failure or refusal is excused by agreement; or such failure or refusal is warranted by CONTRACTOR's default.

Article 10.2 CONTRACTOR Breach. Each of the following shall constitute a Breach of Contract on the part of the CONTRACTOR:

- A) A material failure to keep, observe, perform, meet, or comply with any covenant, agreement, term, or provision of this Contract to be kept, observed, met, performed, or complied with by the CONTRACTOR hereunder, which such failure continues for a period of twenty (20) days, or such longer time as may be granted pursuant to Article 10.4, after CONTRACTOR has written notice thereof;
- B) A material failure to meet or comply with any court order, ACA Standards, or federal or state requirement of law, which such failure continues for a period of twenty (20) days after CONTRACTOR has written notice thereof;
- C) A failure to maintain ACA accreditation in accordance with Article 5.21;
- D) CONTRACTOR shall (i) admit in writing its inability to pay its debts; (ii) make a general assignment for the benefit of creditors; (iii) suffer a decree or order appointing a receiver or trustee for it or substantially all of its property to be entered and, if entered without its consent, not to be stayed or discharged within sixty (60) days; (iv) suffer proceedings under any law relating to bankruptcy, insolvency, or the reorganization or relief of debtors to be instituted by or against it and, if contested by it, not to be dismissed or stayed within sixty (60) days; or (v) suffer any judgment, writ of attachment or execution, or any similar process to be issued or levied against a substantial part of its property which is not released, stayed, bonded, or vacated within sixty (60) days after issue or levy; or
- E) Any other action by the CONTRACTOR which would be considered a breach of this Contract at common law.

Article 10.3 Notice of Breach. Except for the BUREAU's obligations to make payments to the CONTRACTOR (for which notice of non-payment shall not be required), no breach of this Contract on the part of either party shall constitute an Event of Default and no action with regard to same may be instituted unless and until the party asserting a breach specifies, in writing to the party against whom the breach is asserted, that a breach or breaches exist(s) which, unless corrected or timely cured within a time period specified in the notice, will constitute a material breach of the Contract on the part of the party against which a breach is asserted.

Article 10.4 Time to Cure. In the event of a Breach of Contract of the type specified in Article 10.2 (A) or (B) occurs and the CONTRACTOR reasonably believes that such Breach of Contract cannot be

cured within the twenty (20) days allowed to cure such Breach of Contract in Article 10.2 (A) or (B), as the case may be, and that such Breach of Contract can be cured, through a diligent, on-going, and conscientious effort on the part of the CONTRACTOR, within a reasonable period not to exceed a total of 45 days, unless extended by the BUREAU, then the CONTRACTOR may, within the twenty (20) day cure period, submit a plan for curing the Breach of Contract to the BUREAU Chief of the BUREAU (which plan shall show in detail by what means the CONTRACTOR proposes to cure the Breach of Contract). Upon receipt of any such plan for curing a Breach of Contract, the BUREAU shall promptly review such plan and, at its discretion may allow, or disallow, the CONTRACTOR to pursue such plan of cure.

Article 10.5 Remedy of the BUREAU. Upon the occurrence of a Breach of Contract by the CONTRACTOR, the BUREAU'S Chief shall have the right to pursue any remedy it may have at law or in equity, including but not limited to (i) reducing its claim to a judgment and seeking all damages for such breach; (ii) taking action to cure the Breach of Contract, in which case the BUREAU Chief of the BUREAU may offset against any payments owed to the CONTRACTOR all reasonable costs incurred by the BUREAU in connection with its efforts to cure such Breach of Contract; (iii) in the event the CONTRACTOR is not terminated, assessment of liquidated damages as set forth in Article 10.11 herein; and (iv) termination and removal of the CONTRACTOR as the operator of the Facility and the offsetting against any payments owed to the CONTRACTOR by the BUREAU of any reasonable amounts expended by the BUREAU to cure the Breach of Contract, including a reasonable attorney's fee. In the event of CONTRACTOR'S removal as the CONTRACTOR due to a Breach of Contract, the BUREAU shall have no further obligations to the CONTRACTOR after such removal and the CONTRACTOR agrees to comply with Articles 10.9 and 12.6 with respect to the transition to new management. In the event of any remedy pursuant to this paragraph, the CONTRACTOR shall have the right of appeal to the BUREAU and during such appeal, the remedies pursuant to this paragraph shall be tolled.

Article 10.6 Remedy of the CONTRACTOR. Upon a Breach of Contract by the BUREAU, the CONTRACTOR'S sole remedy shall be to terminate this Contract. Upon such termination, the CONTRACTOR shall be entitled to receive from the BUREAU payment for all services satisfactorily furnished under this Contract up to and including the date of termination.

Article 10.7 Force Majeure. The failure of performance of any of the terms and conditions of this Contract due to Force Majeure shall not be a breach or an Event of Default pursuant hereto.

Article 10.8 Termination for Non-Appropriation. The payment of compensation hereunder by the BUREAU is contingent upon the availability of funds legislatively appropriated to pay such compensation. In the event funds for compensation pursuant to the Contract become unavailable due to non-appropriation, the BUREAU shall have the right to terminate this Contract without penalty.

Article 10.9 Contract Termination and Control of a Correctional Facility by the DEPARTMENT. A detailed plan must be provided by the CONTRACTOR under which the DEPARTMENT will assume control of the Facility upon termination of the Contract. The BUREAU may terminate the Contract with cause after written notice of material deficiencies and after twenty (20) workdays in order to correct the material deficiencies. If any event occurs that involves the noncompliance with or violation of Contract terms and that presents a serious threat to the safety, health, or security of inmates, employees, or the public, the BUREAU shall request that the DEPARTMENT temporarily assume control of the private correctional Facility. A plan must also be provided by a private CONTRACTOR for the purchase and assumption of operations of a correctional Facility by the DEPARTMENT in the event of bankruptcy or the financial insolvency of the private CONTRACTOR. The private CONTRACTOR must provide an emergency plan to address Inmate

disturbances, employee work stoppages, strikes, or other serious events in accordance with the Standards of the American Correctional Association.

Article 10.10 Termination. The BUREAU may terminate this Contract for convenience by giving the CONTRACTOR written notice, ninety (90) days prior to the termination effective date.

Article 10.11 Liquidated Damages. The CONTRACTOR, in the event of default, shall pay to the BUREAU, not as a penalty but as liquidated damages, in the following corresponding amounts, per day:

Service Area 1: Security and control, ACA Accreditation, Health Services, Use of Force, Escapes, Contract Monitoring.

Vendor Breach	\$5,000
Failure to Provide Services	\$5,000
Failure to Document	\$1,000
Failure to Report	\$2,500
Failure to Comply with Other Applicable Requirements	\$1,500

Service Area 2: Sanitation and Hygiene, Food Service, Mail, Religion, Access to Court, Inmate Discipline, Grievance, Visitation, Records and Reports, Employee Qualifications and Training.

Vendor Breach	\$2,500
Failure to Provide Services	\$2,500
Failure to Document	\$750
Failure to Report	\$1,000
Failure to Comply with Other Applicable Requirements	\$1,000

Service Area 3: Operating Standards, Transportation, Maintenance, Repairs and Replacements, Inmate Work, Academic & Vocational Training, Sentence Computation Data, Classification and Case Management, Commissary, Policies/Procedures/Post Orders, Inmate Management Fund/Bank Accounts.

Vendor Breach	\$2,500
Failure to Provide Services	\$2,500
Failure to Document	\$750
Failure to Report	\$1,000
Failure to Comply with Other Applicable Requirements	\$1,000

Service Area 4: Laundry and Inmate Clothing, Telecommunications, Supplies/Perishables, Recreation

Vendor Breach	\$1,500
Failure to Provide Services	\$1,500

Failure to Document	\$500
Failure to Report	\$1,000
Failure to Comply with Other Applicable Requirements	\$1,000

Assessment of Liquidated Damages shall not constitute a waiver of the BUREAU'S right to terminate the Contract for cause and seek any other damages or remedies allowed by law.

ARTICLE ELEVEN
CONTRACT MONITOR

Article 11.1 Contract Monitor. The Contract Monitor or the BUREAU designee will be the official liaison between the BUREAU and the CONTRACTOR. All official communications shall take place through the Contract Monitor and the CONTRACTOR, unless the BUREAU directs otherwise. All other communication between the BUREAU'S employees and the CONTRACTOR shall be managed according to policies adopted by both parties.

Article 11.2 The Contract Monitor's Use of Facility Space. The CONTRACTOR shall make work space available at the Facility to the Contract Monitor. Contract Monitor work space must be approved by the BUREAU'S Chief.

Article 11.3 Self-Monitoring. The CONTRACTOR shall continually conduct self-monitoring, utilizing a comprehensive self-monitoring plan providing for both Facility-level self monitoring and corporate-level Self-Monitoring. The CONTRACTOR shall designate an employee as the staff member responsible for continuous self-monitoring of the Facility. The CONTRACTOR shall provide access to all self-monitoring to the Contract Monitor.

ARTICLE TWELVE
MISCELLANEOUS PROVISIONS

Article 12.1 Non-Discrimination. The CONTRACTOR shall, in the performance of this Contract, strive to achieve the goals for minority participation set forth in this section. As used in this Contract, the terms "Certified Minority Business Enterprises" and "MBE(s)" mean only those minority business enterprises as defined in Section 288.703(2), Florida Statutes, which possess a current certification issued by the Office of Supplier Diversity of the Department of Management Services. The CONTRACTOR will be required to provide the Contract Monitor with a semi-annual report concerning minority participation.

Article 12.2 Operational Plan Requirements. As a condition precedent to commencement of services hereunder and, prior to the Services Commencement Date, the CONTRACTOR shall provide the BUREAU, for the BUREAU'S written approval, an Operational Plan that covers the full range of Facility operations, including, but not limited to, the following:

A policy and operations manual which shall cover:

- All aspects of Facility operations.
- Procedures that will be utilized to facilitate monitoring of the Facility by the operator's Authorized Representative or the Authorized Representative's designees on an annual basis.
- Continuous self-monitoring by Facility staff.
- Procedures for assumption of operations by the BUREAU in the event of the

CONTRACTOR'S bankruptcy or inability to perform its duties hereunder.

- An emergency procedures/security manual for confidential use by staff supervisors employed by operator.
- Post orders for all Facility security staff positions.
- Job descriptions for each position, inclusive of salary range, education and experience requirements, descriptions of job duties, full-time or part-time designation, etc.

The CONTRACTOR shall notify the BUREAU in writing of desired changes in, or additions to, the Operational Plan with regard to the CONTRACTOR'S policies and procedures, emergency procedures/security manual, post orders, and job descriptions. No such changes shall be implemented prior to the CONTRACTOR'S receipt of written approval from the BUREAU'S Chief. A material breach of the operational plan shall be regarded as a breach of this Contract.

Article 12.3 Books and Records. The CONTRACTOR shall keep, at the Facility, proper and complete, books, records, and accounts with respect to the Facility and all subcontractors thereof; and permit the Contract Monitor and the BUREAU or its designees to inspect the same at all reasonable times and make and take away copies thereof.

Article 12.4 Maintenance of Corporate Existence and Business. The CONTRACTOR shall at all times maintain its corporate existence and authority to transact business and good standing in its jurisdiction of incorporation and the State of Florida. The CONTRACTOR shall maintain all licenses, permits, and franchises necessary for its businesses where the failure to so maintain might have a material adverse effect on the CONTRACTOR'S ability to perform its obligations under this Contract.

Article 12.5 SEC Reports. The CONTRACTOR shall, on a timely basis, provide the BUREAU with copies of all annual reports on Form 10-K, quarterly reports on Form 10-Q, and reports on Form 8-K required to be filed by the CONTRACTOR with the Securities and Exchange Commission. Prior to the execution of this Contract, the CONTRACTOR shall provide the BUREAU with their most recent Form 10-K and any Form 10-Q's or Form 8-K's filed.

Article 12.6 Transition. Upon the termination of this Contract, the CONTRACTOR agrees to work with the BUREAU and/or the DEPARTMENT under the BUREAU and/or the DEPARTMENT management supervision, in accordance with Article 10.9 of this Contract, for a period of ninety (90) days to ensure an orderly and efficient transition from the CONTRACTOR'S management to the BUREAU and/or the DEPARTMENT management (or management by a third party) of the Facility. During this transition period, the CONTRACTOR will transfer all necessary records, files and documents for the operation of the Facility, including but not limited to inmate records, maintenance records, and personnel files.

Article 12.7 Taxes, Liens, and Assessments. The CONTRACTOR shall: (i) pay, or make provision for payment of, all lawful taxes and assessments levied or assessed by the federal, state or any local government on the Facility or any machinery, equipment or other property installed or located on the Facility by the CONTRACTOR therein or thereon, or upon the Financing Corporation with respect to the Facility or any part thereof, including any taxes levied upon or with respect to the income or revenues of the Financing Corporation from the Facility, or upon any payments pursuant to the Lease/Purchase Agreement; (ii) not create or suffer to be created any lien or charge upon the Facility or any part thereof; (iii) pay or cause to be discharged or make adequate provision to satisfy and discharge, within sixty (60) days after the same shall come into force, any lien or charge upon the Facility or any part thereof and all lawful claims or demand for labor, materials, supplies or other charges which, if unpaid, might be or become a lien upon the Facility or any part thereof,

except permitted encumbrances, as defined in the Lease/Purchase Agreement with respect to the Facility entered into by and between the BUREAU and the Financing Corporation; and (iv) pay all utility charges, including "service charges", incurred or imposed with respect to the Facility.

The parties hereto acknowledge that the housing of state prisoners is a governmental function, albeit a function that can be contracted for with a private business. In addition, the parties hereto acknowledge that the use of a lease purchase agreement utilizing tax-exempt financing for the construction of the Graceville Correctional Facility does not alter the nature of the use of the Facility. To that end, in the event that a local jurisdiction attempts to assess ad valorem taxes on the Facility, the CONTRACTOR agrees to provide any necessary assistance, support, and expenditure of legal resources (including attorneys fees and costs) in order to fully participate in and support any efforts by the State to defend the sovereign immunity from such taxation enjoyed by the Facility as State property, pursuant to First Union National Bank of Florida v. Ford, 636 So.2d 523 (Fla. 5th DCA 1993).

In the event that either a judicial determination or a State legislative mandate explicitly subjects the Facility to ad valorem taxation or requires payment in lieu of taxes (PILOT), the amount of any such annual ad valorem tax or PILOT payment shall be deducted on a pro-rated monthly basis from CONTRACTOR's monthly compensation.

Article 12.8 Copies of Documents. Prior to the execution of this Contract and on an on-going basis, the CONTRACTOR shall timely provide to the BUREAU copies of the following documents:

- All original and renewed insurance certificates clearly indicating compliance with Article 8.3.
- Tax receipts or other appropriate documentation indicating the CONTRACTOR'S payments to the taxing authorities to indicate compliance with Article 12.7.

Article 12.9 Reimbursable Expenses. In the event that the CONTRACTOR fails to comply with Articles 12.3 and 12.8, the CONTRACTOR shall pay actual expenses for the BUREAU to employ an agent or for a BUREAU employee to visit the offices of the CONTRACTOR or the CONTRACTOR'S parent corporation to make and take away copies of the documents necessary to comply with Articles 12.3 and 12.8.

Article 12.10 Invalidity and Severability. In the event that any provision of this Contract shall be held to be invalid, such provision shall be null and void. The validity of the remaining provisions of the Contract shall not in any way be affected thereby.

Article 12.11 Counterparts. This Contract may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which shall constitute one contract, notwithstanding that all parties are not signatories to the original or the same counterpart, or that signature pages from different counterparts are combined, and the signature of any party to any counterpart shall be deemed to be a signature too and may be appended to any other counterpart.

Article 12.12 Interpretation. The headings contained in this Contract are for reference purposes only and shall not affect the meaning or interpretation of this Contract.

Article 12.13 Terminology and Definitions. All personal pronouns used in this Contract, whether used in the masculine, feminine, or gender-neutral, shall include all other genders; the singular shall include the plural; and the plural shall include the singular.

Article 12.14 Venue. The Contract shall be interpreted under the laws of the State of Florida and Leon County Circuit Court shall be the venue in the event any action is filed on the Contract.

Article 12.15 Amendments. This Contract shall not be altered, changed, or amended except by instrument in writing executed by the parties hereto.

Article 12.16 Third Party Rights. The provisions of this Contract are for the sole benefit of the parties hereto and shall not be construed as conferring any rights on any other person.

Article 12.17 Binding Nature. This Contract shall not be binding upon the parties until it is approved and executed by both parties.

Article 12.18 Interpretation. This Contract shall not be interpreted or construed against the drafting party.

Article 12.19 Prohibition Against Assignment. The BUREAU has entered into this Contract with the CONTRACTOR based on, among other considerations, its assessment of the qualifications and experience of the CONTRACTOR, the management talent of key employees of the CONTRACTOR, and the organizational structure the CONTRACTOR has caused to be created. Consequently, there shall be no assignment or transfer of the interest of the CONTRACTOR, whether in whole or in part, absent the prior written consent of the BUREAU. Further, the CONTRACTOR shall notify the BUREAU in writing as soon as is practical following (a) a merger with or an acquisition by any corporation, partnership, person, or other entity; (b) the acquisition by or purchase of more than ten percent (10%) of the outstanding shares of the CONTRACTOR by any corporation, partnership, person, or other entity; and (c) a change in the senior management of the CONTRACTOR, senior management including its President, Chief Executive Officer, and the membership of its Board of Directors. If in the reasonable judgment of the BUREAU any such event is determined to be likely to have a material and adverse effect on the ability of the CONTRACTOR to fully comply with all of the terms and conditions of this agreement, the BUREAU reserves the right to terminate the Contract without liability or penalty to the BUREAU.

Article 12.20 Relationship to Design/Build Contract. A breach of any material provision of the Design/Build Contract between the parties may be considered by the BUREAU as a breach of this Contract, and may be determined by the BUREAU as grounds for termination. The provisions of Article 10.5 shall apply in the event of such a breach.

Article 12.21 Access to Records. The BUREAU may unilaterally cancel this Contract for refusal by the CONTRACTOR to allow public access to all documents, papers, letters, or other material originated or received by the CONTRACTOR in conjunction with the Contract, subject to the provisions of Chapter 119, Florida Statutes.

Article 12.22 Notices. All notices shall be sent certified mail; return receipt requested to:

BUREAU: Terry Rocco, Chief
Bureau of Private Prison Monitoring
Florida Department of Management Services
4050 Esplanade Way
Tallahassee, Florida 32399-0950

CONTRACTOR: John Bulfin, General Counsel
The GEO Group, Inc.

One Park Place, Suite 700
621 Northwest 53rd Street
Boca Raton, Florida 33487

IN WITNESS WHEREOF, in order to be legally bound, the parties have caused their authorized representative to execute this Contract as of the date set forth above and below.

STATE OF FLORIDA,
DEPARTMENT OF MANAGEMENT SERVICES,
~~BUREAU OF PRIVATE PRISON MONITORING~~

BY: [Signature]
Its: Secretary
DATE: Feb 21, 2006

Approved as to form and legality:
[Signature]

THE GEO GROUP, INC.

BY: [Signature]
Its: PRESIDENT
DATE: 16 FEBRUARY 2006

(Corporate Seal)

ATTEST: [Signature]
Its: Secretary

This Design Build Agreement (hereinafter referred to as "Agreement") is made and entered this 25 day of Oct. 2007, by and between The GEO GROUP, INC., located at One Park Place, Suite 700, 621 Northwest 53rd Street, Boca Raton, Florida 33487, (hereinafter referred to as "GEO"), and the STATE OF FLORIDA, DEPARTMENT OF MANAGEMENT SERVICES, located at 4050 Esplanade Way, Tallahassee, Florida 32399-0950 (hereinafter referred to as "DMS").

WITNESSETH:

WHEREAS, DMS through the Florida Correctional Finance Corporation ("FCFC"), intends to issue Certificates of Participation to finance the design and construction of a 384-bed expansion of Graceville Correctional Facility to a 1500-bed Medium and Close Custody Adult Male prison facility in Graceville, Florida (hereinafter referred to as the "Project");

WHEREAS, FCFC, as "lessor," and DMS, as "lessee," will enter into a new Schedule pursuant to the Master Lease Agreement with Option To Purchase, dated as of November 1, 2001 (collectively, the "Series 2006A Lease Purchase Agreement"), pursuant to which DMS will lease purchase the Facility from FCFC;

WHEREAS, GEO has agreed to design and construct the Project;

WHEREAS, FCFC, as a third party beneficiary of this Agreement, consents to, approves and acknowledges this Agreement by its execution hereof;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, and subject to the conditions herein set forth, the parties do hereby covenant, agree, and bind themselves as follows:

ARTICLE I
DEFINITIONS

For the purposes hereof, the following terms shall have the meanings stated in this Article I, except as otherwise expressly provided or unless the context otherwise requires:

ACA Standards means the Standards for Adult Correctional Institutions (Fourth Edition, January 2003, as the same may be modified, amended, or supplemented in the future) published by the American Correctional Association.

Application for Payment means the form to be submitted by GEO as described in Article 7.02.

Architect/Engineer or A/E means the design professional hired by GEO or its subcontractor to design the Facility.

Authorized Representative means any Person(s) at the time designated as such in writing by any party hereto and furnished to the other party which designation authorizes the designee(s) to act for and bind the designating party with respect to matters covered hereby. In the case of GEO, its initial authorized representative is its President. In the case of DMS, its initial authorized representative(s) is its Secretary. In the case of FCFC, its Authorized Officer is its President. At any time, GEO or DMS may designate any other Person as its Authorized Representative by delivering to the other party a written designation by the designating party's Authorized Representative. Such designation shall remain effective until a new

designation is filed with or actual notice is given to the other party that such designation has been revoked.

Certificate for Payment means the form to be submitted by A/E to TRUSTEE, as described in Article 7.02.

Change means any addition to, deletion from, or modification of the Project or the Services that are made in accordance with the provisions of Article VIII made by Change Order or Construction Change Directive.

Claim means a written demand submitted to DMS by GEO in compliance with Article 8.08 seeking additional monetary compensation, time, or other adjustments to the Agreement, when DMS disputes the entitlement or impact of such written demand.

Contract Documents means this Agreement, the Plans, Specifications and Related Construction Documents, together with the Invitation to Negotiate, GEO's response thereto (as may have been modified by agreement of the parties), all of which documents are incorporated by reference as if fully set forth herein. Among the Contract Documents, the following order of authority shall apply: this Agreement; the Plans, Specifications and Related Construction Documents; Invitation to Negotiate; and GEO's response thereto.

Construction Fund or Project Fund means the fund containing the financing proceeds held by the TRUSTEE pursuant to the Indenture for the purpose of funding the development of the Project.

Construction Schedule means the schedule of performance measures and benchmarks or milestones for construction of the Project, referenced in Article VI and set forth in Exhibit A attached hereto.

DMS means the State of Florida, Department of Management Services.

Effective Date means the date specified as such in Article 2.01.

Event of Default means any of the events or circumstances described in Article 12.01 with respect to GEO or Article 12.03 with respect to DMS.

Facility means the Graceville Correctional Facility, the prison to be expanded as part of the Project.

FCFC means the Florida Correctional Finance Corporation.

Final Acceptance/Completion means the date as of which the Project is accepted in accordance with Article 9.04.

Firm Fixed Price means the price to be paid by DMS to GEO, as set forth in Article 7.01, for the Project based on the Contract Documents, which shall include, but is not limited to:

- (a) The cost of the construction of all buildings and structures to be used in the Project;
- (b) The cost of site preparation, including the cost of demolishing or removing any buildings or structures, the removal of which is necessary or incident to completing the Project;
- (c) The cost of architectural, engineering, legal, accounting and related services including the cost of preparation of plans, specifications, studies, surveys, inspection, estimates of cost and/or revenue;
- (d) The costs incurred in connection with carrying out any inspections required or made pursuant to statute, rule, or agreement of the parties; and

(e) The cost of all machinery, equipment, furnishings, and facilities necessary or incident to equipping the Project so that it may be placed in operation.

Force Majeure means the failure to perform any of the terms and conditions of this Agreement resulting from acts of God (i.e., hurricane, tornado, earthquake, fire) casualty, riot, terrorism, war or national emergency.

Furnishings and Equipment means the items listed in Exhibit C to be provided by GEO.

Indenture means that certain Master Trust Indenture, dated as of November 1, 2001, between FCFC and the TRUSTEE, and accepted by DMS, as supplemented by the new Series Supplemental Trust Indenture, dated as of March 1, 2006.

ITN means the Invitation to Negotiate issued by DMS on August 17, 2007, for the construction and operation of the Project.

Minimum Standards means all local, state and federal regulations, codes, laws, requirements, or ACA Standards and court orders applicable to the Project.

Payments means the installments of the Firm Fixed Price agreed to be paid to GEO, in accordance with the Schedule of Values required in Article VII.

Person means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof.

Plans and Specifications means the surveys, plans and specifications prepared for the Project having been accepted in writing by DMS, and which are made a part hereof by reference and included in the Contract Documents.

Program Manager means an individual or firm hired and compensated by DMS to provide independent Project oversight for DMS as its representative as required by Article 4.02.

Project means the design and construction of a 384-bed expansion of Graceville Correctional Facility to a 1500-bed Medium and Close Custody Adult Male prison facility in Graceville, Florida, to be constructed by GEO, in accordance with the Contract Documents.

Project Fund or Construction Fund means the fund created by the Indenture to be used to pay the costs of construction for the Project.

Punch List Items means a list of items of work to be completed and deficiencies to be corrected, which items shall not affect the attainment of Substantial Completion. Such items must be complete before Final Acceptance can take place.

Related Documents means the Master Trust Indenture as supplemented by the new Series Supplemental Trust Indenture, the Master Lease Agreement with Option to Purchase, and Schedule, the Ground Lease Agreement and Collateral Assignment of Ground Lease Agreement and the Assignment of Leases.

Schedule of Values means the schedule of values to be used as a basis for progress payments to be made to

GEO in accordance with Section 6.02 of the Indenture during performance of Services, based on the then current percentage-of-progress of construction of the Project, and the value assigned to the different components of construction of the Project, as set forth in Exhibit B attached hereto.

Scheduled Completion Date means the date on or before expiration of the time period specified in Article 6.02, and is the date by which the Project must achieve Final Acceptance by DMS and begin acceptance of additional inmates.

Services means all architectural and engineering design services, procurement services and actual construction of the Project, including all labor, materials and facilities, and all other things that are required to allow for and complete construction of the Project.

State means the State of Florida.

Substantial Completion means substantial completion of the Project as described in Article 9.02.

Term means the duration of the Agreement as specified in Article 2.01.

TRUSTEE means US Bank formerly Wachovia Bank, National Association, under the Indenture.

Work means all labor, materials, equipment, and incidentals required to complete the Project in accordance with this Agreement.

ARTICLE II **TERM AND SCOPE**

2.01 Effective Date and Term. This Agreement shall become effective upon its execution and delivery by the parties (the "Effective Date"), and shall continue in full force and effect as to the Project until expiration of the warranty and guaranty period provided for in Article 10.01 and any applicable statutes of limitations provided by law (the "Term"), unless terminated prior thereto in accordance with the provisions hereof.

2.02 Independent Contractor. For all purposes hereunder, GEO is an independent contractor and shall not be deemed an "employee" of DMS. Neither GEO nor any of its subcontractors, *nor* any of their employees employed at the Project shall be deemed to be agents, representatives, employees, or servants of DMS in performance hereunder.

2.03 Subcontractors. GEO may subcontract any portion of the Services to be performed hereunder, but shall not thereby be relieved of any of its obligations set forth herein. At least ten (10) calendar days before the execution of any subcontract by GEO, DMS shall receive from GEO the name of any subcontractor(s) with whom GEO intends to enter into a subcontract, except that it is acknowledged and agreed by DMS that GEO intends to subcontract with the design-build contractor identified in GEO's response to the ITN to serve as GEO's design-build subcontractor. GEO shall also provide within five (5) days of request by DMS or the Program Manager a copy of any subcontracts GEO's design-build subcontractor enters into, and within ten (10) days provide any subcontracts of such subcontractors of GEO's design-build subcontractor. DMS may furnish GEO with any comments with respect to any such subcontractors and may disapprove of any subcontractors within said ten (10) day period, which disapproval shall be binding on GEO. Such disapproval must not be unreasonable. GEO shall require that each subcontractor perform its work in conformance with the Contract Documents. GEO and its subcontractors may not change subcontractors

without the prior written approval of DMS, which shall not be unreasonably withheld.

ARTICLE III
REPRESENTATIONS

3.01 Representations of GEO. GEO makes the following representations as the basis for undertakings hereunder:

- (a) GEO is a corporation duly created and existing, and is qualified to do business under and pursuant to the laws of the State;
- (b) GEO has due power and authority to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder;
- (c) GEO has duly authorized the execution and delivery hereof and, assuming due execution and delivery by GEO, this Agreement constitutes a legal, valid, and binding agreement of GEO, enforceable against GEO in accordance with its terms;
- (d) The Services performed by GEO hereunder, including, without limitation, the Plans and Specifications, shall conform to all applicable ACA Standards, applicable codes and standards, including, but not limited to, Florida Building Code, Florida Mechanical Code, Florida Plumbing Code, Florida Electrical Code, National Fire Protection Association Electric Code 70, National Fire Protection Association Life Safety Code 101, and applicable local, state and federal laws, including, but not limited to, the laws concerning labor, equal employment, safety, minimum wages, and prison operations. It is acknowledged that the size of the double-occupancy Project cells is to conform to applicable ACA Standards.
- (e) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions hereof, conflicts with or results in a breach of the terms, conditions, or provisions of any restriction or any agreement or instrument to which GEO is now a party or by which it is bound, or constitutes a default under any of the foregoing.
- (f) The Firm Fixed Price established in Article 7.01 is sufficient to construct and equip the Project in accordance with the Contract Documents.
- (g) The agreements between GEO and the persons or entities identified in this Agreement, and any subsequent modifications, shall be in writing. These agreements, including financial arrangements with respect to this Project, shall be promptly and fully disclosed to DMS upon request.
- (h) GEO shall be responsible to DMS, and further hold harmless and/or indemnify DMS, for acts and omissions of GEO's employees, subcontractors and their agents and employees, and other persons, including the A/E and other design professionals, performing any portion of GEO's obligations under this Agreement.

- (i) GEO shall comply with and give notices required by all laws, ordinances, rules, regulations and lawful orders of public authorities relating to the Project.
- (j) GEO shall pay royalties and license fees for patented designs, processes or products. GEO shall defend suits or claims for infringement of patent rights and shall indemnify and hold DMS harmless from loss on account thereof, but shall not be responsible for such defense or loss when a particular design, process or product of a particular manufacturer is required by DMS.
- (k) GEO shall keep the premises and surrounding area free from accumulation of waste materials or rubbish caused by operations under this Agreement. At the completion of the Work, GEO shall remove from the site waste materials, rubbish, GEO's tools, construction equipment, machinery, and surplus materials.

3.02 Representations of DMS. DMS makes the following representations as the basis for its undertakings hereunder:

- (a) DMS is authorized by proviso under line item number 741 of the 2006-2007;
- (b) DMS has duly authorized the execution and delivery hereof and, assuming due execution and delivery by DMS, the Agreement constitutes a legal, valid, and binding agreement of DMS as of its Effective Date, enforceable against DMS in accordance with its terms;
- (c) DMS is not in violation of any provision of any law that is in any manner material to its ability to perform its obligations hereunder; and
- (d) Neither the execution and delivery of this Agreement, the consummation of the transaction contemplated hereby, nor the fulfillment of or compliance with the terms and conditions hereof, conflicts with or results in a breach of the terms, conditions, or provisions of any restriction or any agreement or instrument to which DMS is now a party or by which it is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge, or encumbrance whatsoever upon the Project, except as provided in the Related Documents.

ARTICLE IV SERVICES

4.01 Architectural/Engineering (A/E). GEO shall perform, or cause to be performed by State registered and -qualified architects and engineers all necessary professional, architectural and engineering services to design, prepare and detail the Plans and Specifications for the Project. The A/E will perform the following architecture/engineering services:

- (a) Design the Project so as to comply with Minimum Standards and all Contract Documents;
- (b) Administer the construction of the Project as described in the Contract Documents during construction and until Final Acceptance by DMS;
- (c) Visit the Project site at intervals appropriate to the then current stage of construction in order to become generally familiar with the progress and quality of the completed construction work and to determine in general if the construction work is being performed in accordance with the Contract Documents;

- (d) Review and approve or take other appropriate action upon submittals such as shop drawings, product data and samples, but only for the purpose of checking for conformance with information given and the design concept expressed in the Contract Documents, which reviews shall not be for the purpose of determining accuracy or completeness of any details such as dimensions and quantities, or for substantiating instructions for installation or performance of equipment or systems;
- (e) Review GEO's Applications for Payments, and based on its observations and evaluations thereof, certify the amounts due GEO in accordance with the Schedule of Values, and issue Certificates for Payment in such amounts, all as set forth in Article VII; and
- (f) Receive and review all written warranties and related documents required to be assembled by GEO upon Final Completion, and issue a final Certificate for Payment upon GEO's compliance with the requirements of the Contract Documents, all as set forth in Article VII;
- (g) The A/E will not have control over or charge of, and is not responsible for, construction means, methods, techniques, sequences or procedures or for safety precautions and programs in connection with the Services. Interpretations and decisions of the A/E will be consistent with the intent of and reasonably inferable from the Contract Documents and will be in writing or in the form of drawings.

4.02 Program Manager. The Program Manager is the on-site Authorized Representative of DMS during construction of the Project. The Program Manager is not an employee, agent, partner or business associate of GEO. Such person shall file with DMS, prior to undertaking any of the following duties, a certificate of his independence from GEO. The Program Manager has the authority to act on behalf of DMS to the extent provided in the Contract Documents. The scope of authority and responsibility of the Program Manager shall include:

- (a) Advising and consulting DMS on matters pertaining to the Project;
- (b) Conducting general oversight of GEO regarding compliance with its responsibilities under this Agreement;
- (c) Reviewing, but not approving, all proposed Changes to the Project;
- (d) Monitoring progress and quality of construction work for its compliance with Contract Documents and, when deemed necessary or advisable, conducting additional inspection or testing of the construction work.
- (e) Validating amounts owing to GEO based on observations at the site and evaluations of GEO's Applications for Payment;
- (f) Preparing Change Orders and Construction Change Directives initiated by DMS;
- (g) Providing inspections to determine progress, in conjunction with the A/E, of the dates of Substantial Completion and Final Completion;
- (h) Rejecting construction work that does not conform to the Contract Documents and, when deemed necessary or advisable, requiring additional inspection or testing of the construction work;

- (i) Reviewing written warranties and other documents required to be assembled by GEO, and recommending approval or denial to DMS; and
- (j) Interpreting and deciding matters concerning performance under, and requirements of, the Contract Documents upon written request of either GEO or DMS, which interpretation and decision shall be made with reasonable promptness and within any time limits agreed upon; provided, however, that if there is no agreement concerning any such time limits, then the Program Manager shall furnish such interpretations within five (5) days after receipt of a written request therefore if reasonably possible, and if more time is necessary, then as soon as is reasonable. Interpretations or determinations of the intent of the plans and specifications created by the A/E shall be issued only after consultation with the A/E.
- (k) Performing any other services requested by DMS, upon proper notice to GEO

The authority of the Program Manager to provide inspections to determine progress, and all other services, are specifically for the benefit of DMS, and in no way is to be interpreted as replacing the duties of the A/E as set forth in this Agreement. The Program Manager will be paid for by DMS from funds held in the Project Fund.

4.03 Construction. GEO shall perform, or cause to be performed, the following construction services:

- (a) Provide for permitting for construction of the Project;
- (b) Provide for all construction supervision, inspection, labor, materials (unless otherwise specified all materials to be incorporated into the Project shall be new), tools, construction equipment and subcontracted items necessary for the construction and equipping of the Project, in accordance with the Contract Documents, including handling and warehousing of materials, supplies and equipment;
- (c) Maintain or cause to be maintained an adequate inspection system and perform or cause to be performed such inspections and testing as will ensure that construction of the Project is performed in accordance with the requirements of the Contract Documents, recording all such inspections so performed and providing a copy thereof to the A/E and the Program Manager, which DMS may review at its discretion from time to time;
- (d) Construction of the Project in accordance with the Contract Documents and Minimum Standards.

4.04 Machinery, Equipment and Furnishings. GEO shall procure, or cause to be procured, for the Project all machinery, equipment and other furnishings and fixtures considered capital assets that are incident and related to the operation, maintenance, and administration of the Project, and which are identified as being a part of the Project in GEO's response to the ITN or are required to be provided by the ITN. Such machinery, equipment and furnishings shall be included in the Construction Costs of the Project and delivered prior to Final Acceptance of the Project. To the extent a brand, type, model number and quantity for any such capital asset was specified in GEO's response to the ITN submitted to DMS, the designation in GEO's response to the ITN shall control unless a change is approved by DMS. On or before Final Acceptance, GEO and DMS or their Authorized Representatives shall jointly prepare a property inventory listing each item and noting the condition of each such item of machinery and equipment for the Facility as provided by GEO. Unless otherwise specified herein, all furniture, fixtures and equipment incorporated into the Project

shall be new. The furniture, fixtures, and equipment as indicated on Exhibit C will be provided by GEO, and shall be identified by location and include the quantity, description, unit cost, net cost, freight, gross cost, and depreciation and term. A list of the machinery, equipment and furnishings to be provided by GEO is attached hereto as Exhibit C.

4.05 Commencement of Services. GEO shall commence performance of Services hereunder when the following conditions precedents have occurred:

- (a) All necessary permits and approvals, including modifications thereof that are preconditions to commencement of construction of the Project have been issued;
- (b) GEO has furnished or caused to be furnished the certificates of insurance evidencing that GEO has obtained or caused to be obtained the insurance required in Article XI and the ITN, as to the Project, which certificates shall contain a provision that coverage afforded under the policies will not be canceled or changed until at least 30 days prior written notice has been given to GEO and DMS;
- (c) GEO has furnished or caused to be furnished the Payment and Performance Bonds as required by Article 11.08; and
- (d) Notice To Proceed has been issued.

The parties agree that GEO may begin some Work before all of these conditions are met, at GEO's risk, if deemed necessary by GEO to meet the Final Completion Date set forth in Article 6.02.

ARTICLE V **INFORMATION AND ITEMS TO BE FURNISHED BY DMS**

5.01 Information. DMS shall provide the A/E and GEO with all technical information related to court orders, regulations and policy changes, of which DMS is or may become aware, that have been or may be issued regarding the Project or are pertinent thereto, and such requirement shall be ongoing during the term hereof; provided, however, that DMS shall not have any liability nor responsibility whatever with respect to information provided to GEO regarding the design of the Project or the Plans and Specifications. The failure of DMS to provide the above information shall not relieve GEO of its duty to construct the Project in conformance with the Minimum Standards.

5.02 Titles and Permits. DMS shall cooperate in a reasonable and timely manner with GEO, if necessary, for GEO to secure, at GEO's expense, permits, environmental permits, and licenses necessary for the engineering, procurement, construction and completion of the Project, including licenses required to permit GEO to do business in the jurisdictions where Services are to be performed, and local building permits and licenses that are required for actual construction of the Project; any failure by DMS to cooperate in accordance with the foregoing may result only in adjustment to the Construction Schedule and not an adjustment to the Firm Fixed Price.

5.03 State Sales Tax. The parties hereto agree that the Project, as constructed in accordance with this Agreement, will be subject to state and local sales taxes. The Firm Fixed Price of the Services as provided in Article 7.01 includes the cost of such taxes and such costs will be paid by GEO from said amount, it being expressly understood that DMS shall have no liability with respect to the payment of such taxes. Notwithstanding the foregoing, at DMS' sole option and election, any item of personal property or

materials to be included in the Project may be purchased by DMS directly and delivered to the construction site. In the event DMS elects to so purchase any such property directly, upon the inclusion of such property into the Project, it will become part of the Project subject to the new Series Lease Purchase Agreement, and the Firm Fixed Price will be adjusted to reflect the savings obtained by DMS' purchase of such property.

ARTICLE VI
CONSTRUCTION COMMENCEMENT AND MONITORING

6.01 Construction Commencement. Actual physical commencement of construction shall not occur until GEO has delivered to DMS the following:

- (a) Presentation of 50% construction drawings and Project specifications related to the discipline(s) scheduled for construction which show, to the satisfaction of DMS, that the Project as designed conforms to GEO's response to the ITN (including any change orders thereto), including the Firm Fixed Price for the Work and the intended scope of Work;
- (b) The insurance and bonds required by Article XI;
- (c) Within seven (7) days after the date of DMS' issuance of a Notice to Proceed, GEO shall prepare and submit to the Program Manager a Construction Schedule in quadruplicate graphically depicting the activities contemplated to occur as a necessary incident to performance of the work required to complete the Project, showing the sequence in which GEO proposes for each such activity to occur and the duration (dates of commencement and completion, respectively) of each such activity. The schedule format shall be "Primavera" or "Sure Track" which will be acceptable to DMS if used by GEO; provided, however, that the A/E and the Program Manager shall determine whether the Construction Schedule developed and submitted by GEO meets the requirements stated above and such determination shall be binding on GEO; and
- (d) Following development and submittal of the Construction Schedule as aforesaid, GEO shall include with each monthly application for payment during the entirety of the construction phase of the work and more frequently when the circumstances may require, an updated and/or revised construction schedule to show the progress and status of the Work performed and the occurrence of all events which have affected the progress of performance of the Work already performed or will affect the progress of the performance of the work yet to be performed in contrast with the planned progress of performance of such work, as depicted on the original Construction Schedule and all updates and/or revisions thereto as reflected in the updated and/or revised Construction Schedule last submitted prior to submittal of each such monthly update and revision. Each such update and/or revision to the Construction Schedule shall be submitted to the A/E and Program Manager in duplicate. Failure of GEO to update, revise, and submit the Construction Schedule as aforesaid shall be sufficient grounds to withhold payment to GEO until a schedule or schedule update acceptable to the A/E is submitted and will be considered grounds for default hereunder. Notwithstanding anything above to the contrary, any schedule submitted by GEO shall be a Critical Path Method (CPM) schedule.
- (e) An updated Schedule of Values, in the form attached hereto as Exhibit B, and an updated Application and Certification for Payment with Continuation Sheets, in the form attached hereto

as Exhibit D.

6.02 Completion Dates. GEO shall perform services to achieve Final Completion of the Project and begin accepting inmates into the Facility on or before September 30, 2009. Notwithstanding delays caused by the provisions of Article 4.05, the date for Final Completion in Article 6.02 shall not be extended; provided, however, that should a Force Majeure event as defined in this Agreement take place prior to the Completion Date, GEO shall have the right to petition DMS to seek an extension of the Completion Date.

ARTICLE VII COMPENSATION

7.01 Firm Fixed Price. In consideration of the performance and subject to the conditions of the Agreement, GEO shall be paid solely from the Project Fund for its services a Firm Fixed Price in the amount of \$23,215,034, in accordance with the Schedule of Values set forth in Exhibit B, and the further provisions of Article VII.

7.02 Payments.

- (a) A progress payment disbursement from the Project Fund, subject to the procedures set forth herein and in the Indenture which pertain to approval of Construction Fund disbursements, shall be made to GEO each month in the amount of ninety percent (90%) of the portion of the Firm Fixed Price properly allocable to labor, materials and equipment incorporated into the Work and ninety percent (90%) of that portion of the Firm Fixed Price properly allocable to materials and equipment suitably stored at the site or at some other locations agreed upon in writing by the parties, less the aggregate of previous payments. Ten percent (10%) retainage shall be held on all payments until the Project is fifty percent (50%) complete, except, with prior approval from DMS, certain suppliers and subcontractors may be paid the entire amount due when such payment is generally the practice of the industry. In such cases, if DMS makes any payment of retainage to GEO which is attributable to the labor, services, or materials supplied by one or more of GEO's contractors, subcontractors, or suppliers, *GEO shall* timely remit payment of such retainage to said contractors, subcontractors, or suppliers. Unless otherwise stated herein, the term "50% completion" refers to the point at which DMS has expended 50 percent (50%) of the Firm Fixed Price of the Project together with all costs associated with existing Change Orders and other additions or modifications to the Work provided for in this Agreement. At 50% completion, DMS shall reduce the retainage from 10% to 5%. Subject to the aforementioned retainage, disbursements from the Project Fund shall be made to GEO upon receipt by the TRUSTEE of an Application and Certification for Payment (see Exhibit 'D') executed by an authorized officer of GEO, GEO's and Contractor's Affidavit of Payment of Debts and Claims AIA Document G706, GEO's and Contractor's Affidavit of Release of Liens AIA Document G706A and concurred with by FCFC and DMS. GEO, FCFC and DMS shall comply with all requirements contained in the Indenture and Related Documents with respect to Applications and Certificates for Payment. Title to all material and work covered by Payments made shall thereupon become the sole property of the State, subject to the TRUSTEE's rights, if any; provided that (i) the work and material shall remain in the possession and control of GEO pending Final Acceptance; (ii) no such progress payment or transfer shall constitute an acceptance or begin the running of any time period within the meaning of the performance bond; (iii) the work and material shall remain covered by and insured pursuant to any insurance policy, including builders risk and/or casualty loss policy, required pursuant to

this Agreement; and (iv) this provision shall not be construed as relieving GEO from the responsibility for the care and protection of such material and work or the restoration of any damaged construction work, or as a waiver of the right of DMS to require the fulfillment of all of the terms hereof. Notwithstanding any provision of this Article 7.02 (a) to the contrary, GEO shall be deemed to have a property interest in and to the material and work, prior to the Final Acceptance of the Project, to the extent, if any, as may be necessary to retain all the benefits and protections afforded to FCFC, DMS, the TRUSTEE, and GEO by the terms and provisions of any insurance policy or performance bond.

- (b) There shall be a monthly progress meeting between GEO, the Program Manager, and the A/E, at which time the parties will consider and review GEO's proposed Application for Payment for that month. On the 20th day of each calendar month, GEO shall submit to the A/E and the Program Manager an itemized Application for Payment for the Project in accordance with the Schedule of Values and based on the percentage of work completed and materials delivered to the Project or stored off-site in a bonded warehouse, less the amount of prior payments. The Application for Payment to be submitted by GEO shall state:
- (1) The requisition number;
 - (2) The amount to be paid;
 - (3) That each obligation evidenced thereby is presently due in accordance with the Schedule of Values set forth in Exhibit B, as same may have been adjusted in accordance with the terms hereof, and has not been the basis of any previous payment;
 - (4) That GEO is not on the date thereof in default of any of its representations, warranties, and covenants under the Contract Documents;
 - (5) That all subcontractors and suppliers of equipment and materials, and all laborers have been paid their pro rata share of any prior Application for Payment, except for any disputed work which shall be listed as an attachment to the Application for Payment;
 - (6) That GEO warrants that title to all Project work covered by the Application for Payment will have passed to the State no later than the time of payment. GEO further warrants that upon submittal of an Application for Payment all Project work for which Certificates for Payments have been previously issued and payments received from the TRUSTEE shall, to the best of GEO's knowledge, information and belief, be free and clear of liens, claims, security interests or encumbrances in favor of GEO, CEO's subcontractors, material suppliers, or other persons, or entities making a claim by reason of having provided labor, materials and equipment relating to the Project; and shall submit waivers and releases of lien from all having filed notice to owner documents; and GEO warrants that title to all construction covered by an Application for Payment will pass to the State no later than the time of payment.
 - (7) Invoices from suppliers for all furnishings, equipment and fixtures which have been received by GEO and are either stored on site or stored in a facility approved by DMS.

7.03 Certificate for Payment. GEO shall forward a copy of its Application for Payment to the Program Manager and DMS. Within seven (7) days after receipt of GEO's Application for Payment, the A/E shall notify FCFC, the Program Manager, and DMS in writing of its analysis of GEO'S basis for Application for Payment and that it either intends to issue a Certificate for Payment, or that it intends to withhold certification in whole or in part. FCFC, the Program Manager, and DMS shall evidence in writing their concurrence or non-concurrence with such A/E intended action within five (5) business days after receipt of said notices. Any disputes with respect to the amount of any Application or Certificate for Payment shall be resolved in accordance with subsection (c) below. The issuance of a Certificate for Payment by the A/E and signed by GEO, the Program Manager, FCFC and DMS will constitute a representation by the A/E that

based on observations at the site up to the date of the Application for Payment, the construction work has progressed to the point indicated and that, to the best of the A/E's knowledge, information and belief, the quality of the work is in accordance with the Contract Documents.

- (a) Upon receipt of a Certificate for Payment and Application for Payment as provided in this Article VII, TRUSTEE shall make payment in accordance with Section 6.02 of the Indenture.
- (b) Upon receipt of payment from the TRUSTEE, GEO shall promptly pay each of its subcontractors, laborers, and suppliers of equipment and materials, the amount to which each is entitled in accordance with the terms of their respective contracts.
- (c) The A/E may refuse to certify payment and withhold a Certificate for Payment in whole or in part, either on its own or because of FCFC's or Program Manager's failure to concur therewith, in accordance with Article 7.03. If the A/E is unable to certify payment in the amount of the Application for Payment submitted by GEO, A/E will promptly notify GEO thereof. If GEO, DMS, the A/E, FCFC and the Program Manager cannot agree on a revised amount, the A/E will, within five (5) days of the aforesaid notification, promptly issue a Certificate for Payment as to the undisputed amount, if any, with respect to which the A/E certifies and DMS and the Program Manager concur in writing with such payment, if any. Either the A/E or the Program Manager may, because of subsequently discovered evidence or subsequent observation, revise the whole or a part of a Certificate for Payment previously issued as may be necessary because of:
 - (1) Defective work not remedied;
 - (2) Third party claims filed or reasonable evidence indicating probable filing of such claims;
 - (3) Failure of GEO to make payments promptly for labor, materials or equipment or to its subcontractors and/or suppliers;
 - (4) Reasonable evidence that the Project cannot be completed for the unpaid balance of the Firm Fixed Price;
 - (5) Reasonable evidence that the Project will not be completed within the Construction Schedule; or
 - (6) Persistent failure to carry out the Project work in accordance with the Contract Documents.

7.04 Source of Payment. Notwithstanding any other term of this Agreement, the parties hereto agree that the obligation to make any payment to GEO shall be satisfied solely to the extent there are amounts on deposit in the Project Fund or any other source appropriated by the State Legislature to DMS sufficient to pay the amount owed. Neither DMS nor FCFC shall be obligated to issue additional certificates of participation (as defined in the Indenture) to complete the Project or to pay any obligation due hereunder. GEO agrees to look solely to the Project Fund for payment of any and all sums of whatever kind and nature due on or to become due under this Agreement, not to exceed the Firm Fixed Price. The State's or DMS' liability to GEO for any sums due or to become due under this Agreement is expressly conditioned and contingent upon the release of such sums from the Project Fund.

ARTICLE VIII CHANGES

8.01 Changes to Project. The provisions of this Article VIII shall apply to any Change in the Project after execution of this Agreement. No Change shall be made that would cause the Project to fail to conform to applicable Minimum Standards, the standards contained in the ITN and GEO's response thereto, or any other of the Contract Documents. It is understood and agreed that no substitutions for major components of

the Project specified in the Contract Documents to be used in construction of the Project shall be made by GEO without the prior written approval of DMS.

8.02 Minor Changes. GEO may order minor changes to the Project that enhance or does not detract from the reliability or quality of the Project or any component parts thereof, provided that such changes are approved by DMS and are not inconsistent with the intent of the Contract Documents, do not substantially alter the design or appearance of the Project or result in any adjustment to the Firm Fixed Price, Schedule of Values, or Scheduled Completion Date. Prior written notice to DMS and the Program Manager of any such proposed minor change shall be required. Such notice shall include any expected cost savings to GEO from the change.

8.03 Changes in the Work. During the course of GEO's performance of the work necessary to complete the Project, certain unanticipated events may occur which have the effect of changing the conditions under which the Work is to be performed as specified and described in the Contract Documents, and/or the nature and extent of the Work as specified and described in the Contract Documents. The occurrence of such events may cause GEO to incur greater or lesser cost and expense to perform the work required to complete the Project than planned to be incurred in GEO's response to the ITN, in which event GEO or DMS shall respectively be entitled to either an increase or decrease in the Firm Fixed Price, whichever is the case, to the extent such greater or lesser cost and expense results, and in which event the party entitled to the benefit of any such adjustment to the Firm Fixed Price shall present written demand on the other party within ten (10) days of first becoming aware of the Change in the Work, unless the times provided in Article 8.08(b) are shorter, in which case Article 8.08(b) shall control. It is the intent of the parties to provide prompt notice of a Change in the Work to allow the parties to negotiate a Change Order and resolve all issues of entitlement to time and money. In the event a resolution is not possible, GEO is required, in order to perfect any Claim, to strictly adhere to the notice and filing provisions of Article 8.08 and follow any Construction Change Directive.

- (a) Changes in the Work may be accomplished after execution of this Agreement, without invalidating this Agreement, by Change Order, Construction Change Directive, or order for a minor change in the Work, subject to the limitations stated in the Contract Documents.
- (b) A Change Order shall be based upon agreement between DMS and GEO; a Construction Change Directive may be issued by DMS without the agreement of GEO; an order for a minor change in the Work may be issued by GEO alone, after proper notice to DMS and approval by DMS, if it does not impact the cost of the Project and otherwise meets the conditions of Article 8.02.
- (c) Changes in the Work shall be performed under applicable provisions of the Contract Documents, and GEO shall proceed promptly, unless otherwise provided in the Change Order, Construction Change Directive, or order for a minor change in the Work. A Construction Change Directive is a written order prepared and signed by DMS, directing a change in the Work prior to agreement on adjustment, if any, in the Firm Fixed Price or Contract Time, or both.
- (d) A Change Order is a written instrument in the form incorporated in Exhibit E and signed by DMS and GEO, stating their agreement upon all of the following:
 - (1) A change in the Work;
 - (2) The amount of the adjustment, if any, in the Firm Fixed Price;
 - (3) The extent of the adjustment, if any, in the Contract Time; and
 - (4) A full release from GEO to any other adjustments to Firm. Fixed Price or Contract Time.

- (e) If DMS requests a proposal for a change in the Work from GEO and subsequently elects not to proceed with the change, a Change Order shall be issued to reimburse GEO for any costs incurred for estimating services, design services or preparation of proposed revisions to the Contract Documents.
- (f) Except as otherwise agreed by DMS and GEO, the adjustment to the Firm Fixed Price shall be determined on the basis of reasonable expenditures and savings of those performing the Work attributable to the change, including the expenditures for design services and revisions to the Contract Documents. In case of an increase or decrease in the Firm Fixed Price, the cost shall include a reasonable allowance for overhead and profit as determined in Article 8.04. In such case, GEO shall keep and present an itemized accounting together with appropriate supporting data for inclusion in a Change Order. Unless otherwise provided in the Contract Documents, costs for these purposes shall be limited to the following:
 - (1) Costs of labor, including social security, fringe benefits required by agreement or custom, workers' compensation insurance, and any required unemployment insurance;
 - (2) Costs of materials, supplies and equipment, including cost of transportation, whether incorporated or consumed;
 - (3) Rental costs of machinery and equipment exclusive of hand tools;
 - (4) Costs of premiums for all bonds and insurance permit fees, and sales, use or similar taxes;
 - (5) Fees paid to the architect, engineers and other professionals.
- (g) When DMS and GEO agree upon the adjustments in the Firm Fixed Price or Contract Time, such agreement shall be effective immediately and shall be recorded by preparation and execution of an appropriate Change Order.

8.04 Adjustments Resulting from Change Orders and Construction Directives. All adjustments to the Firm Fixed Price resulting from a change in the Work shall be determined by the measure of actual, or estimated, as the case may be, out-of-pocket costs and expenses incurred or spared by GEO for performing the changed Work:

- (a) Labor costs shall be inclusive of all direct job site cost for estimation, laying out, mechanics' wages and laborers' wages, together with all payroll taxes, payroll assessments, and insurance premiums paid for such labor;
- (b) All material costs, equipment costs and equipment rental costs shall be trade discount rates, plus State Sales Tax, where applicable;
- (c) Overhead and profit shall be inclusive of all Project management, Project administration, superintendence, Project coordination, Project scheduling and other administrative support functions and services-whether performed on the job site or off the job site, and general support equipment. Overhead and profit shall be determined as follows:
 - (1) Overhead and profit shall be calculated at the rate of 10% of GEO's labor, material, equipment and equipment rental costs, incurred or spared, as measured under the preceding paragraphs for changes in the work performed by the officers, or employees of GEO;
 - (2) Overhead and profit shall be calculated at the rate of 15% of the builder's labor, material, equipment and equipment rental costs, incurred or spared, as measured under the preceding paragraphs for changes in the work performed by the officers, employees or subsidiaries of

- the builder; and
- (3) Overhead and profit shall be calculated at the rate of 7 1/2 % of the builder's subcontractor's actual labor, material, equipment and equipment rental costs, incurred or spared, as measured under the preceding paragraphs.
- (d) In addition to the foregoing, all adjustments to the Firm Fixed Price resulting from a change in the Work shall include all out-of-pocket expenses, incurred or spared, in performing the changes in the Work for:
- (1) Paying the premiums required to obtain Performance Bonds and Labor and Material Payment Bonds called for by the Contract Documents;
 - (2) Paying the fee(s) required for licenses or permits called for by changes in the Work;
 - (3) Paying for delivery of materials or equipment to the job site;
 - (4) Paying for storage of materials or equipment before use thereof in performing changes in the Work;
 - (5) Paying for testing required by the changes in the Work.
- (e) In the event GEO demands an adjustment in the Firm Fixed Price, such demand shall be accompanied by paid receipts or other such written evidence satisfactory to DMS itemizing the costs and expenses incurred as a result of the event(s) constituting the changes in the Work as described herein.

8.05 Concealed Conditions. If conditions are encountered at the site which are (1) subsurface or otherwise concealed physical conditions which differ materially from those indicated in the Contract Documents, or (2) unknown physical conditions of an unusual nature which differ materially from those ordinarily found to exist and generally recognized as inherent in construction activities of the character provided for in the Contract Documents, then notice by the observing party shall be given to the other party promptly before conditions are disturbed and in no event later than seven (7) days after first observance of the conditions. The Firm Fixed Price shall be equitably adjusted for such concealed or unknown conditions by Change Order upon request by either party made within seven (7) days after the requesting party becomes aware of the conditions.

8.06 Regulatory Changes. GEO shall be compensated for changes in the construction necessitated by the enactment or revisions of codes, laws or regulations subsequent to the execution of this Agreement.

8.07 Delays.

- (a) GEO's remedies for delays in the progress of the Work, or for changes in the Work, shall be limited to those provided in this Article 8.07. GEO's exclusive remedy for delays in performance of the Agreement caused by events beyond its control (or the control of its agents, employees, contractors and their subcontractors) shall be a claim for equitable adjustment in the Construction Schedule; provided, however, inasmuch as the parties expressly agree that overhead costs incurred by builder constructing the Project for delays in performing the Work cannot be determined with any degree of certainty, it is hereby agreed that in the event GEO is delayed in the progress of the Work after Commencement of Construction for causes beyond its control (or the control of its agents, employees, contractors and their subcontractors) and attributable solely to acts or omissions of DMS (other than a change of Work), the builder shall be entitled to compensation for overhead costs, but not profit, determined as follows: at an amount for each day of delay calculated by dividing 5% of the original Firm Fixed Price by the number of calendar days of the original Construction Schedule. However, no reimbursement will occur for delays that do not

exceed cumulatively twenty (20) work days. Furthermore, any delays caused by a change in Work requested by DMS shall be compensated solely pursuant to Article 8.03 as a percentage of reasonable costs provided therein (along with an equitable adjustment in Construction Schedule pursuant to this Article 8.07). Finally, additional time and money will be granted pursuant to this Article 8.07 only for delays to controlling items of Work.

- (b) The forgoing remedies for delays and changes in the Work are to the exclusion of, and thus eliminate, the total cost concept (that is, computing the builder's additional costs for changes in Work or the costs of a delay in the progress of the Work by comparing the builder's total actual costs with its original estimate, see *McDevitt & Street Co. v. Department of Management Servs.*, 377 So.2d 191 (Fla. 1st DCA 1979)) as method of determining GEO's costs associated with a change in the Work or with delay in the progress of the Work.
- (c) No provision of this Agreement shall be construed as a waiver of sovereign immunity by DMS.

8.08 Claim by GEO.

- (a) When GEO deems that extra compensation or a time extension is due beyond that agreed to by DMS, whether due to delay, additional work, altered work, differing site conditions, breach of contract, or for any other cause, GEO shall follow the procedures set forth herein for preservation, presentation, and resolution of the Claim.
- (b) Where GEO deems that additional compensation or a time extension is due for work or materials not expressly provided for in the Agreement or which is by written Construction Change expressly ordered by DMS, GEO shall notify the Program Manager in writing of its intention to make a Claim for additional compensation before beginning the Work on which the Claim is based, and if seeking a time extension, GEO shall also submit a preliminary written request for time extension within seven (7) calendar days after commencement of a delay. If such notification is not given and DMS is not afforded the opportunity for keeping strict account of actual labor, material, equipment, and time, GEO waives the Claim for additional compensation or a time extension. Such notice by GEO, and the fact that the Program Manager has kept account of the labor, materials and equipment, and time, shall not in any way be construed as establishing the validity of the Claim or method for computing any compensation or time extension for such Claim. GEO shall submit full and complete Claim documentation within Sixty (60) days of Final Acceptance.

Submission of timely notice of intent to make a Claim, preliminary time extension request, time extension request, and the Claim, together with full and complete Claim documentation, are each a condition precedent to GEO bringing any circuit court, arbitration, or other formal claims resolution proceeding against DMS for the items and for the sums or time set forth in GEO's written Claim, and the failure to provide such notice of intent to make a Claim, preliminary time extension request, time extension request, Claim and full and complete Claim documentation within the time required shall constitute a full, complete, absolute, and irrevocable waiver by GEO of any right to additional compensation or a time extension for such Claim.

- (c) (c) As a condition precedent to GEO being entitled to additional compensation or a time extension under the Agreement, for any Claim, GEO shall submit a written Claim to DMS which will include for each individual Claim, at a minimum, the following information:
 - (1) A detailed factual statement of the Claim providing all necessary dates, locations, and

- items of work affected and included in each Claim;
- (2) The date or dates on which actions resulting in the Claim occurred or conditions resulting in the Claim become evident;
 - (3) Identification of all pertinent documents and the substance of any material oral communications relating to such Claim and the name of the persons making such material oral communications;
 - (4) Identification of the provisions of the Agreement which support the Claim and a statement of the reasons why such provisions support the Claim, or alternatively, the provisions of the Agreement which allegedly have been breached and the actions constituting such breach;
 - (5) A detailed compilation of the amount of additional compensation sought and a breakdown of the amount sought as follows:
 - (i) documented additional job site labor expenses;
 - (ii) documented additional cost of materials and supplies;
 - (iii) a list of additional equipment costs claimed, including each piece of equipment and the rental rate claimed for each;
 - (iv) any other additional direct costs or damages and the documents in support thereof; and
 - (v) any additional indirect costs of damages and all documentation in support thereof.
 - (6) A detailed compilation of the specific dates and the exact number of calendar days sought for a time extension, the basis for entitlement to time for each day, all documentation of the delay, and a breakdown of the number of days claimed for each identified event, circumstance or occurrence.

Further, GEO shall be prohibited from amending either the bases of entitlement or the amount of any compensation or time stated for any and all issues claimed in its written Claim submitted hereunder, and any circuit court, arbitration, or other formal claims resolution proceeding shall be limited solely to the bases of entitlement and the amount of any compensation or time stated for any and all issues claimed in GEO's written Claim submitted hereunder. This shall not, however, preclude GEO from withdrawing or reducing any of the bases of entitlement and the amount of any compensation or time stated for any and all issues claimed in GEO's written Claim submitted hereunder at any time.

- (d) DMS will respond within ninety (90) calendar days of receipt of a complete Claim submitted by GEO in compliance with Article 8.08(c). Failure by DMS to respond to a Claim within ninety (90) calendar days after receipt of a complete Claim in compliance with Article 8.08(c) constitutes a denial of the Claim by DMS. If DMS finds the Claim or any part thereof to be valid, such partial or whole Claim will be allowed and paid for to the extent deemed valid and any time extension granted, if applicable, as provided in the Agreement. No circuit court or arbitration proceedings on any Claim, or a part thereof, may be filed until after Final Acceptance of all Work by DMS or denial of a timely submitted complete Claim, whichever occurs last.
- (e) DMS shall have no liability for any constructive acceleration of the Work, nor shall GEO have any right to either make any Claim for constructive acceleration or include the same as an element of any Claim GEO may otherwise submit under this Agreement. If the Program Manager gives express written direction for GEO to accelerate its efforts, such written direction will set forth the prices and other pertinent information and will be reduced to a written Contract Document promptly. No payment will be made for acceleration prior to DMS' approval of the documents.

- (f) When submitting any Claim, GEO shall certify under oath and in writing, in accordance with the formalities required by Florida law, that the Claim is made in good faith, that the supportive data are accurate and complete to GEO's best knowledge and belief, and that the amount of the Claim accurately reflects what GEO in good faith believes to be DMS' liability. Such certification must be made by an officer or director of GEO with the necessary authority to bind GEO.
- (g) The parties agree that for any Claim DMS will not have liability for the following items of damages or expense:
 - (1) Loss of profit, incentives or bonuses;
 - (2) Any claim for other than extra work or delay;
 - (3) Consequential damages, including, but not limited to, loss of bonding capacity, loss of bidding opportunities, loss of credit standing, cost of financing, interest paid, loss of other work or insolvency;
 - (4) Acceleration costs and expenses, except where DMS has expressly and specifically directed GEO in writing, "to accelerate at DMS' expense"; nor
 - (5) Attorney fees, Claims preparation expenses and costs of litigation.

8.09 Continuing Contract Performance. Pending final resolution of a Claim, unless otherwise agreed in writing, GEO shall proceed diligently with performance and DMS shall continue to make payments in accordance with the Contract Documents.

ARTICLE IX ACCEPTANCE

9.01 Correction of Work.

- (a) GEO shall promptly correct Work rejected by DMS or known by GEO to be defective or failing to conform to the requirements of the Contract Documents, whether observed before or after Substantial Completion and whether or not fabricated, installed or completed. GEO shall bear all costs of correcting such rejected Work; including additional testing and inspections unless such testing and inspections substantiate that the Work is acceptable.
- (b) If, within one (1) year after the date of Final Completion of the Work, or after the date for commencement of warranties established in a written agreement between DMS and GEO, or by terms of an applicable special warranty required by the Contract Documents, any of the Work is found to be not in accordance with the requirements of the Contract Documents, GEO shall correct it promptly after receipt of a written notice from DMS to do so unless DMS has previously given GEO a written acceptance of such condition.
- (c) Nothing contained in this Article IX shall be construed to establish a period of limitation with respect to other obligations which GEO might have under the Contract Documents or applicable law. Establishment of the time period of one (1) year as described in this Agreement relates only to the specific obligation of GEO to correct the Work, and has no relationship to the time within which the obligation to comply with the Contract Documents may be sought to be enforced, nor to the time within which proceedings may be commenced to establish GEO's liability with respect to GEO's obligations other than specifically to correct the Work.

- (d) If GEO fails to correct nonconforming Work as required or fails to carry out Work in accordance with the Contract Documents, DMS, by written order signed personally or by an agent specifically so empowered by DMS in writing, may order GEO to stop the Work, or any portion thereof, until the cause for such order has been eliminated; however, DMS' right to stop the Work shall not give rise to a duty on the part of DMS to exercise the right for benefit of GEO or other persons or entities.

- (e) If GEO defaults or neglects to carry out the Work in accordance with the Contract Documents and fails within seven (7) days after receipt of written notice from DMS to commence and continue correction of such default or neglect with diligence and promptness, DMS may give a second written notice to GEO and, seven (7) days following receipt by GEO of that second written notice and without prejudice to other remedies DMS may have, DMS may correct such deficiencies. In such case an appropriate Change Order shall be issued deducting from payments then or thereafter due GEO the costs of correcting such deficiencies. If the payments then or thereafter due the GEO are not sufficient to cover the amount of the deduction, GEO shall pay the difference to DMS. Such action by DMS shall be subject to dispute resolution procedures as provided in this Agreement.

9.02 Substantial Completion of Project.

- (a) When GEO considers that the Project is substantially complete, GEO shall notify the Program Manager that the Project is ready for a Substantial Completion Inspection. Upon receipt of GEO's notice, the Program Manager will make an inspection to determine whether the Project is substantially complete, and will compile a list of items needing completion. If such inspection discloses any item, whether or not included on the A/E's list, which is not in accordance with the requirements of the Contract Documents, GEO shall complete or correct such item. Failure to include an item on such list does not alter the responsibility of GEO to complete all Work in accordance with the Contract Documents. GEO shall then submit a request for another inspection by the A/E and Program Manager to determine Substantial Completion. When the A/E and Program Manager determine that the Project is substantially complete, the A/E will prepare and GEO shall execute and deliver to the Program Manager, DMS, and the TRUSTEE a Certificate of Substantial Completion. A list of any outstanding items required for Final Acceptance of the Project (the "Punchlist Items") shall accompany the Certificate of Substantial Completion. The purpose of Substantial Completion is to allow DMS and the Project Manager to begin a detailed review and inspection of the Project in order to determine what limited Work remains to achieve Final Acceptance, and to allow all necessary entities to prepare for operation of the Facility and imminent transfer of additional inmates. Assumption of control of the Project by DMS and transfer of additional inmates will not occur until after Final Acceptance, and GEO shall remain at risk and responsible for all damages, security, maintenance, and insurance of the Project until Final Acceptance.

- (b) Warranties required by the Contract Documents shall commence on the date of Final Completion. The Certificate of Substantial Completion shall be submitted to the Program Manager and DMS for their written acceptance. The Certificate of Substantial Completion shall include a certificate by the A/E that the Project as constructed has been constructed in accordance with the Contract

Documents and the record drawings for the Project.

9.03 Punchlist Items. Upon Substantial Completion of the Project, GEO shall remain responsible for any Punchlist Items that are required for Final Acceptance of the Project. GEO shall complete all such Punchlist Items within thirty (30) calendar days after Substantial Completion, unless the parties agree otherwise. GEO shall provide the Program Manager with all equipment manuals and a record set of drawings.

9.04 Final Completion. Upon receipt of a Completion Certificate issued by the A/E, together with an application for Final Payment, the A/E, Program Manager and/or other Authorized Representative of DMS will promptly make an inspection of the Project and, when the Project is found to be completed and in accordance with the Contract Documents, shall issue an acceptance certificate. At such time the A/E will promptly issue a final Certificate for Payment, and arrange for the issuance of a Certificate of Occupancy from the appropriate agency. Final Acceptance shall occur when the A/E's final Certificate for Payment is approved by DMS, the A/E has issued his certification, and a Certificate of Occupancy has been issued. The A/E's final Certificate for Payment will constitute a further representation that conditions listed in this Article 9.04 precedent to GEO's being entitled to final payment have been fulfilled.

9.05 Final Payment

(a) Neither the final payment nor the remaining retained percentage shall become due until GEO submits to the Program Manager for transmittal to DMS (1) an affidavit that all payrolls, bills for materials and equipment, and other indebtedness connected with the Work for which the State or its property might in any way be responsible, have been paid or will be paid or otherwise satisfied within thirty (30) days after receipt of final payment, (2) a certificate evidencing that insurance required by the Contract Documents to remain in force after final payment is currently in effect and will not be canceled or allowed to expire until at least thirty (30) days' prior written notice has been given to DMS; (3) a written statement that GEO knows of no substantial reason that the insurance will not be renewable to cover the period required by the Contract Documents; consent of surety to final payment, (4) complete and legally effective, releases or waivers (satisfactory to DMS) of all liens arising out of or filed in connection with the Project, and if required by DMS, other data establishing payment or satisfaction of obligations, such as receipts, releases and waivers of liens, claims, security interests or encumbrances arising out of the Agreement, to the extent and in such form as may be designated by DMS, and (5) the Machinery, Equipment and Furnishings required by Article 4.04 hereof. If a contractor or other person or entity entitled to assert a lien against DMS property refuses to furnish a release or waiver required by DMS, GEO may furnish a bond satisfactory to DMS to indemnify DMS against such lien. If such lien remains unsatisfied after payments are made, GEO shall indemnify DMS for all loss and cost, including reasonable attorneys' fees incurred as a result of such lien. Following Final Acceptance, GEO shall submit to DMS a statement showing the balance of the Firm Fixed Price remaining due, excluding the amount held as retainage, and the undisputed amount of such request shall be paid to GEO in accordance with Section 6.02 of the Indenture. It is understood and agreed however that the amount held as retainage shall not be paid to GEO until thirty (30) days after the date of Final Acceptance. Final Payment hereunder shall not constitute an acceptance of any Work not in accordance with the Contract Documents, and shall not constitute a waiver of any claims against GEO. When the Work has been completed and the Agreement fully performed, GEO shall submit a Final Application for payment to DMS, who shall make final payment within thirty (30) days of receipt. The making of final payment shall constitute a waiver of claims by the TRUSTEE except those arising from:

Liens, claims, security interests or encumbrances arising out of the Agreement and unsettled;
Failure of the Work to comply with the requirements of the Contract Documents; or Terms of special warranties required by the Contract Documents.

- (b) Acceptance of final payment shall constitute a waiver of all claims by GEO except those previously made in writing and identified by GEO as unsettled at the time of final Application for Payment, which must be in accordance with Article 8.08.

ARTICLE X
RESPONSIBILITIES AND LIABILITIES OF GEO

10.01 Warranties.

- (a) In addition to any other warranties of GEO contained and/or required herein, GEO and its subcontractors and suppliers of every tier shall perform Services in accordance with good engineering and construction practices and in accordance with approved practices and customs and the Minimum Standards. GEO will provide to DMS all warranties and guaranties required by the Plans and Specifications, which warranties and guaranties shall be furnished by its contractors, subcontractors, and suppliers of every tier, and all such warranties and guaranties shall be addressed to and in favor of DMS and the TRUSTEE, in accordance with the Indenture, and delivered to DMS at Substantial Completion.
- (b) The Services shall be provided and the Project shall be constructed, erected, and assembled in a good and workmanlike manner, in accordance with the Plans and Specifications. GEO warrants and guarantees all work required by this Agreement against defects in materials, equipment, and workmanship for one (1) year from the date of Final Completion. Upon receipt of written notification required by Article 10.02, GEO shall remedy any defects in materials, equipment or workmanship or any other deficiencies occurring within the warranty and guarantee period.

10.02 Deficiencies. After discovery of any defects or deficiencies in the Project, *GEO* shall correct it promptly after receipt of written notice from DMS or Program Manager to do so. The one-year warranty period shall be extended with respect to portions of the Work first performed after Final Completion by the period of time between Final Completion and the actual performance of the Work. This obligation shall survive Final Acceptance of the Project and termination of the Agreement.

10.03 Warranties and Implied Warranties. GEO warrants to DMS that materials and equipment furnished under the Agreement will be of good quality and new unless otherwise required or permitted by the Contract Documents, that the Project will be free from defects not inherent in the quality required or permitted, and that the Project will conform to the Contract Documents. Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective. GEO's warranty excludes remedy for damage or defect caused by abuse, modifications not executed by GEO, improper or insufficient maintenance, improper operation, or normal wear and tear under normal usage.

10.04 Liquidated Damages.

- (a) In as much as failure to complete the Project by the Scheduled Completion Date will result in substantial injury to DMS, and as damages arising from such failure cannot be calculated with any degree of certainty, it is hereby agreed that if Final Acceptance of the Project is not achieved by

the Scheduled Completion Date set forth in Article 6.02, or within such further time, if any, as in accordance with the provisions of the Contract Documents shall be allowed for such Final Acceptance, GEO shall pay to DMS as liquidated damages for such delay, and not as a penalty, as follows: (1) One Thousand Five Hundred and No Cents (\$1,500.00) per day for the first thirty (30) days and Two Thousand Five Hundred Dollars and No Cents (\$2,500.00) thereafter for each and every calendar day elapsing between the date fixed for Final Acceptance above and the date such Final Acceptance shall have been fully accomplished. This provision of liquidated damages for delay shall in no manner affect DMS' right to terminate the Agreement as provided in the Contract Documents. If the failure to complete the Project with the time fixed above is caused by a Force Majeure event, the imposition of liquidated damages shall not include the delay period directly attributable to the Force Majeure event.

DMS' exercise of the right to terminate shall not release GEO from its obligation to pay said liquidated damages in accordance with Article 10.04(a).

- (b) DMS is entitled to completion of the Project by the Scheduled Completion Date or within such further time, if any, as may be allowed in accordance with the provisions of the Agreement. In the event of termination of the Agreement by DMS for cause prior to completion as provided in the Contract Documents, GEO shall be liable to DMS for the additional costs to complete the Project, including but not limited to increase construction costs, and expenses for additional managerial and administrative services provided in the Contract Documents. Moreover, GEO will be liable for liquidated damages as provided in Article 10.04(a) due to any delay in Final Acceptance in accordance with Article 6.02.
- (c) It is further agreed that DMS may deduct from the balance retained by DMS, under the provisions above, the liquidated damages stipulated therein for delay or termination, as the case may be, or such portions thereof as the said retained balance will cover.

10.05 Indemnification.

- (a) GEO hereby assumes the entire responsibility and liability for any and all damages or injury of any kind or nature whatever (including death resulting therefrom) to all persons, whether employees of GEO or otherwise, and to all property caused by, resulting from, arising out of or occurring in connection with the execution of this Agreement and/or the work performed by GEO, its agents, contractors, subcontractors, and suppliers. If any claims for such damage or injury (including death resulting therefrom) be made or asserted, whether or not such claims are based upon GEO's (or its agents, contractors, subcontractors, and suppliers) active or passive negligence or participation in the wrong or upon any alleged breach of any statutory duty or obligation on the part of the above parties, GEO agrees to indemnify, defend and hold harmless the State, DMS and FCFC, their officers, agents, servants and employees, but not the Program Manager, from and against any and all such claims, and further from and against any and all loss, cost expense, liability, damage or injury, including legal fees and disbursements, that the State, DMS or FCFC, their officers, agents, servants or employees, but not the Program Manager, may directly or indirectly sustain, suffer, or incur as a result thereof, and GEO agrees to and does hereby assume, on behalf of the State, DMS and FCFC, their officers, agents, servants and employees, but not the Program Manager, the defense of any action at law or in equity which may be brought against the State, DMS or FCFC, their officers, agents, servants or employees, but not the Program Manager, arising by reason of such claims and to pay on behalf of the State, DMS or FCFC, their officers, agents, servants and employees, but not the Program Manager, upon demand of either of them, the

amount of any judgment that may be entered against them, individually, jointly or severally, its officers, agents, servants or employees, but not the Program Manager, in any such action.

- (b) As part of GEO's assumption of all responsibility and liability for any and all damage or injury as detailed above, GEO further agrees to hold harmless, defend and indemnify the State, DMS and FCFC for any loss, expense, recovery or settlement, including attorneys fees and costs, which arise from any demand, claim (whether frivolous or not) or suit which may be asserted or brought against the State, DMS, FCFC or GEO as a result of any injury or damage to any person or persons (including death) or property (i) allegedly caused by, resulting from, arising out of, or occurring in connection with the furnishing of any goods, equipment or services or the performance or preparation for performance of any of the work or any duties of GEO, its agents, contractors, subcontractors, or suppliers, hereunder, or incidental or pertaining thereto, and (ii) whether or not such injury or damage is due to or chargeable to DMS or any contractor or subcontractor under a contract for which the goods or services herein ordered are required, including, but not limited to, any claim based on liability without fault for injury caused by defective goods supplied by or to GEO. GEO also agrees to assume responsibility for, hold harmless, defend and indemnify the State, DMS and FCFC for payment of any expenses, costs (including delay costs), direct and consequential damages, penalties, taxes or assessments (including punitive damages), including attorneys fees and costs, which may be imposed or incurred (a) under any Federal, State, or local law, ordinance or regulation upon or with respect to any compensation of any person employed by the GEO, its agents, contractors, subcontractors, or suppliers, and (b) under any Federal, State, or local, law, ordinance or regulation upon or with respect to discrimination in employment against any individual employed by GEO, its agents, contractors, subcontractors, or suppliers, on the basis of race, color, religion, sex, or national origin, and (c) under any Federal, State, or local law, ordinance or regulation upon or with respect to any compensation of any person for claims or civil actions alleging deprivation of right, privilege or immunity secured by the United States Constitution and laws pursuant to 42 USC Section 1983 or similar statutes as well as claims for attorneys fees brought pursuant to 42 USC Section 1988 or similar statutes.

10.06 Patent Indemnity. GEO shall pay all royalties and license fees and shall defend all suits on claims for infringement of any patent right and shall indemnify and hold harmless the State, DMS, and FCFC, and its officers, agents, and employees from and against all claims for patent infringement based on materials or equipment incorporated into the Project, or the means and methods of construction *used* to build the Project.

10.07 Protection of Persons and Property.

- (a) GEO shall be responsible for initiating, maintaining and providing supervision of all safety precautions and programs in connection with the performance of this Agreement.
- (b) GEO shall take reasonable precautions for the safety of, and shall provide reasonable protection to prevent damage, injury or loss to:
- (1) Employees on the Project and other persons who may be affected thereby;
 - (2) The Project and materials and equipment to be incorporated therein, whether in storage on or off the site, under care, custody, or control of GEO or GEO's contractors;

- (3) Other property at or adjacent thereto, such as trees, shrubs, lawns, walks, pavements, roadways, structures and utilities not designated for removal, relocation or replacement in the course of construction.
- (c) GEO shall give notices and comply with applicable laws, ordinances, rules, regulations and lawful orders of public authorities bearing on the safety of persons or property or their protection from damage, injury or loss.
- (d) GEO shall promptly remedy damage and loss (other than damage or loss insured under property insurance provided or required by the Contract Documents) to property at the site caused in whole or in part by GEO, its contractor, subcontractor, or supplier or anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

ARTICLE XI
PROJECT INSURANCE AND BONDS

11.01 Purchase of Insurance. GEO shall secure and retain, or shall cause to be secured and retained, such policy or policies of insurance as are required by the Contract Documents, including (i) coverage against all claims; (ii) coverage to protect against all claims arising from Services performed hereunder; and (iii) coverage to protect from actions by a third party against GEO as a result of this Agreement, and (iv) builders risk/casualty loss coverage for the Project. The insurance required by this Article 11.01 shall be written for not less than any limits of liability specified herein and in the Contract Documents or the Indenture, or required by law, whichever is greater, and shall include "coverage for liabilities assumed by this contract", as applicable to the obligations of GEO hereunder. GEO shall submit insurance as shown on Exhibit F to DMS for review and approval, which approval shall not be unreasonably withheld, but all insurance carriers must have an A. B. Best & Co. rating of at least "A". The insurance coverage provided by GEO hereunder shall name DMS and FCFC (as their interests may appear) as additional insureds and loss payees.

11.02 Amounts and Types.

- (a) During the performance of Services hereunder, GEO shall maintain insurance for the mutual protection and benefit of GEO, FCFC and DMS to cover claims that may arise out of or result from GEO's Services hereunder, whether same be by GEO or its agents, contractors, subcontractors, or suppliers, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; and such insurance shall include the types and shall be for amounts set forth on the attached Exhibit F.
- (b) Such insurance set forth on the attached Exhibit F shall cover claims for damages insured by usual personal liability coverage that are sustained (a) by any person as a result of an act directly or indirectly related to the employment of such person by GEO, its agents, contractors, subcontractors, or suppliers, or (b) by any other person; and (c) claims for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom. Compliance with the foregoing insurance requirements shall not relieve GEO from any liability under the indemnity provisions of Article X.

11.03 GEO's Liability Insurance.

- (a) GEO shall purchase and maintain, or shall cause to be purchased and maintained, in a company or companies lawfully authorized to do business in Florida, such insurance as will protect GEO from claims set forth below which may arise out of or result from operations under this Agreement by

- (5) GEO or by a contractor, subcontractor or supplier of GEO, or by anyone directly or
- (6) indirectly employed by any of them, or by anyone for whose acts any of them may be liable:
- (7)
- (1) Claims under workers' compensation, disability benefit and other similar employee benefit laws that are applicable to the Work to be performed;
- (2) Claims for damages because of bodily injury, occupational sickness or disease, or death of GEO's employees;
- (3) Claims for damages because of bodily injury, sickness or disease, or death of persons other than GEO' s employees;

Claims for damages covered by usual personal injury liability coverage which are sustained (1) by a person as a result of an offense directly or indirectly related to employment of such person by GEO or (2) by another person; Claims for damages, other than to the Work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom; Claims for damages because of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle; and Claims involving contractual liability insurance applicable to GEO's obligations.

11.04 Limits of Liability.

- (a) The insurance required shall be written for not less than limits of liability specified in this Agreement or required by law, whichever coverage is greater. Coverages, whether written on an occurrence or claims-made basis, shall be maintained without interruption from date of commencement of the Work until date of Final Acceptance and termination of any coverage required to be maintained after Final Acceptance.
- (b) Certificates of Insurance acceptable to DMS shall be delivered to DMS immediately after execution of this Agreement. These Certificates and the insurance policies required by this Article shall contain a provision stating that coverages afforded under the policies will not be canceled or allowed to expire until at least thirty (30) days' prior written notice has been given to DMS. If any of the foregoing insurance coverages are required to remain in force after Final Acceptance, an additional certificate evidencing continuation of such coverage shall be submitted with the application for final payment. Information concerning reduction of coverage shall be furnished by GEO with reasonable promptness in accordance with the GEO's information and belief. All such policies shall have DMS and FCFC as additional insureds and loss payees.

11.05 Property Insurance.

- (a) GEO shall purchase and maintain, with a company or companies authorized to do business in Florida, property insurance upon the Project to the full insurable value thereof on a replacement cost basis without optional deductibles. Such property insurance shall be maintained until Final Acceptance. This insurance shall include interests of DMS, GEO, and their respective contractors and subcontractors in the Project.
- (b) Property insurance shall be on an all-risk policy form and shall insure against the perils of fire and extended coverage and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, falsework, temporary buildings and debris removal, including demolition occasioned by enforcement of any applicable legal requirements, and shall cover reasonable compensation for the services and expenses of the A/E and other professionals required as a result of such insured loss. Coverage for other perils shall not be required unless

otherwise provided in the Contract Documents.

- (c) Unless otherwise provided, GEO shall purchase and maintain such boiler and machinery insurance required by this Agreement or by law, which shall specifically cover such insured objects during installation and until Final Acceptance by DMS. This insurance shall include interests of DMS, GEO, GEO's contractors and subcontractors in the Project, and the A/E and other design professionals.
- (d) Before an exposure to loss may occur, DMS shall file with GEO a copy of each policy that includes insurance coverages required by this Agreement. Each policy shall contain all generally applicable conditions, definitions, exclusions and endorsements related to this Project. Each policy shall contain a provision that the policy will not be canceled or allowed to expire until at least thirty (30) days prior written notice has been given to DMS.

11.06 Cancellation. DMS, FCFC, and TRUSTEE shall be given written notice thirty (30) days prior to any cancellation of any insurance required to be maintained hereunder. GEO shall be diligent in replacing any canceled insurance and, subject to the next sentence hereof, shall replace such insurance in a timely fashion to avoid any potentially uninsured liabilities of the type required to be covered by insurance. In the event that any insurance described herein or any portion thereof becomes commercially unavailable, GEO shall obtain, with DMS approval, such suitable replacement insurance as may be available and the insurance coverage required by this Agreement shall be modified accordingly.

11.07 Subcontractor's Insurance. GEO shall require all contractors and subcontractors to obtain, maintain, and keep in force insurance coverage in accordance with accepted industry standards during the time they are engaged hereunder.

11.08 Bonds. Prior to commencing construction, GEO shall furnish or cause to be furnished, the following surety bonds:

- (a) A performance bond and a payment bond, each for the full amount of the Construction Contract between GEO and the designated design-build subcontractor to be provided by said design-build subcontractor for the beneficial interest DMS and FCFC naming them as Co-Obligees
- (b) A Materials Supply Bond representing the full amount of the work to be self-performed by GEO. DMS and FCFC will be named as obligees on this bond.

The combined penalties of the performance bond referenced in item (a.) above and the supply bond referenced in item (b.) shall equal the Firm Fixed Price set forth in Article 7.01 of the Agreement.

The bonds shall be issued by an insurance company or companies licensed by the Florida Department of Financial Services, covering the full and faithful performance by GEO and GEO's design-build subcontractor of the terms and conditions of the Agreement between DMS and GEO. Such bonds will indemnify and hold harmless DMS and FCFC from all costs and damages by reason of GEO or GEO's design-build subcontractor's default, breach, or failure to satisfactorily perform any of the following:

- (a) Payment to all entities, individuals, and the like furnishing labor or materials in connection with the Agreement; and
- (b) Successful, full, and satisfactory completion, including the dates specified between DMS and GEO, of the construction, installation of equipment and final acceptance of the facility herein concerned.

The performance and payment bonds furnished by GEO's design-build subcontractor shall apply only to the work performed by the design-build subcontractor and its various tiers of subcontractors.

However, said bonds are for the benefit of DMS and FCFC to ensure completion of the facility in accordance with the terms of the Agreement.

In the event of control and operation of the site by DMS or Surety, DMS shall incur no financial obligation to GEO, and shall recover from GEO or Surety(ies) any costs of cover, i.e., additional costs, if any, incurred by DMS in operating any site(s) during the breach by GEO or GEO's design-build subcontractor.

Bonds shall cover any damages incurred by DMS on failure of GEO to perform in regard to any part of the Agreement, including the specifications outlined herein, up to the face amount of the bonds.

- (a) To be acceptable to the purchaser as a Surety for the bonds required herein, a Surety Company shall comply with the following provisions: The Surety Company must be licensed to do business in the State of Florida.
- (b) The Surety Company shall have been in business and have a record of successful continuous operation for at least five (5) years.
- (c) All bonds shall be signed by a Florida-licensed resident Agent who holds a current power-of-attorney from the surety company issuing the bond.

If a surety upon any bond furnished in connection herewith becomes insolvent, or otherwise not authorized to do business in this State, GEO shall promptly replace or cause to be replaced the bond or furnish equivalent security acceptable to DMS. The performance, payment and materials supply bonds shall clearly state that their coverage includes payment of liquidated damages assessed under this Agreement; applies to all work to be performed by GEO or its design-build subcontractor (or its subcontractors) in accordance with the terms of this Agreement and the Contract Documents; subordinates all rights of GEO as Co-obligee on the performance and payment bonds to the rights of the DMS and FCFC; and agrees that to the extent any term of the bond conflicts with the terms of Section 255.05, Florida Statutes, then the statutory terms shall apply.

ARTICLE XII EVENTS OF DEFAULT AND REMEDIES

12.01 Default by GEO. The following events shall be considered events of default by the GEO:

- (a) A material failure to keep, observe, perform, meet or comply with any covenant, agreement, term or provision of this Agreement, or of any of the Contract Documents.
- (b) If GEO shall (i) admit in writing its inability to pay its debts; (ii) make a general assignment for the benefit of creditors; (iii) suffer a decree or order appointing a receiver or trustee for it or substantially all of its property to be entered and, if entered without its consent, not to be stayed or discharged within sixty (60) days; (iv) suffer proceedings under any law relating to bankruptcy, insolvency, or the reorganization or relief of debtors to be instituted by or against it and, if contested by it, not to be dismissed or stayed within sixty (60) days; or (v) suffer any judgment, writ of attachment or execution, or any similar process to be issued or levied against a substantial

part of its property which is not released, stayed, bonded, or vacated within sixty (60) days after issue or levy.

- (c) The failure of performance of any of the terms and conditions of this Agreement, or any of the Contract Documents, due to Force Majeure shall suspend a default event by the number of days of the Force Majeure.

12.02 DMS' Remedies. Upon an Event of Default by GEO, DMS, without prejudice to its other rights and remedies hereunder, shall be entitled to terminate this Agreement for cause and the procedure outlined in the performance bond for completion of the Project shall be followed; provided, however, that no default by GEO shall constitute an Event of Default unless and until:

- (a) DMS has given at least five (5) business days prior written notice thereof to GEO specifying that a default(s) has occurred that will, unless corrected, constitute a material breach and cause termination hereof; and
- (b) GEO either (i) has not corrected such default or has not initiated reasonable steps to do so within said five (5) business day period, or (ii) if such reasonable steps have been initiated within such period, GEO has not thereafter continued to take all actions necessary to diligently correct such default within a reasonable time period.

12.03 Default by DMS. The following shall constitute Events of Default on the part of DMS:

Failure by DMS to observe and perform any covenant, condition, or agreement on its part to be observed or performed, or its failure or refusal to substantially fulfill any of its obligations hereunder, unless caused by the default of GEO, which action continues for twenty (20) days after receipt of written notice from GEO specifying that a default has occurred that will, unless corrected, constitute a material breach hereof.

12.04 Remedy of GEO. Upon an Event of Default by DMS, GEO shall be entitled to take the following remedial steps, provided that the default has not been cured prior to termination of the time periods indicated below, or reasonable actions have not been initiated by DMS which would cure such default within a reasonable time:

With respect to the failure of DMS to pay any installment of the Firm Fixed Price within thirty calendar days from the due date thereof, GEO may suspend its performance of Services (and the Construction Schedule shall be adjusted accordingly); and, if such failure to pay continues for a period of thirty (30) days thereafter, terminate this Agreement, which termination shall be without prejudice to GEO's other rights and remedies hereunder.

ARTICLE XIII TERMINATION

13.01 Termination for Convenience. DMS may terminate the entire Agreement, or any portion thereof, if the Secretary determines that a termination is in DMS' best interest. The Secretary will deliver to GEO a Written Notice of Termination specifying the extent of termination and the effective date.

13.02 Termination Payment. Upon termination of GEO's Services hereunder GEO shall be paid, in accordance with the provision of Article VII, for all Work satisfactorily performed in accordance with the Contract Documents up to and including the date of termination, including any earned retainage and materials purchased, delivered or stored but not installed, less the cost for correcting any Work that was not satisfactorily performed in accordance with the Contract Documents, and less any liquidated damages applicable to GEO. In no event shall GEO be paid monies for a portion of the Project in excess of the values set forth in the Schedule of Values attached hereto as Exhibit B. No payment of any kind or amount will be made for items of Work not started. DMS will not consider any Claim for loss of anticipated profits, or overhead of any kind (including home office and jobsite overhead or other indirect impacts).

DMS will consider reimbursing GEO for actual cost of mobilization (when not otherwise included in the Agreement) including moving equipment to the job where the volume of Work that GEO has completed is too small to compensate for these expenses under the unit prices of the Agreement. Termination of the Agreement, or a portion thereof, hereunder, does not relieve GEO or the surety of its responsibilities for the completed portion of the Agreement or its obligations for and concerning any just Claims arising out of the Work performed. All Claims for additional payment, due to DMS' termination of the entire Agreement or any portion thereof, must meet the requirements of Article 8.08.

DMS, GEO shall immediately proceed with the following obligations:

- (a) Stop work as specified in the notice;
- (b) Place no further contracts or orders for materials or Services;
- (c) Properly secure the Project site; and
- (d) Deliver to DMS all supplies, equipment, and materials for which GEO has been reimbursed.

ARTICLE XIV

SPECIAL COVENANTS

14.01 Right of Access. GEO hereby agrees that employees and agents of DMS and the TRUSTEE shall have the right to enter upon the Project at any time for inspections and other purposes. The Governor, members of the Legislature, and all other members of the Executive and Judicial Departments of the State, as well as any other persons designated, shall be admitted into the Project at any time, subject to reasonable safety restrictions and restrictions to prevent delay in completing the Project.

14.02 Time of Essence. Time is of the essence in the performance of this Agreement.

14.03 Right to Audit. DMS and or its agents, designees or duly Authorized Representatives shall have, at all times, the right to examine and/or audit all financial transactions and data, reports, correspondence, and other documents relating to the Project. All subcontracts shall contain similar audit provisions that provide DMS with the right to examine and audit all records pursuant to such subcontracts that relate to the Project.

14.04 Public Records. GEO shall allow public access to all documents, papers, letters, or other material subject to the provisions of Chapter 119, Florida Statutes, made or received by GEO and its agents,

contractors, subcontractors, and suppliers, in conjunction with this Agreement. Failure to grant such public access will be grounds for immediate termination of this Agreement by DMS pursuant to Article XII.

14.05 Site Drawings. GEO shall maintain at the site of the Project one copy of all record Plans and Specifications, in good order and marked to record all Changes made during construction of the Project. On or before final payment to GEO hereunder, one contract set of the record Plans and Specifications as built shall be provided to DMS. The Design, Plans and Specifications furnished by GEO shall become the property of DMS and they may be used by DMS on any other project. GEO will not be liable for DMS' use of the Plans and Specifications on any other project beyond the scope of this Agreement.

14.06 Financing Authorization. The use of tax-exempt financing through the issuance of certificates of participation or other tax-exempt financing methods approved by DMS is hereby authorized. Any payment to GEO hereunder is contingent upon completion of such tax-exempt financing, and GEO shall look to repayment only from the Project Fund held in trust pursuant to such financing. GEO will cooperate and execute any documents reasonably necessary to complete such financing.

FCFC, has the possessory rights to the real property on which the Project is to be constructed. In accordance with the new Series Lease Purchase Agreement, *FCFC* has consented to DMS contracting with *GEO* under this Agreement for the Project, with the understanding that in the event DMS loses possession under the new Series Lease Purchase Agreement prior to the completion of the Project,

FCFC shall have the right to assume the position of DMS under this Agreement and complete the construction of the Project.

It is further expressly understood and agreed that neither the State nor DMS or any other agency of the State shall be obligated for any lease purchase payments that exceed the amount of the current annual appropriation.

14.07 Statutory Requirements. This Agreement shall be subject to Sections 255.2502, 255.2503, and 287.0582, Florida Statutes. Accordingly, as provided elsewhere herein, the State's performance and obligation to pay under this Agreement is contingent upon an annual appropriation by the Legislature.

ARTICLE XV MISCELLANEOUS

15.01 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts.

15.02 Headings. The headings used herein are for convenience of reference only and shall not constitute a part hereof or affect the construction or interpretation hereof.

15.03 Severability. If any clause, provision, or section hereof be held illegal, invalid, or unenforceable by any court, the illegality, invalidity, or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions, or sections hereof, and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable clause, provision or section had not been contained herein.

15.04 TRUSTEE. The TRUSTEE shall have no obligation, liability or responsibility hereunder; its only

obligations being set forth in the Indenture, and to make disbursements as directed under the Indenture. TRUSTEE shall be fully protected and shall incur no obligation, liability or responsibility hereunder in making payments as directed under the Indenture.

15.05 Assignment. FCFC shall assign to the TRUSTEE, for the benefit of the Certificate holders and in order to subject such rights to the Trust Estate created by the Indenture, all its rights, but not its obligations, hereunder, to the extent necessary to accomplish the purposes and intents of the Indenture and any other Related Documents. GEO shall not assign any portion of this Agreement without the express prior written consent of DMS and such consent to assignment shall not be unreasonably withheld.

15.06 Waiver. No failure on the part of any party to exercise, no delay in exercising, and no course of dealing with respect to any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy provided by law or in equity, except as expressly set forth herein.

15.07 Notices. All notices, certificates, requests, or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail (except as otherwise specified herein), postage prepaid, addressed as follows:

TO GEO: GEO Group, Inc.
Attn: General Counsel
One Park Place, Suite 700
621 Northwest 53^d Street
Boca Raton, Florida 33487

TO DMS: Florida Department of Management Services
Attn: Director, Specialized Services
4050 Esplanade Way, Suite 335
Tallahassee, Florida 32399-0950

TO FCFC: Florida Correctional Finance Corporation
Attn: President
4050 Esplanade Way, Suite 335
Tallahassee, Florida 32399-0950

Each party may, by notice given under this Article, designate any further or different addresses to which subsequent notices, certificates, requirements, or other communications shall be sent.

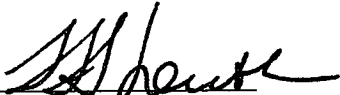
15.08 Amendment. This Agreement shall not be amended except by written agreement by the parties hereto.

15.09 Governing Law. This Agreement shall be governed by the laws of the State of Florida and any suits for any breach hereof shall be instituted and maintained in a court of competent jurisdiction in Leon County, Florida.

15.10 Terminology. All personal pronouns used herein whether used in the masculine, feminine, or neuter gender, shall include the singular.

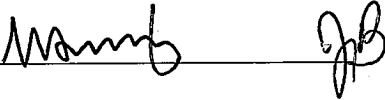
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by its duly authorized representatives on the respective dates set for below.

**STATE OF FLORIDA,
DEPARTMENT OF MANAGEMENT SERVICES**


By: Linda H. South, Secretary

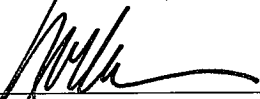
10/25/07
Date

Approved as to form and legality by the Department's General Counsel's Office:

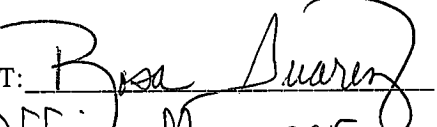


10/24/07
Date

THE GEO GROUP, INC

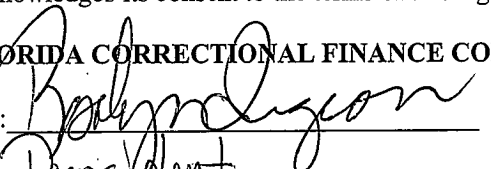
BY: 
Its: Vice Chairman and President
DATE: 10-23-07

(Corporate Seal)

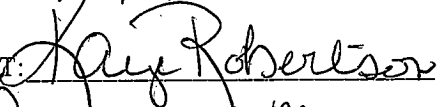
ATTEST: 
Its: Office Manager

IN WITNESS WHEREOF, the Florida Correctional Finance Corporation hereby approves and acknowledges its consent to the terms of this Agreement.

FLORIDA CORRECTIONAL FINANCE CORPORATION

BY: 
Its: President
DATE: 10/25/07

(Corporate Seal)

ATTEST: 
Its: Purchasing Manager



The GEO Group, Inc.

Exhibit A
The GEO Group, Inc.
Project Schedule
Graceville Expansion

Task Name	Start	8/07	9/07	10/07	11/07	12/07	1/08	2/08	3/08	4/08	5/08	6/08	7/08	8/08	9/08	10/08	11/08	12/08	1/09	2/09			
Contract Effective Date (Anticipated)	Mon 10/15/07	10/15	10/15	10/15	10/15	10/15	10/15	10/15	10/15	10/15	10/15	10/15	10/15	10/15	10/15	10/15	10/15	10/15	10/15	10/15	10/15		
Construction Process	Tue 10/16/07																					12/13	
Staff Expansion Recruitment	Sat 7/12/08																						
Expansion Staff Reporting Schedule	Tue 8/26/08																						
Correctional Staff	Tue 8/26/08																						
Housing Supervisor/Sergeant	Tue 11/18/08																						
Classification Counselors	Tue 11/18/08																						
Licensed Practical Nurses	Tue 11/25/08																						
Maintenance Technician	Tue 11/25/08																						
Academic Instructors	Tue 12/2/08																						
Vocational Instructors	Tue 12/2/08																						
Life Skills/Pre-Release Instructors	Tue 12/2/08																						
Programs Clerk	Tue 12/2/08																						
Purchase Staff Uniforms	Tue 8/26/08																						
Establish Personnel Files	Tue 8/26/08																						
Staff Training	Tue 8/26/08																						
Security	Tue 8/26/08																						
Non-Security	Tue 11/18/08																						
Administrative	Tue 12/2/08																						
Order FF&E/Supplies	Thu 10/2/08																						
Establish Payroll and Procedures	Sat 11/1/08																						
Inventory Fixed/Moveable Equip/Prop/Supplies	Thu 11/13/08																						
Issue Staff Uniforms	Tue 11/25/08																						
Receive/Install FF&E/Supplies	Wed 12/3/08																						
Update Personnel Records	Wed 12/3/08																						
Full Safety Review/ Inspection of Facility	Tue 12/9/08																						
GEO Pre-Operational Readiness Review	Thu 12/11/08																						
Final Shakedown/Search	Sat 12/13/08																						
Service Commencement Date	Mon 12/15/08																						
Receive 48 inmates	Tue 12/16/08																						
Receive 48 inmates	Tue 12/23/08																						
Receive 48 inmates	Tue 12/30/08																						
Receive 48 inmates	Tue 1/13/09																						
Receive 48 inmates	Tue 1/20/09																						
Receive 48 inmates	Tue 1/27/09																						
Receive 48 inmates	Tue 2/3/09																						

Exhibit B
Schedule Of Values
Project ITN #DMS 07/08-034
Graceville Expansion

1	General Conditions	\$4,521,256
	General Conditions	\$1,170,721
	Architect/Engineering Fees	\$710,280
	Contingency	\$286,569
	Permits	\$202,841
	Contractor's Bond	\$245,501
	Taxes (Gross Receipt, other)	w/Above
	Contractor's Insurance (GLI, Builder's Risk, etc.)	\$214,651
	Testing & Inspections	\$40,000
	Contractor's Overhead	\$475,701
	Contractor's Profit	\$1,174,992
2	Site Preparation	\$2,514,308
	Site Preparation	\$1,176,497
	Site Improvements	\$139,740
	Site Utilities	\$394,715
	Offsite Water	None
	Offsite Sewer	None
	Offsite Gas	None
	Offsite Electrical	None
	Offsite Paving	None
	Onsite Paving	\$101,337
	Fencing and Gates	\$702,019
	Impact fees	W/City Fees
3	Concrete	\$4,287,261
	Cast-in-Place Concrete	\$671,952
	Precast Modular Cells	\$3,602,345
	Structural Precast	\$12,964
4	Masonry	\$1,074,674
5	Metals	\$753,103
	Railings	w/Struct Steel
	Stairs	w/Struct Steel
	Structural Steel	\$753,103
6	Wood and Plastics (Case Work)	\$15,610
7	Thermal and Moisture Protection	\$616,205
	Roof	\$555,179
	Misc.	\$61,026
8	Commercial Doors, Hardware and Windows	w/D.E.C.
9	Finishes	\$491,741
10	Specialties	\$12,134
11	Equipment	\$1,438,719
	Detention Equipment:	
	Doors, Frames, Windows & Hardware	\$883,806
	Furniture, Wire Mesh & Detention Accessories	\$443,415
	Glass & Glazing	\$111,498
	Kitchen Equipment	None
	Laundry Equipment	None
	Medical Equipment	By GEO
	Misc. Equipment	None
12	Furnishings	By Owner
13	Special Construction	\$355,473
	Pre-Engineered Buildings	\$28,450
	Standing Seam Metal Roofing	\$327,023
14	Conveying Systems	N.I.C.
15	Mechanical	\$2,926,693
	HVAC & Plumbing	\$2,679,863
	Fire Protection	\$246,830
16	Electrical	\$2,053,480
17	Security Electronics and CCTV	\$964,343
	Perimeter Security Electronics	\$169,944
	Controls, Intercom, CATV, etc.	\$345,967
	CCTV Systems	\$120,339
	Man-Down System	\$328,093
	Subtotal - Construction Pricing	\$22,025,000
18	City Of Graceville Sewer and Water Fees	\$248,400
18	Officer Costs - Contractor Oversight	\$40,000
19	Fixtures, Furnishings and Equipment	\$388,000
20	Geo Contingency	\$383,634
21	GEO Project Management Costs	\$130,000
	Total Project Cost	\$23,215,034

Exhibit C Fixtures Furnishings and Equipment

The GEO Group, Inc

Florida Dept of Management Services

384 Bed Expansion - Graceville, Florida

Cell furniture is not included in this pricing. Dayroom furniture and Medical Beds are included.
Computer System Total Includes Telephone System

The GEO Group, Inc. reserves the right to make equivalent substitutions, add or delete items, in order to meet all project requirements.

1 **Computer Systems (See attached Sheet)**

Laundry Equipment

- 2 Table, Folding
- 6 Laundry Cart

Inmate Records

- 1 Storage Cabinet, steel, 5 shelf, 2 doors, w/lock
- 1 Filing System

Maintenance Equipment

- 1 Maintenance Equipment

Cleaning Equipment

- 1 Floor Polishing Machine-High Sp
- 1 Floor Polishing Machine-Low Sp
- 4 Janitor Cart
- 1 Floor Blowers

1

Medical Examination Room

- 1 Bulletin Board 3' x 5'
- 1 Cart, Utility (IDEAL MC311)
- 1 Chair, Jr. Executive, Cloth, Highback
- 1 Desk, Single Pedestal, Metal (45" x 24")
- 1 Examination Lamp (GF55-1697-1)
- 1 Examination Stool (CLI2101)
- 1 Examination Table (CLIS90)
- 1 Hamper 26" lid and casters (MD-15-03)
- 1 Ophthalmoscope Head (WA-11710)
- 1 Otoscope Head (WA-25050)
- 1 Sphygamamometer, Wall-Mount and basket (MAB-950B)
- 1 Thermometer, w/ Oral Probe (SH309800)
- 1 Transformer, Wall (WA-76710)
- 1 Trash Can, Step-on 24 qt. (LAG-13200)

Pharmacy Room

- 1 Cart, Medication (HM3915)
- 5 Shelving
- 1 Refrigerator, Dormitory Style
- 1 Trash Can, Step-on 24 qt. (LAG-13200)

Medical Clean / Soiled / Storage Rooms

- 2 Storage Cabinet 72x36x18 closed 5 shelf
- 2 Hamper 26" lid and casters (MD-15-03)

3

Academic Classrooms

- 3 Bookcase, Wood, 5 Shelf
- 3 Bulletin Board 4' x 6'
- 3 Chair, Jr. Executive, Cloth, Highback
- 3 Desk, Secretarial, Wood
- 54 Norix Chair with arms
- 36 Table, Trapezoidal
- 3 File Cabinet, letter size, 5-drawer, with lock
- 3 Table, Folding
- 3 Marking Board 4' X 8'
- 3 Storage Cabinet, steel, 5 shelf, 2 doors, w/lock

3

Housing Unit Multi-Purpose Rooms

- 3 Table, Folding
- 36 Norix Chairs

3

Offices (Counselors)

- 3 Chair, Jr. Executive, Cloth, Highback
- 3 Chair, Side w/arms, Cloth, Sledbase
- 3 Computer, Monitor, Keyboard
- 3 Computer / Printer Work Station
- 3 Desk, Double Pedestal, Wood
- 3 File Cabinet, letter size, 5-drawer, with lock

1

Offices (Substance Abuse)

- 1 Chair, Jr. Executive, Cloth, Highback
- 1 Chair, Side w/arms, Cloth, Sledbase
- 1 Computer, Monitor, Keyboard
- 1 Computer / Printer Work Station
- 1 Desk, Double Pedestal, Wood
- 1 File Cabinet, letter size, 5-drawer, with lock

1

Vocational Classrooms

- 1 Bookcase, Wood, 5 Shelf
- 1 Bulletin Board 4' x 6'
- 1 Chair, Jr. Executive, Cloth, Highback
- 1 Desk, Secretarial, Wood
- 5 Table, Wood, Heavy Duty
- 1 File Cabinet, letter size, 5-drawer, with lock
- 1 Table, Folding
- 20 Norix Chair with arms
- 1 Marking Board 4' X 8'
- 4 Storage Cabinet, steel, 5 shelf, 2 doors, w/lock
- 8 Shelving
- 1 Equipment and Supplies

Chapel / Chapel Storage

- 1 Chapel Furniture, Equipment, Instruments, Books, Materials
- 40 Norix Chair, Stackable

Recreation

- 1 Bicycle, Exercise - Protrainer
- 1 Multistation Gym (Model 500C)
- 10 Multistation Gym Mats
- 1 Rowing Machine
- 1 Step Machine - Tristepper 800

Recreation Storage Rooms

- 2 Storage Cabinet, steel, 5 shelf, 2 doors, w/lock
- 1 Chair, Jr. Executive, Cloth, Highback
- 1 Desk, Double Pedestal, Wood
- 1 File Cabinet, letter size, 5-drawer, with lock

Leisure Library

- 5 Bookcase, Wood, 5 Shelf
- 1 Bulletin Board 3' x 5'
- 400 Library Book
- 1 Library Cart, 6 shelf, on casters
- 1 Library Paperback Rack

Law Library

- 4 Bookcase, Wood, Heavy Duty
- 1 Law Library (CD)
- 1 Computer (law services)
- 1 Computer / Printer Work Station
- 4 Norix Chair with arms
- 1 Norix Table Heavy Duty, with 4 steel legs
- 1 Library Cart, 6 shelf, on casters

- 1 Typewriter, Electric, self correcting
- 1 Printer, Laser

Commissary Storage Room

- 3 Shelving

1

Barber and Hair Care

- 1 Equipment

1

Segregation Medical Examination Room

- 1 Bulletin Board 3' x 5'
- 1 Cart, Utility (IDEAL MC311)
- 1 Chair, Jr. Executive, Cloth, Highback
- 1 Desk, Single Pedestal, Metal (45" x 24")
- 1 Examination Lamp (GF55-1697-1)
- 1 Examination Stool (CL12101)
- 1 Examination Table (CLIS90)
- 1 Hamper 26" lid and casters (MD-15-03)
- 1 Ophthalmoscope Head (WA-11710)
- 1 Otoscope Head (WA-25050)
- 1 Sphygamamometer, Wall-Mount and basket (MAB-950B)
- 1 Thermometer, w/ Oral Probe (SH309800)
- 1 Transformer, Wall (WA-76710)
- 1 Trash Can, Step-on 24 qt. (LAG-13200)

1

Housing Storage Rooms

- 5 Shelving

1

SHU Office

- 1 Bookcase, Wood, 5 Shelf
- 1 Chair, Side w/arms, Cloth, Sledbase
- 1 Desk, Double Pedestal, Wood
- 1 File Cabinet, letter size, 5-drawer, with lock

1

Housing Unit and SHU Control Centers

- 2 Chair, High Rolling w/arms
- 1 File Cabinet, letter size, 5-drawer, with lock
- 2 Metal Detector-Handheld
- 1 Video Camcorder
- 2 Scott Air Pack w/wall cabinet

422

Housing Beds

422 Mattress and pillow, Fire retardant

4

Dayrooms

8 TV-approx. 27 inch, Color, with remote control
8 TV Shelf, Wall Mounted
4 Waste Receptacle, Fire Retardant
96 Steel Table with attached seats

20

Segregation Beds

20 Mattress and pillow, Fire retardant

Intake and Release Area

1 Intake and Release Equipment

Radio Communications System

25 Motorola Portable Radio HT-750
25 Motorola Swivel Leather Carrying Case
25 Motorola Additional Warranty for Radios
3 Motorola 6-Unit Rapid Charger
25 Motorola Ultra High Capacity Battery
1 Motorola Mobile Radio
1 Motorola Repeater

Locksmith

1 Locksmith Equipment and Tools

CERT TEAMS

10 Gas Mask (MSA #68)
5 Riot Helmet (BELL Riot -RS100)
2 Riot Shield-Clear Lexan-Convex-(D-TEO18)
7 Soft Body Armor (PACA ThrustGuard-Max C)

MISC

1 Portable Flood Lights (53X590T)
1 Smoke Evacuation Fan (93X044T)
1 Spotlight (D-SL059)
1 Floor Drying Fans

Kitchen Serving Equipment

1 Kitchen Equipment

The GEO Group, Inc. reserves the right to make equivalent substitutions, add or delete items, in order to meet all project requirements.

AMENDMENT NO. 1 TO THE
OPERATION AND MANAGEMENT SERVICES CONTRACT

BETWEEN

THE STATE OF FLORIDA
DEPARTMENT OF MANAGEMENT SERVICES

AND

THE GEO GROUP, INC.

FOR THE

GRACEVILLE CORRECTIONAL FACILITY,
1,500-BED MEDIUM AND CLOSE CUSTODY
SECURE CORRECTIONAL FACILITY

WHEREAS, on February 21, 2006, the STATE OF FLORIDA, DEPARTMENT OF MANAGEMENT SERVICES and THE GEO GROUP, INC. ("CONTRACTOR") entered into an OPERATION AND MANAGEMENT SERVICES CONTRACT ("CONTRACT") relating to the Graceville Correctional Facility; and

WHEREAS, during contract negotiations, the CONTRACTOR was instructed to add a monthly deduction of \$12,577.06 for a contribution into the Major Maintenance and Repair Fund. This monthly deduction was inadvertently excluded from the Invitation to Negotiate. Therefore, the CONTRACTOR did not include this deduction in its per diem rate; and

WHEREAS, ARTICLE TWELVE, AMENDMENTS, expressly provides for amendments to the CONTRACT; and

WHEREAS, the parties now wish to amend the CONTRACT upon its current terms and conditions with the following corrections and/or modifications to the terms and conditions thereof:

NOW THEREFORE, the parties agree to amend Article 7.1 Management Payment of the CONTRACT as follows:

Article 7.1 Management Payment. This payment reflects operating costs and does not include debt service numbers. Compensation will be based on two (2) per diem rates: the first rate is based on 90% occupancy and the second rate is based on the number of inmates exceeding the 90% occupancy level.

The BUREAU will compensate the CONTRACTOR at the following per diem rates (per inmate, per day):

- \$42.74 times the minimum occupancy of 90%
- \$8.00 for each inmate over the minimum occupancy rate of 90% (for a blended per diem rate of \$39.27 at 100% occupancy); less
- Monthly deductions for:
 - o The Major Maintenance and Repair Reserve Fund set forth in Article 4.9, in the monthly amount of \$12,577.06; and
 - o The Contract Monitor cost set forth in Article 5.44, in the monthly amount of \$4,514.21; and
 - o Any property taxes or payments in lieu of taxes (PILOT) that may become due on the Facility pursuant to judicial determination or legislative mandate.

Regardless of the number of inmates incarcerated at the Facility, the CONTRACTOR is guaranteed an amount equal to 90% occupancy (1,350 inmates) times the 90% per diem rate subject to legislative appropriations. The CONTRACTOR guarantee may be subject to the following: liquidated damages as set forth in Article 10.11; deductions due to position vacancies as set forth in Article 5.40; deductions for reimbursement of contract monitor costs as set forth above; deductions for the maintenance reserve as set forth in Article 4.9; ad valorem taxes and/or PILOT payments required to be paid by CONTRACTOR by judicial determination or legislative mandate, as set forth in Article 12.7; and any other deduction or charge permitted in this Contract.

All other terms and conditions of the CONTRACT shall remain unchanged.

IN WITNESS WHEREOF, the undersigned authorized persons have executed this Amendment on behalf of their respective parties effective the 1st day of ~~December 2006~~ January 2007 *fel*

STATE OF FLORIDA, DEPARTMENT OF
MANAGEMENT SERVICES

Burke, Secretary

Name

Date

1/1/07

APPROVED AS TO FORM AND LEGALITY

Nancy

Name

Date

12/7/06

THE GEO GROUP, INC.

Wayne Calabrese
Wayne Calabrese, Vice Chairman and President

Date

12/7/06

**AMENDMENT NO.2 TO THE
OPERATION AND MANAGEMENT SERVICES CONTRACT**

BETWEEN

**THE STATE OF FLORIDA
DEPARTMENT OF MANAGEMENT SERVICES**

AND

THE GEO GROUP, INC.

FOR THE

**GRACEVILLE CORRECTIONAL FACILITY, 1,500 BED MEDIUM AND CLOSE
CUSTODY
SECURE CORRECTIONAL FACILITY**

WHEREAS, on February 21, 2006, the STATE OF FLORIDA, DEPARTMENT OF MANAGEMENT SERVICES and THE GEO GROUP, INC. ("CONTRACTOR") entered into an OPERATION AND MANAGEMENT SERVICES CONTRACT ("CONTRACT") relating to the Graceville Correctional Facility; and

WHEREAS, on January 1, 2007, the STATE OF FLORIDA, DEPARTMENT OF MANAGEMENT SERVICES and THE GEO GROUP, INC. ("CONTRACTOR") entered into Amendment No. 1 to the Contract which provided for a modification to the Contract per diem rates related to a monthly deduction for contributions to the Major Maintenance and Repair Fund; and

WHEREAS, the Invitation to Negotiate (ITN) for the Graceville Contract, Special General Conditions, allows the BUREAU, in its discretion, to require the posting of a Performance Bond by CONTRACTOR; and

WHEREAS, the BUREAU has determined that based upon the termination provisions of the Contract, the Performance Bond described in the Graceville ITN is neither necessary nor financially prudent; and

WHEREAS, the BUREAU wishes to amend Article 7.1 Management Payment, to reduce CONTRACTOR's Contract Management Payments in order to reflect the BUREAU's decision not to require a CONTRACTOR Performance Bond;

NOW THEREFORE, the parties agree to amend Article 7.1 Management Payment of the CONTRACT as follows:

Article 7.1 Management Payment. This payment reflects operating costs and does not include debt service numbers. Compensation will be based on two (2) per diem rates: the first rate is based on 90% occupancy and the second rate is based on the number of inmates exceeding the 90% occupancy level.

The BUREAU will compensate the CONTRACTOR at the following per diem rates (per inmate, per day):

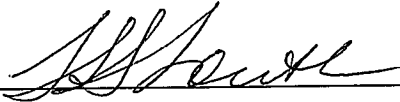
- \$42.23 times the minimum occupancy of 90%; plus
- \$7.49 for each inmate over the minimum occupancy rate of 90% (for a blended per diem rate of \$38.76 at 100% occupancy); less
- Monthly deductions for:
 - o The Major Maintenance and Repair Reserve Fund set forth in Article 4.9, in the monthly amount of \$12,577.06; and
 - o The Contract Monitor cost set forth in Article 5.44, in the monthly amount of \$4,514.21; and
 - o Any property taxes or payments in lieu of taxes (PILOT) that may become due on the Facility pursuant to judicial determination or legislative mandate.

Regardless of the number of inmates incarcerated at the Facility, the CONTRACTOR is guaranteed an amount equal to 90% occupancy (1,350 inmates) times the 90% per diem rate subject to legislative appropriations. The CONTRACTOR guarantee may be subject to the following: liquidated damages as set forth in Article 10.11; deductions due to position vacancies as set forth in Article 5.40; deductions for reimbursement of contract monitor costs as set forth above; deductions from the maintenance reserve as set forth in Article 4.9; ad valorem taxes and/or PILOT payments required to be paid by CONTRACTOR by judicial determination or legislative mandate, as set forth in Article 12.7; and any other deduction or charge permitted in this Contract.

All other terms and conditions of the CONTRACT shall remain unchanged.

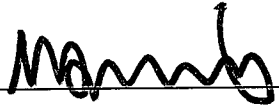
IN WITNESS WHEREOF, the undersigned authorized persons have executed this Amendment on behalf of their respective parties effective the 1st day of September 2007.

**STATE OF FLORIDA, DEPARTMENT OF
MANAGEMENT SERVICES**


Name


1/15/08
Date

APPROVED AS TO FORM AND LEGALITY


Name


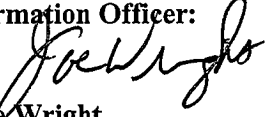

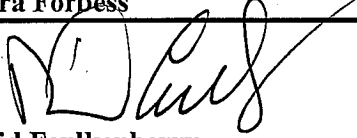

1/8/08
Date

THE GEO GROUP, INC.


Wayne Calabrese, Vice Chairman and President

1-7-08
Date

**SCHEDULE XIIB: MAJOR OUTSOURCING AND PRIVATIZATION INITIATIVES
UNDERTAKEN IN THE LAST FIVE YEARS**

Schedule XII-B Cover Sheet and Agency Project Approval	
Agency: Department of Management Services	Schedule XII-B Submission Date: 10/15/08
Project Name: MyFloridaNet	Is this project included in the Agency's LRPP? <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No
FY 2009-2010 LBR Issue Code: N/A	FY 2009-2010 LBR Issue Title: N/A
Agency Contact for Schedule XII-B (Name, Phone #, and E-mail address): Mike Kyvik, (850) 413-9535 Michael.Kyvik@dms.myflorida.com	
AGENCY APPROVAL SIGNATURES	
I am submitting the attached Schedule XII-B in support of our legislative budget request. I have reviewed and agree with the information in the attached Schedule XII-B.	
Agency Head:  Printed Name: Linda H. South	Date: 10/13/08
Agency Chief Information Officer:  Printed Name: Joe Wright	Date: 9/22/08
Budget Officer:  Printed Name: Debra Forbess	Date: 9/19/08
Deputy Secretary:  Printed Name: David Faulkenberry	Date: 9/18/08
Project Sponsor:  Printed Name: Mike Kyvik	Date: 9/16/08

**SCHEDULE XIIB-1: MAJOR OUTSOURCING AND PRIVATIZATION INITIATIVES
UNDERTAKEN IN THE LAST FIVE YEARS – BACKGROUND INFORMATION**

Background Information
<p>1. Provide a narrative summary describing the agency's decision to outsource or privatize the function.</p> <p>Attach to Schedule XII-B copies of the original business case and cost benefit analysis. If these documents are unavailable, attach any documents which state the original intention of the outsourcing or privatization initiative that will detail its goals, objectives, and expected outcomes. Such documents may include (a) original legislative budget requests, (b) original budget amendments, (c) legislative presentations, or (d) agency planning documents.</p> <p>In November of 1998, DMS contracted for commercially provided telecommunications infrastructure components and used those individual components to develop a statewide Frame Relay offering. (DMS obtained a bulk discount and other special service conditions.) In 2002, the State Technology Office issued an ITN to privatize the Data Network that would have replaced the Frame Services. This procurement failed due to protest. In 2005 DMS issued ITN-014 for the same service. This contract was signed in September 2006 with an expiration date of September 2011. The new contract will replace the current Frame contract.</p>
<p>2. Have the anticipated cost savings and benefits of the initiative realized? Explain.</p> <p>There has been a one to one comparison on current circuits. Possible savings could reach 35 – 40%.</p>
<p>3. Provide a narrative description of the type of procurement method used to outsource or privatize the function.</p> <p>Attach a copy of any solicitation documents, requests for quote, or similar document issued by the agency for this procurement.</p> <p>An Invitation To Negotiation (ITN) was utilized to procure the "MyFloridaNet Services" from BellSouth.</p> <p>See the MyFloridaNet Services ITN No. 14-973-800-R.</p>
<p>4. Section 287.057(14), Florida Statutes, allows contracts for commodities and contractual services to be renewed for a period that may not exceed 3 years or the term of the original contract, whichever period is longer. Such renewals are contingent upon satisfactory performance evaluations by the agency and subject to the availability of funds.</p> <p>For the outsourced or privatized function, identify the number of times the contract has been renewed and specify the renewal period of each. Attach a copy of the documentation verifying the contractor's satisfactory performance compliance required prior to each renewal.</p>

<p>This is a new contract with no performance to date.</p>
<p>5. For the outsourced or privatized function, has the contractor satisfactorily complied with all service level requirements? Provide a narrative summary describing service level requirements compliance or noncompliance.</p>
<p>This is a new contract with no performance to date. SLA's will govern all services. Also, vendor is subject to liquidated damages for non-performance.</p>
<p>6. Describe any unexpected benefits from outsourcing or privatization of the function.</p>
<p>Unknown at this time</p>
<p>7. Describe any unexpected problems or issues with the outsourcing or privatization of the function.</p>
<p>Unknown at this time</p>
<p>8. Briefly describe your agency's overall level of satisfaction with the results of outsourcing or privatization of the function.</p>
<p>Unknown at this time</p>
<p>9. What lessons learned should be shared with other agencies considering the outsourcing or privatization of a similar function?</p>
<p>Unknown at this time</p>

SCHEDULE XIIB-2: MAJOR OUTSOURCING AND PRIVATIZATION INITIATIVES UNDERTAKEN IN THE LAST FIVE YEARS - COST AND DELIVERABLES DATA

Section I: Cost Data

For each outsourced or privatized service or activity, complete the cost analysis below:

Fiscal Year	Planned Costs	Actual/Revised Costs	Planned Savings	Actual/Revised Savings
FY 2006 - 2007	\$	\$ 575,216	N/A	N/A
FY 2007 - 2008	\$	\$ 22,645,824	N/A	N/A
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$
FY 0000 - 0000	\$	\$	\$	\$

Variance	Reasons			
Cost				
Savings				

Section II: Deliverables and Milestones Schedule

For each outsourced or privatized service or activity, complete the deliverables and milestones schedule below:

Deliverables and Milestones	Original	Actual Date/ Revised Date

Variance	Reasons			
Schedule				

**AMENDMENT 1
TO THE
MyFloridaNet (ITN No. 14-973-800-R)
CONTRACT DATED 9/18/2006 (the "Contract")**

This Amendment 1 is made effective as of this 1st day of MARCH, 2007, ("Amendment 1") by and between the State of Florida acting through the Department of Management Services ("DMS") and BellSouth Telecommunications Inc. ("Contractor") (DMS and Contractor individually a "Party" and collectively the "Parties").

WHEREAS, the Parties entered into the Contract to set forth the duties and obligations of Contractor and DMS in relation to Contractor's performance of its duties in connection with the Agreement; and

WHEREAS, the Parties wish to amend the Contract to allow for additional related services that have been mutually determined to be beneficial to the MyFloridaNet service offering, and

WHEREAS, inclusive of these services are a flat rate point of demarcation extension service (the "Demarc Services"), additional Ethernet options, addition of 2GMAN port options, and additional CPE discounts, to be provided by Contractor; and

NOW, THEREFORE, in consideration of the foregoing premises, pricing and other adjustments offered below and of the mutual covenants and conditions herein-after set forth, the Parties hereto agree that the Contract shall be amended as follows:

1. This Amendment 1 allows for Demarc Services to be provided by Contractor as described in Exhibit A, attached hereto, incorporated herein and made a part hereof by reference. Any Demarc Services shall be provided pursuant to the existing terms and conditions in the Contract, the special terms and conditions applicable to the Demarc Services only as set forth on Exhibit A, any DMS approved Work Order for Demarc Services, and those stated herein. To the extent there is a conflict between the terms and conditions herein and in Exhibit A and those contained in the Contract, the terms and conditions herein shall prevail.
2. This Amendment 1 allows for additional Ethernet service speeds as follows on a "where available" basis. These new speeds shall utilize the same CPE as the Contract's 9mb Ethernet option.

2 MBS	MetroE	PORT	\$470.91	ACCESS	\$255.37
4 MBS	MetroE	PORT	\$534.27	ACCESS	\$375.18
8 MBS	MetroE	PORT	\$641.90	ACCESS	\$599.80

3. This Amendment 1 allows for lower fractional T1 dedicated port and access rates as follows. CPE options shall be the same as the equivalent bandwidth Frame Relay access.

4.

	C	D	E	F	G	H	I
3	Bandwidth	Access Type	Flat Rate Core Port (\$)	Access		Internet Access (\$)	Dual Core Connectivity (\$)
4				Mileage Type	Cost (\$)		
5			MRC		MRC		MRC
7	64 kbps	Dedicated	\$188.92	Flat Rate	\$85.04	\$0.00	\$85.04
9	128 kbps	Dedicated	\$197.92	Flat Rate	\$226.23	\$0.00	\$226.23
11	256 kbps	Dedicated	\$205.53	Flat Rate	\$226.23	\$0.00	\$226.23
13	512 kbps	Dedicated	\$238.76	Flat Rate	\$226.23	\$0.00	\$226.23
15	768 kbps	Dedicated	\$272.52	Flat Rate	\$226.23	\$0.00	\$226.23
17	1.5 Mbps	Dedicated	\$426.35	Flat Rate	\$226.23	\$0.00	\$226.23

5. This Amendment 1 allows for the CPE discounts detailed in section 4.81 – 3 to be increased from 45% off list to 49% off list for Cisco CPE only. This CPE pricing reduction may be withdrawn by Contractor if Contractor's Cisco pricing structure changes.

6. This Amendment 1 adds the following 2GMAN to MyFloridaNet virtual port fees. The addition of the MyFloridaNet virtual port fees will relieve DMS from the necessity of providing the connections from the 2GMAN to the MyFloridaNet network.

1.5 MBS	MyFloridaNet virtual port	\$75.00 per month	\$0 install
10 MBS	MyFloridaNet virtual port	\$250.00 per month	\$0 install
100 MBS	MyFloridaNet virtual port	\$600.00 per month	\$0 install

The MyFloridaNet virtual port offer shall be conditioned on the following:

- Customers electing to use the 2GMAN to access the MyFloridaNet will pay the appropriate MyFloridaNet virtual port charge in Tallahassee depending on how the 2GMAN connection is setup.
- Connectivity provided by the MyFloridaNet virtual port charges will not be rate limited and shall have full access to the MyFloridaNet and Internet.

- Customers may elect to purchase any of the listed access methods in the Contract at the published rates to provide connectivity from any Tallahassee location to the MyFloridaNet. These connections can be used in lieu of using the MyFloridaNet virtual port option or as redundant/complimentary connections to the MyFloridaNet core.
 - Contractor will price greater than 100mb 2GMAN MyFloridaNet virtual port customers via ICB.
 - Contractor reserves the right to request that a 2GMAN customer in Tallahassee that is primarily wanting Internet access or with high bandwidth QoS needs be directed by EITS to purchase direct access to the MyFloridaNet core via any of the available access methods rather than use the MyFloridaNet virtual port option.
7. This Amendment 1 provides after-hours installation of CPE and site migration for an additional flat rate of \$150.00 per site statewide. This is a one time charge that is in addition to the contractually agreed upon formulas detailed in Section 4.8 of the Contract. This option will allow for CPE installations and the corresponding site migration to be scheduled between the hours of 5pm and 11pm Monday through Friday.

Except as otherwise expressly set forth herein, the terms and conditions contained in the Contract and subsequent amendments, are unchanged. This Amendment 1, sets forth the entire understanding between the Parties with regard to the subject matter hereof. This Amendment 1 may not be amended except by the mutual written agreement of the Parties.

SO AGREED by the Parties' authorized representatives on the dates noted below:

**STATE OF FLORIDA,
DEPARTMENT OF MANAGEMENT SERVICES**

Linda H. South
By: Linda H. South, Secretary

3-1-07
Date

Approved as to form and legality by the Department's General Counsel's Office:

Gerard York
By: Gerard York [Printed Name]

3/5/07
Date:

BellSouth Business Systems, Inc.
On behalf of BellSouth Telecommunications, Inc.

Curtis L. Padgett
By: CURTIS L. PADGETT, Sales Director
[Printed Name and Title]

3-2-07
Date:

EXHIBIT A

SERVICES: Contractor agrees to provide "Demarc" services which will consist of any necessary inspection and repairs to restore wiring and/or equipment to good working order. "Demarc" services consists of a mounting containing a loopable device and an 8 pin jack that allows the customer to connect their CPE into. In most cases, this equipment will be installed at the "minimum point." The minimum point is usually within 5-10 feet of the customer's entrance cable. If needed, the Contractor technician will install additional wiring and an 8 pin interface jack from the demarcation point located at the minimum point to the customer's CPE equipment provided it is possible to do so. Contractor will provide the "Demarc Services" at a contract rate of Two Hundred Fifty Dollars (\$250.00) per circuit installation. Contractor reserves the right to refuse flat rate Demarc Services orders at sites which in Contractor's sole discretion, require extraordinary material, labor or permit costs.

The following provisions apply to the use of the Demarc Services:

- A. The rates and other terms and conditions applicable to the Demarc Services are set forth herein, and governed by, the Contract, this Amendment 1 and Exhibit A, and any related DMS Work Order forms.
- B. The Demarc Services, as more fully described on this Exhibit A, may be provided through the Contractor's use of an underlying provider for such services. The terms and conditions of any agreement between Contractor and an underlying provider, including the identity of the provider, are confidential. In the event that Contractor provisions the Demarc Services through an underlying provider, Contractor, in its sole discretion, shall determine the provider through which to provision such Demarc Services. All Demarc Services pursuant to this Amendment 1 are offered subject to the availability of the service components required.
- C. **Limitation of Liability:** Contractor's sole and exclusive liability and DMS' sole exclusive remedy for any loss or damages caused by or arising in conjunction with the performance or non-performance of the Demarc Services, including strict liability and negligence, shall be limited to DMS' actual reasonable cost of required substituted repair services provided by parties other than the Contractor.
- D. **Warranty and Disclaimer:** Contractor hereby warrants installation, including parts and workmanship made to premises telecommunications wire and jacks against defects and malfunctions for a period of one (1) year from the date of installation. Contractor hereby warrants for a period of ninety (90) days all labor materials provided in restoring Customer's wiring and/or equipment to good working order under a DMS Work Order for said services. If labor and/or materials furnished are applicable to a warranty or maintenance service exclusion under an existing agreement, the warranty under the existing agreement will apply when there is a defect or malfunction, and the Contractor will, at its option, either maintain further or replace the wiring and jacks at no charge to DMS provided the defect or malfunction is reported to an authorized Contractor representative during the warranty period. When replacement parts are used in making repairs, these parts may be refurbished or may contain refurbished materials.

a There are no warranties, express or implied (including any regarding merchantability or fitness for particular purpose), not specified herein, respecting the Demarc Services performed or material furnished in connection with same.

This warranty does not apply to defects and malfunctions resulting from any accident, alteration, abuse, misuse, fire, acts of God such as storms, earthquakes or floods, or any unauthorized repair, willful damage, vandalism or gross negligence. It is DMS' responsibility to prove eligibility for warranty service.

**AMENDMENT 2
TO THE
MyFloridaNet (ITN No.: 14-973-800-R)
CONTRACT DATED 9/18/2006 (THE "CONTRACT")**

This Amendment 2 ("Amendment 2") is made effective as of the last date signed below ("Effective Date"), by and between the State of Florida acting through the Department of Management Services ("DMS") and BellSouth Telecommunications Inc., ("Contractor") individually a "Party" and collectively the "Parties".

WHEREAS, the Parties entered into the Contract to set forth the duties and obligations of Contractor and DMS in relation to Contractor's performance of its duties in connection with the Contract; and

WHEREAS, pursuant to Section 5.42 of the Contract, the Parties wish to amend the Contract, to further define existing services to be provided by Contractor;

NOW, THEREFORE, in connection with the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree that the Contract shall be amended as follows:

1. Sections 5.50 (m), (o), and (r) of the Contract are hereby deleted and replaced with the following:

"5.50 (m) At a minimum the core port cost shall include core port, IDS, DNS, Packeteer like system, reports, all network, interconnections and backbone transport, proactive monitoring, engineering and support, daily operational management and tools and any other services listed under the Contract unless otherwise mutually agreed between DMS and Contractor via the change request process utilized by the Parties when documenting network deployment or network change agreements."

"5.50 (o) Service Level Agreements (SLAs) requirements found in Exhibit #2 for MyFloridaNet services, EXCEPT SLAs for Local Only Services as detailed herein. "Local Only Services" are defined as a 128kb core port combined with 2mb or higher access speed."

Pricing for Local Only Services shall be as follows:

Local MyFloridaNet - 128KB Management Port + Metro Ethernet as Local Loop Access					
Bandwidth	Access Type	Core Port	Access Mileage Type	Local Loop Access	CPE Configuration Management
2 Mbps	ME	\$151.14	Flat Rate	\$255.37	Included w/core
4 Mbps	ME	\$151.14	Flat Rate	\$375.18	Included w/core
8 Mbps	ME	\$151.14	Flat Rate	\$599.80	Included w/core
10 Mbps	ME	\$151.14	Flat Rate	\$623.56	Included w/core
20 Mbps	ME	\$151.14	0-25 Miles	\$831.06	Included w/core
50 Mbps	ME	\$151.14	0-25 Miles	\$1,017.61	Included w/core
100 Mbps	ME	\$151.14	ICB	ICB	Included w/core
250 Mbps	ME	\$151.14	ICB	ICB	Included w/core
500 Mbps	ME	\$151.14	ICB	ICB	Included w/core
1000 Mbps	ME	\$151.14	ICB	ICB	Included w/core

SLAs for Local Only Services shall be as follows:

SLA	Performance Target	Liquidated Damages Access & CPE	Measurement
Access & CPE Failure	Based on restoral & outage hours specified under liquidated damages	15% MRC of Service* if outage > 4 hours	Measured & calculated per incident based on the operational tools provided.
	≤ 75 ms round trip for ≥ T1 speeds & 420 ms round trip for 56kbps speed for CE-PE router	100% MRC of Service* if outage > 8 hours	
	≤ 30 ms round trip for CE-CE router	15% MRC of Service* if performance target is unmet >4 hours. 25% MRC of Service* if performance target is unmet >8 hours.	
	≤ 1% for CE-CE router	Use a 1400 byte packet size with link utilization <65%. Measured per incident every 5 minutes on the 3 most recent polls.	
Packet Loss			
Operational			
Install, Moves, Adds, Changes	64kbps to T1 = 25 business days	25% MRC of Service* if performance target not met.	Measured & calculated per incident based on the operational tools provided. The Install, Moves, Adds and Changes set of installation SLAs apply only after the 18 month migration. Responders will not be liable where facilities do not exist for access types (excluding Ethernet) greater than 12Mbps. There are separate liquidated damages if the migration is not complete within 18 months.
	> T1 to 45Mbps = 40 business days		
	> 45Mbps = 90 business days		
CPE Configuration Changes		10% MRC of Service*	Measured & calculated per incident based on the operational tools provided. Changes can be made during or after working hours. Clock begins with the requested change entered into the ticketing system.
Service outage notification	≤ 2 hours	10% MRC of Service*	Measured & calculated per incident based on the operational tools provided.
Service degradation notification	15 minutes	10% MRC of Service*	Measured & calculated per incident based on the operational tools provided.
Initial Problem Identification	30 minutes	10% MRC of Service*	Measured & calculated per incident based on the operational tools provided.
	2 hours	10% MRC of Service*	Measured & calculated per incident based on the operational tools provided.
*MRC of Service = MRC of (Core Port + CPE + Access) for each site			

"5.50 (r) All access speeds with the exception of DSL shall be provided up to the core port speed unless otherwise mutually agreed between DMS and Contractor via the change request process utilized by the Parties when documenting network deployment or network change agreements."

2. A. Section 4.3.34 provides that nationwide extranet circuits shall be provided by Contractor under the Contract. This Amendment 2 defines specific EXTRANET ACCESS SERVICES (known as the "AT&T Extranet Access Services") as described in Exhibit A, attached hereto, incorporated herein and made a part hereof by reference to be provided by Contractor to DMS pursuant to the Contract. The AT&T Extranet Access Services will be used in conjunction with existing MyFloridaNet Core port and Customer Premise Equipment (CPE) options (as defined in section 4.8 of the Contract) to provide MyFloridaNet customers additional connectivity options. The AT&T Extranet Access Services shall be priced using a Pricing Schedule document per service guide (refer to the web links located in Exhibit A of this Amendment 2) and ordered by DMS through an approved DMS work order (CSA). The methodology for deriving the CPE rental cost for the AT&T Extranet Access Services is also set forth in Exhibit A. The Pricing Schedule, a custom quote, document will be developed on an individual case base (ICB) dependent on the requirements of a customer's particular site. The AT&T Extranet Access Services shall be provided pursuant to the existing terms and conditions in the Contract, the special terms and conditions applicable only to the AT&T Extranet Access Services as set forth herein and in any applicable Pricing Schedule. To the extent there is a conflict between the terms and conditions herein and in Exhibit A and those contained in the Contract, the terms and conditions herein shall prevail. In the event there is a conflict between the terms and conditions in this Amendment 2 and those in a Pricing Schedule hereunder, those in the Pricing Schedule prevail for the AT&T Extranet Access Services.
- B. Pricing for the AT&T Extranet Access Services shall be on an individual case basis ("ICB") as agreed by AT&T Corp. and DMS and as set forth in the applicable Pricing Schedule. Discounts available to DMS for said AT&T Extranet Access Services shall be considered based on various factors, including DMS' volume of business under this Contract.
- C. Service Level Agreements ("SLAs") for the operational, Core port and CPE portions of the AT&T Extranet Access Services shall be the same as for other MyFloridaNet connections. Other than the operational, Core port and CPE portions of the AT&T Extranet Access Services, SLAs for the AT&T Extranet Access Services shall not be included in the SLAs contained in the Contract, but shall be as detailed in Exhibit A attached hereto.
- D. Unless requested for additional pricing considerations, and as may be mutually agreed in writing between DMS and AT&T Corp., the AT&T Extranet Access Services shall be priced on a month-to-month basis with no required term commitment.
- E. All network management tools and MyFloridaNet NOC tools as set forth in the Contract will be available and applicable to provision of the AT&T Extranet Access Services. The MyFloridaNet NOC will provide NMS integration and trouble isolation and resolution.

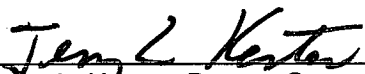
F. The AT&T Extranet Access Services are available to and from the Tampa MyFloridaNet core node or the Tallahassee MyFloridaNet internet complex and will continue to be provided from there in cooperation with Contractor's designated Subcontractor, currently Hayes e-Government Solutions.

3. To facilitate non-routable traffic and other Eligible User issues this Amendment 2 hereby adds the ability for Contractor to provide to the DMS additional layer 2 PVCs and VLANs between Eligible User endpoints as mutually agreed in writing between the Parties. Pricing for such PVCs and VLANs shall vary based on Eligible User requirements and will be determined on an individual case basis (ICB) and set forth in a Pricing Schedule.
4. In the event it is necessary for DMS to order MyFloridaNet connections services on an expedited basis, Contractor may charge DMS for expedited connections. This Amendment 2 hereby allows for expedite fees to be charged by Contractor for connections DMS desires installed before the normal installation intervals established in Exhibit 2 of the Contract. Expedite fees shall be mutually determined and agreed in writing between the Parties in advance of the expedited order. The expedite fees shall be determined on an individual case basis.
5. All other terms and conditions of the Contract shall remain in full force and effect.

The Parties hereto acknowledge that they have read this Amendment 2, understand it, and agree to be bound by its terms and conditions. They further agree that the Contract, together with Amendment 1 and this Amendment 2, and any appendices thereto, constitute the entire agreement between the Parties hereto with respect to the subject matter hereof.

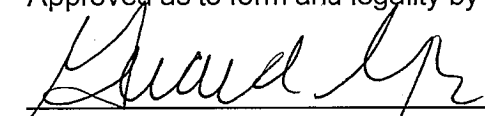
IN WITNESS WHEREOF, the Parties have executed this Amendment 2 by their duly authorized representatives on the Effective Date indicated as the last date signed below:

**STATE OF FLORIDA,
DEPARTMENT OF MANAGEMENT SERVICES**


By: Terry L. Kester, Deputy Secretary

8-4-08
Date

Approved as to form and legality by the Department's General Counsel's Office:


By: Gerry York

7/29/08
Date

[SIGNATURES CONTINUED ON NEXT PAGE]

BellSouth Telecommunications, Inc.
d/b/a AT&T Florida

Curtis L. Podgett

By: CURTIS L. PODGETT
[Printed Name]

7-31-08

Date

Title: *Sales Manager*

EXHIBIT A

AT&T EXTRANET ACCESS SERVICES: The terms and conditions applicable to the provision of AT&T Extranet Access Services are set forth herein and governed by, the Contract, this Amendment 2, this Exhibit A and any related Pricing Schedules. The AT&T Extranet Access Services are offered as detailed in their respective Service Description/Guide ("Service Description" or "Service Guide") documents. Service Descriptions/Guides for AT&T Corp. services and related products in general can be found at <http://new.serviceguide.att.com>. Specific Service Descriptions/Guides are identified below.

EXTRANET CONNECTIVITY: Contractor agrees that AT&T Corp. shall provide DMS with the following InterLATA capable data services which may be used to provide required Extranet connectivity to MyFloridaNet at locations in and out of the State of Florida as may be ordered by DMS through an ICB Pricing Schedule developed upon request. Extranet connectivity ICB pricing are in addition to existing MyFloridaNet port pricing.

AT&T Packet Services

Frame Relay Service

Product Description: A Frame Relay Service ("FRS") US Domestic PVC is a logical connection between two FRS Ports located in the US. FRS US Domestic PVCs are provided in symmetrical or asymmetrical configurations. The AT&T Packet Services Service Description can be found at:

http://new.serviceguide.att.com/portals/sgportal.portal? nfpb=true& pageLabel=aps_page

AT&T Bandwidth Services

Private Line Service

Product Description: Private Line Service ("PLS") enables the transmission of voice and data over digital signals via terrestrial media over an Inter-Office Channel ("IOC"). PLS is furnished within US Mainland between two AT&T POPs located in US Mainland, including between an AT&T POP and either an AT&T Gateway or an Inland Pricing Point ("IPP") for connection to Domestic Off-Shore IOCs to Hawaii, Puerto Rico, the US Virgin Islands or Guam or to International Service. The AT&T Bandwidth Services Service Description can be found at:

http://new.serviceguide.att.com/portals/sgportal.portal? nfpb=true& pageLabel=bandwidth_page

Local Access

Product Description: Local Access provides connectivity from the customer location to the AT&T POP. Information about the local access available in each state can be found at: http://serviceguide.att.com/servicelibrary/business/ext/state_tariff_buss.cfm

The following provisions apply to DMS' use of the AT&T EXTRANET ACCESS SERVICES only:

- A. The AT&T Extranet Access Services, as more fully described in this Exhibit A, will be provided to DMS through AT&T Corp. or through an underlying provider for such services. The terms and conditions of any agreement between AT&T Corp. and an underlying provider, including the identity of the provider, shall be confidential, unless determined otherwise pursuant to chapter 119, Florida Statutes. In the event that AT&T Corp. provisions the AT&T Extranet Access Services through an affiliate of Contractor or through an underlying provider, AT&T Corp., in its sole discretion, shall determine the provider through which to provision such AT&T Extranet Access Services. All AT&T Extranet Access Services pursuant to this Amendment 2 are offered subject to the availability of the service components required. AT&T Corp., and not BellSouth Telecommunications, Inc., shall be responsible for all performance obligations and liabilities with respect to the AT&T Extranet Access Services or equipment related thereto purchased by DMS under the Contract.
- B. The original MyFloridaNet Contract contains sections applicable only to the original private network Contractor deployed and operates as a result of the contract award. This Amendment 2 adds related Network Services balance of line items from the AT&T commercial product sets and the Parties acknowledge that the following sections of the Contract are inapplicable to the AT&T Extranet Access Services, AT&T Corp. employees or to employees who are involved solely in performing the AT&T Extranet Access Services: Sections 4.3.1, 4.3.2, 4.3.5, 4.3.6, 4.3.7, 4.3.8, 4.3.10, 4.3.11, 4.3.13, 4.3.14, 4.3.17, 4.3.21, 4.3.25, 4.4.1, 4.4.2, 4.5.3, 4.7.9, 4.7.26, 4.7.27, 5.14, 5.31, 5.32, 5.42, 5.49, 5.53, and any contractual provisions related to "key employees" or to the Tallahassee office.
- C. As to the AT&T Extranet Access Services only, the following additional language shall apply to Section 5.48 of the Contract and shall be added at the end of the current language in that section: "Documents produced under this Section 5.48 are subject to Chapter 119 of the Florida Statutes. The provisions of the Florida Public Records Act, Chapter 119, F.S., and other applicable state and federal laws will govern disclosure of any confidential information received by the State of Florida. All documents claimed confidential or otherwise exempt from Chapter 119 shall be clearly marked accordingly."
- D. As to the AT&T Extranet Access Services, any certifications required as a result of this Contract shall be provided by an authorized officer of AT&T Corp., or of its subcontractors, as applicable.
- E. The consolidated billing and single invoice requirement in Section 4.3.5 shall be applicable to the AT&T Extranet Access Services only to the extent practicable.
- F. The Parties agree that other than the Service Level Agreements (SLAs) for the operational, Core port and CPE portions of the AT&T Extranet Access Services, and as amended herein, none of the SLAs set forth in the Contract shall be applicable to the rest of the AT&T Extranet Access Services. The SLAs that shall apply to the AT&T Extranet Access Services (other than operational, Core port and CPE portions) are as set forth in the applicable Service Description or Service Guide for the specific AT&T Extranet Access Services.
- G. The Parties agree that CPE costs associated with the AT&T Extranet Access Services shall be as follows:

1. **CPE for AT&T Extranet Access Services ("Extranet CPE") Rental (month to month):** *Contractor agrees to utilize the example and methodology as listed below to derive the Extranet CPE rental cost including any future Extranet CPE requirements. The percentage discount, any rental factors or other cost/elements used below to derive rental costs shall not increase for the life of the Contract. Extranet CPE rental shall include all fees and charges including monthly maintenance. Maintenance shall be 24x7x365 with 4 hour restoral.*

The following calculations describe the formula used to determine month-to-month rental for a typical router.

Cisco 1721 Router Package (MSRP).....	\$1,895.00
DMS Discount	49%*
DMS Router Price.....	\$966.45
(Router Price = List less DMS Discount)	
Installation Package	\$693.02
3-years Maintenance (24 x 7 x 4).....	\$518.40
(Maintenance = Smartnet list - 10%)	
Subtotal.....	\$2,177.87
(Subtotal = DMS Router Price + Installation Package + 3 Years Maintenance)	
Divisor	36
Monthly Rental Payments	\$110.49
(Rental = Subtotal / Divisor + \$50.00 Extranet Charge)	

Contractor is responsible to deliver and install on-site the Extranet CPE at no additional charge (other than the installation package charge above or Item 6 below).

DMS and Eligible Users shall make every effort to package and ship the Extranet CPE rental back to the Contractor in Tallahassee upon cancellation of any Work Order for the AT&T Extranet Access Services. DMS and Eligible Users will not be liable and will not incur any costs for said Extranet CPE rental after the disconnect date indicated on the DMS Work Order (CSA). The stop bill date shall not be dependant on DMS or Eligible Users, as applicable, returning the Extranet CPE.

*This DMS Discount was increased from 45% to 49% pursuant to Amendment 1 effective as of March 1, 2007 to this Contract ("Amendment 1"). However, Contractor reserves the right to withdraw this discount reduction if Contractor's Cisco pricing structure changes.

2. **Extranet CPE (3) Year Lease:** *Contractor agrees to utilize the example and methodology as listed below to derive the Extranet CPE (3) year lease cost including any future Extranet CPE requirements. The percentage discount, any lease factors or other cost/elements used below to derive Extranet CPE lease costs shall not increase for the life of the Contract. Extranet CPE lease shall include all fees and charges including monthly maintenance. Maintenance shall be 24x7x365 with 4 hour restoral.*

The following calculations describe the formula used to determine a 3-year, \$1.00 Purchase Option Lease.

Cisco 1721 Router Package (MSRP).....	\$1,895.00
---------------------------------------	------------

DMS Discount	49%*
DMS Router Price.....	\$966.45
(Router Price = List less DMS Discount)	
Installation Package	\$693.02
3-years Maintenance (24 x 7 x 4).....	\$518.40
(Maintenance = Smartnet list - 10%)	
Subtotal.....	\$2,177.87
(Subtotal = DMS Router Price + Installation Package + 3 Year Maintenance)	
Lease Factor0313918
36 Monthly Payments of	\$118.37
(Lease Payment = Subtotal * .0313918 + \$50.00 Extranet Charge)	

Lease rate tied to the 36 Month US Treasury Rate, which is at an interest rate of 1.23% November 4th, 2005.

Contractor is responsible to deliver and install on-site the Extranet CPE at no additional charge (other than the installation package charge above or Item 6 below).

*This DMS Discount was increased from 45% to 49% pursuant to Amendment 1 to this Contract. However, Contractor reserves the right to withdraw this discount reduction if Contractor's Cisco pricing structure changes.

3. **Extranet CPE Purchase:** *Contractor agrees to utilize the example and methodology as listed below to derive the Extranet CPE purchase cost including any future Extranet CPE requirements. The percentage discount or other cost/elements used below to derive Extranet CPE purchase costs shall not increase for the life of the Contract.*

The following calculations describe the formula used to determine the Purchase of Extranet CPE. Installation and optional maintenance are listed.

Cisco 1721 Router (MSRP)	\$1,895.00
DMS Discount	49%*
Net Equipment Price (Drop Ship).....	\$966.45
(Net Equipment Price = Router less DMS Discount)	
(Optional) Installation.....	\$693.02

Contractor is responsible to deliver and install on-site the Extranet CPE at no additional charge (other than the installation package charge above or Item 6 below).

*This DMS Discount was increased from 45% to 49% pursuant to Amendment 1 to this Contract. However, Contractor reserves the right to withdraw this discount reduction if Contractor's Cisco pricing structure changes.

4. **Extranet CPE Monthly CPE "Maintenance Only" for "Off Lease & Purchased CPE":** *Contractor agrees to utilize the example and methodology as listed below to derive the Extranet CPE maintenance cost including any future Extranet CPE requirements. The percentage discount or other cost/elements used below to derive Extranet CPE maintenance costs shall not increase for the life of the Contract. This is monthly maintenance only. Maintenance shall be 24x7x365 with 4 hour restoral.*

The following calculations describe the formula used to determine Monthly Maintenance for a typical router.

Cisco 1721 Router (Annual 8x5x4)\$172.80
(Smartnet List - 10%)
Monthly Maintenance\$64.40
(Monthly Maintenance = Annual Smartnet Price/12 + \$50.00/mo. Extranet Charge)
Minimum Contract Period 1 Year
(There shall be no penalty for terminating a maintenance contract prior to its expiration for products taken out of service).

- Pricing base lined on a 10% discount on all Smartnet Options. Cisco Smartnet pricing is used to establish a baseline of equipment replacement response times. Contractor may substitute their own branded maintenance to meet MyFloridaNet SLAs.
- Other manufacturer CPE models shall be made available to the State as is mutually agreeable to DMS and Contractor.

5. **Taxes, Fees and Surcharges:** *After authorization by DMS, cost adjustments shall be permitted for new or modified federally mandated surcharges, taxes or fees only. Adjustments shall permit the Contractor to pass through charges but shall not be permitted to include any markup on top of those fees. The following is a definition and percentage of all applicable taxes, fees and surcharges that DMS is required to pay and therefore, is included in the cost of the pricing worksheets.*

Proposed pricing is inclusive of all current Taxes, Fees and Surcharges and is fixed for the life of the Contract. Applicable new, (not increased) Federal or State mandated Taxes, Fees or Surcharges will be documented and passed through to the State of Florida.

In the event a current tax, which was not applicable to the State, becomes applicable to the State, it will be treated as a new tax and the Contractor will be permitted to pass those new charges onto the State. Any increase must be accompanied with appropriate documentation and approved by the State prior to any billing change.

6. **Other Charges.** *Contractor agrees that there are no other costs associated with the Extranet CPE other than as set forth herein, except as follows:*

After-hours installation of Extranet CPE and site migration shall be provided for an additional flat rate of \$150.00 per site. This is a one time charge that is in addition to the contractually agreed upon formulas otherwise detailed in this Contract. This option will allow for Extranet CPE installation and the corresponding site migration to be scheduled between the hours of 5pm and 11pm Monday through Friday.



FISCAL YEAR 2009-10

EXECUTIVE DIRECTION

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

EXECUTIVE DIRECTION

SCHEDULE I SERIES

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

Administrative Trust Fund (2021) Revenue Estimates Methodology:

The revenues for 72010100 and 72010300 are based on the appropriations amount less the cash amount in the fund at July 1, 20XX.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.

- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

ADMINISTRATIVE ASSESSMENT SUMMARY

Methodology:

Establish Administrative Cost Pools to accumulate costs by distinct administrative function or type of activity.

For each Administrative Budgetary Entity, identify a basis for distributing the costs of that entity to Administrative Cost Pools.

Establish Program Entities to accumulate costs by program activity.

For each Administrative Cost Pool, establish a discreet basis for allocating accumulated costs in the pool to Program Entities.

For each Program Entity, identify a basis for reallocating administrative costs to different funding sources within the entity.

- I. The following Administrative Cost Pools are established to accumulate costs by distinct administrative function:

- Office of the Secretary
- Communications
- General Counsel
- Inspector General
- Legislative Affairs
- Budget Office
- Financial Management Services - Disbursements
- Financial Management Services - Revenue
- Personnel Management Services
- Print Shop Operations
- Mail Room Operations
- Departmental Purchasing
- IT Services

- II. The following bases were developed for the distribution of Administration Budget Entity support costs to Administrative Cost Pools.

Office Systems - Distribution to Entity Cost Pools based on Entity Positions.

ADMINISTRATIVE ASSESSMENT SUMMARY

Office Services - Distribution to Print Shop, Mail Room and Supply Room based on actual position assignments to each function.

Building Rent - Distribution to Administrative Cost Pools based on space occupied.

Office of the Director of Administration - Distribution to Admin Division Cost Pools based on actual position assignments to each function.

Bureau of Financial Management Services - Distribution to Disbursements and Revenue sections based on actual positions assignments to each section.

III. The Appropriated Funds are designated as the Program Entities.

IV. The following bases were used for the allocation of Administrative Budget Entities costs:

Office of the Secretary - Direct allocation to Program Entities based on appropriations and FTE.

Director of Administration - Direct allocation to Program Entities based on appropriations and FTE.

LAN - Direct allocation to Program Entities based on appropriations and FTE.

Communications Office - Direct allocation to Program Entities based on appropriations and FTE.

Office of the General Counsel - Direct allocation to Program Entities based on hours.

Legislative Affairs - Direct allocation to Program Entities based on appropriations and FTE.

Office of the Inspector General - Direct allocation to Program Entities based on appropriations and FTE.

Budget Office - Direct allocation to Program Entities based on appropriations.

Disbursements Section (FMS) - Allocation to Program Entities based on number of disbursement transactions. Transactions 51's and 70's.

ADMINISTRATIVE ASSESSMENT SUMMARY

Revenue Section (FMS) - Allocation to Program Entities based on number of revenue transactions. Transactions 30's and 96's.

Bureau of Personnel Management Services - Direct allocation to Program Entities based on number of positions.

Print Shop - Allocation to Program Entities based on printing costs.

Mail Room - Allocation to Program Entities based on postage costs.

Departmental Purchasing - Direct Allocation to Program Entities based on Purchase Orders processed. Transactions 61's.

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009 - 2010
Program: 72010100 Executive Direction & Administration
Fund: 2021 Administrative Trust
Specific Authority: Section 20.22, Florida Statutes
Purpose of Fees Collected: Assessment fees are charged to operating divisions/programs within the Department to recover costs for departmental administrative services.

Type of Fee or Program: (Check ONE Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

(1) SECTION I - FEE COLLECTION	(2) ACTUAL FY 2007-08	(3) ESTIMATED FY 2008-09	(4) REQUEST FY 2009-10
Receipts:			
SEE ATTACHED LISTING			
Total Fee Collection to Line (1) - Section III	8,431,366	8,615,151	8,615,151

(1) SECTION II - FULL COSTS	(2) ACTUAL FY 2007-08	(3) ESTIMATED FY 2008-09	(4) REQUEST FY 2009-10
Direct Costs:			
Salaries and Benefits	6,268,338	6,356,417	6,815,668
Other Personal Services	28,289	8,700	39,931
Expenses	823,329	862,552	989,732
Operating Capital Outlay	58,431	24,688	24,688
Sp.Cat.: TR to Administrative Hearings	14,548	22,519	22,519
Sp.Cat.: Contracted Services	116,667	1,000	102,700
Sp.Cat.: Mail Services	200,016	200,016	200,016
Sp.Cat.: Risk Mgmt Insurance	45,249	33,914	33,914
Sp.Cat.: Deferred-Pay Com Contracts	45,469	45,470	45,470
Sp.Cat.: Exec Aircraft Pool Subscription	28,307		
HR Statewide Contract	34,557	34,557	36,696
Data Processing Services - STO	467,517	437,486	296,426

Indirect Costs Charged to Trust Fund:			
6/30/2006 Comp Leave Liability in Beg B	(78,593)		
Transfer to GR - 7.3% Service Charge	1,964	2,044	2,044
B/A EOG B0209 - Decrease DP-STO		(105,795)	
B/A EOG B0209 - Increase for IT Staff		482,688	
Certified Forward Reversions @ 9/30/07	(2,469)		
Refunds	148		
Reserve for Pay Package			

Total Full Costs to Line (2) - Section III	8,051,767	8,406,256	8,609,804
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Basis Used: Accrual

SECTION III - SUMMARY			
TOTAL SECTION I	(A)	8,431,366	8,615,151
TOTAL SECTION II	(B)	8,051,767	8,609,804
TOTAL - Surplus/Deficit	(C)	379,599	5,347

EXPLANATION:
Negative balances are offset by cash balance carried forward (See Schedule I)

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: Management Services **Budget Period: 2008-09**
Program: Executive Direction & Administration (72010100)
Fund: Administrative Trust (2021)

(1)	(2)	(3)	(4)
<u>SECTION I - FEE COLLECTION</u>	ACTUAL FY 2007-08	ESTIMATED FY 2008-09	REQUEST FY 2009-10
<u>Receipts:</u>			
Admin. Assessment - 720101-1000	7,595		
Admin. Assessment - 720103-2021	5,271	4,016	4,016
Admin. Assessment - 724001-2696	2,236,782	2,388,646	2,388,646
Admin. Assessment - 724002-2033	141,449	88,777	88,777
Admin. Assessment - 726001-2066	128,388	138,472	138,472
Admin. Assessment - 726002-2699	34,548	37,740	37,740
Admin. Assessment - 726003-2339			
Admin. Assessment - 726003-2510	116,075	99,822	99,822
Admin. Assessment - 726004-2339			
Admin. Assessment - 726004-2510	437,302	686,391	686,391
Admin. Assessment - 726004-1000	101,173	174,107	174,107
Admin. Assessment - 726005-2339			
Admin. Assessment - 726005-2510	148,896	109,027	109,027
Admin. Assessment - 727501-2678	866,828	1,162,565	1,162,565
Admin. Assessment - 727501-1000	64,471	18,709	18,709
Admin. Assessment - 727502-2570	80,523	113,225	113,225
Admin. Assessment - 727502-2667	2,196	16,285	16,285
Admin. Assessment - 727502-2668	471,497	518,486	518,486
Admin. Assessment - 727502-2671	12,976	2,360	2,360
Admin. Assessment - 727503-2309	1,097,805	1,035,769	1,035,769
Admin. Assessment - 729001-2105	1,445,954	1,319,902	1,319,902
Admin. Assessment - 729001-2344	57,437	66,850	66,850
Admin. Assessment - 729002-2432	107,112	90,796	90,796
Admin. Assessment - 729003-2792	558,956	298,717	298,717
Admin. Assessment - 729201-1000	47,452	31,154	31,154
Admin. Assessment - 729201-2558	47,452	31,154	31,154
Admin. Assessment - 729501-2339			
Admin. Assessment - 729501-2510	108,184	105,181	105,181
Printing Services	71,419	50,000	50,000
Miscellaneous Receipts	6,577		
Interest Earnings	27,048	27,000	27,000
Total Fee Collection to Line (1) - Section III	8,431,366	8,615,151	8,615,151

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72010100 Executive Direction & Administration
Fund: 2021 Administrative Trust

(1)	(2)	(3)	(4)
<u>FUNDING SOURCE-STATE</u>	ACTUAL FY 2007 - 08	ESTIMATED FY 2008 - 09	REQUEST FY 2009 - 10
Administrative Assessment Fee	404,726		
TOTALS*	404,726	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	ADMINISTRATIVE TRUST
LAS/PBS Fund Number:	ADMINISTRATION (72010100)
	2021

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	19,860 (A)		19,860
ADD: Other Cash (See Instructions)	300 (B)		300
ADD: Investments	604,099 (C)		604,099
ADD: Outstanding Accounts Receivable	68,208 (D)	0	68,208
ADD: Due from Leased Employees in July	20,699 (E)		20,699
Total Cash plus Accounts Receivable	713,165 (F)	0	713,165
LESS Allowances for Uncollectibles			0
LESS Approved "A" Certified Forwards	242,883 (H)		242,883
Approved "B" Certified Forwards	64,882 (H)		64,882
Approved "FCO" Certified Forwards			0
LESS: Other Accounts Payable (Nonoperating)	656 (I)		656
LESS: <u>Unearn Revenue</u>	18 (J)		18
Unreserved Fund Balance, 07/01/08	404,726 (K)		404,726 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

Office of Policy and Budget - July 2008

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: Administrative Trust Fund
LAS/PBS Fund Number: 2021

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 **312,041.79** (A)

Add/Subtract:

Compensated Absences Liability recorded In FLAIR As A Liability/
Not Recorded On Schedule IC **71,984.75**

Accounts Receivable from Leased Employees and BBIB
not recorded in FLAIR because it is not due until July
July 3rd payroll posted in FLAIR in June due to Holiday **20,699.00**

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 (C)
Increase Accounts Accounts Balance

ADJUSTED BEGINNING TRIAL BALANCE: **404,726** (D)

UNRESERVED FUND BALANCE, SCHEDULE IC **404,726** (E)

DIFFERENCE: **(0)** (F)*

***SHOULD EQUAL ZERO.**

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: Administration

Phone Number: (850) 487-9476

(1) REPORT NUMBER	(2) PERIOD ENDING	(3) UNIT/AREA	(4) SUMMARY OF FINDINGS AND RECOMMENDATIONS	(5) SUMMARY OF CORRECTIVE ACTION TAKEN	(6) ISSUE CODE
<p>Auditor General Report 2007-071</p> <p>No.</p> <p>Dated: 12/18/2006</p>	<p>02/2006</p>	<p>Department Wide Operational Audit</p>	<p><u>Department of Management Services Selected Administrative Functions and Follow-up on Selected Prior Audit Findings</u></p> <p>Finding 1: Contrary to the requirements of laws, rules, Department procedures, and other guidelines, the Department’s Secretary and other senior managers did not always utilize the most economical and efficient means of travel. Other instances were also noted in which travel expenditures did not conform to the requirements of law and rule.</p> <p>Recommendation: To promote compliance with Department procedures, as well as applicable laws, rules, and other guidelines, we recommend that the Department:</p> <ol style="list-style-type: none"> a. Encourage adherence to Department policies and procedures governing the use of State aircraft to ensure that the most economical and efficient method of transportation is utilized. b. Take appropriate action to ensure travel vouchers are timely prepared and submitted. c. Strengthen controls related to the Department’s monitoring process to ensure the Travel Section not only compares the submitted travel vouchers to corresponding travel transactions but also identifies and reviews travel-related transactions for which a travel voucher has not been submitted. d. Enhance the travel pre-audit process to ensure that travel-related expenditures are necessary and limited to amounts authorized by law. e. Address the travel-related issues and determine if reimbursements are due the State. 	<p>All the trips audited were official, necessary and authorized state business and due to priority, scheduling and/or geography the mode of transportation was reasonable and efficient, even though the most economical mode of transportation was not used on all the trips audited. DMS has a new procedure in place that requires a specific written evaluation of cost-effectiveness and overriding considerations, if any, be signed by the DMS Chief of Staff prior to any employee’s use of State aircraft. DMS agrees that additional training and documentation are necessary to promote compliance with established travel policies and procedures and to provide supplemental pre- and post-audit verification. The following summarizes the actions DMS is taking, corresponding with Recommendation 1:</p>	

				<ul style="list-style-type: none"> a. As mentioned previously, to ensure that the rationale for use of State aircraft is fully documented, DMS has amended its travel policy to now require, except in emergency situations, that a written cost-benefit analysis be conducted, be signed by all travelers and be approved by the Chief of Staff prior to use of State aircraft. The analysis must be attached to the travel voucher for audit reference. b. To ensure travel vouchers are timely prepared and submitted and to promote awareness, understanding and adherence with other established travel policies and procedures, all DMS managers (Bureau Chief/equivalent level and above) and travel coordinators are required to complete a travel re-training course by February 28, 2007. In addition, the position description and the performance evaluation requirements for all DMS managers are being revised to include standards for compliance with established travel policies and procedures; the update will be complete by March 5, 2007. DMS travel policies have been posted to the Team DMS (employee) Web site, and travel policy tips/announcements are being routinely posted on the Web site to keep travel policies top-of-mind. As referenced in "c" below, the DMS Bureau of Financial Management is also reviewing p-card expenditures to ensure a travel voucher is timely submitted for all travel-related p-card purchases. c. To strengthen travel monitoring controls, the DMS Bureau of Financial Management travel auditor and p-card auditor are now conducting a joint, weekly review of p-card expenditures 	
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				<p>to proactively identify all travel-related expenditures and ensure that a travel voucher is submitted. A written policy reminder has also been issued to all DMS travel coordinators and p-card coordinators advising that a travel voucher is required for all travel-related p-card purchases.</p> <p>d. To enhance the travel pre-audit process, a new travel expenditures checklist is being developed, is being incorporated into the curriculum for the travel re-training course required of all DMS managers and travel coordinators, and will be fully implemented by March 5, 2007. As a supplemental quality assurance measure, the DMS Bureau of Financial Management is conducting a quarterly, random sample audit of travel vouchers to monitor compliance with DMS policy.</p> <p>e. DMS has re-reviewed all travel sampled for the audit, and as appropriate, DMS staff has reimbursed the State for the expenditures in question. All sampled travel to the Kissimmee/Orlando area was reviewed and verified as official, necessary and authorized state business, prior to travel and upon payment of travel, by the DMS Director of Administration.</p> <p>Updated/Closed 06/18/2007: The issues discussed in the audit report addressed the overriding of existing internal controls by certain Senior Managers to include use of State aircraft, timely preparation and submittal of travel vouchers, and ensuring that travel-related expenditures were necessary and limited to amounts authorized by law. The Department in its original response agreed to certain actions to include travel re-training, development</p>	
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				<p>of a travel expenditures checklist, and revision of position descriptions and performance evaluation requirements for managers to include standards for compliance with established travel policies and procedures. As all exceptions found by the audit review included violation of established laws, rules, Department procedures and other guidelines, the actions proposed did not address the root cause of the problems. Accordingly, many of the actions proposed in the original response are deemed to be unnecessary.</p> <p>However, the Department has taken constructive steps to promote compliance with established travel policies and procedures. The following summarizes the actions DMS is taking:</p> <ul style="list-style-type: none"> a. The Department has added additional language to the travel policies and procedures to include the determination of the most efficient and economical means of travel, evaluation of the cost between state aircraft and commercial aircraft, and that travel by the state aircraft must be designated by the Chief of Staff. b. The Purchasing Card Administrator performs a monthly audit that requires a copy of the travel reimbursement for all travel related p-card expenditures. Travelers are also reminded to submit their reimbursement requests as soon as possible after the travel has occurred. c. A reminder was sent to all purchasing card approvers/reconcilers on January 22, 2007 requiring a travel reimbursement voucher for all travel charges placed on the purchasing card. During the monthly audits of all purchasing card charges the Purchasing Card Administrator ensures that all documentation is provided to ensure 	
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				<p>that there are not travel expenditures charged on the purchasing card without a travel reimbursement and proper authorization.</p> <p>d. Finance and Accounting is auditing more closely and questioning any items listed on the travel reimbursements that are not clearly defined. Any questionable item requires an explanation to be submitted with the travel. This includes those vouchers submitted by Senior Managers. Travel vouchers are not accepted for payment until the vouchers include documentation for any questionable expenses. Voucher deductions are made for any items that are above and beyond the amounts authorized by law.</p> <p>e. The Department has reviewed all travel sampled for the audit, and as appropriate, DMS staff has reimbursed the State for the expenditures in question.</p>	
			<p>Finding 2: For the expenses category, Department transfers of budget authority exceeded the limits established by law by \$23,000 for the Executive Direction and Administration budget entity.</p> <p>Recommendation: The Department should ensure that budget transfers do not exceed the limitations established by law.</p>	<p>Concur: The DMS Office of Planning and Budget has an excellent quality assurance track-record. This error was isolated and was the result of human error. The Executive Office of the Governor, Office of Policy and Budget, has since implemented a Budget Amendment Processing System (BAPS) which electronically calculates the budget balance with each transfer, providing additional safeguards against this type of human error occurring in the future.</p> <p>Updated/Closed 06/18/2007: As stated in our original response, the Executive Office of the Governor, Office of Policy and</p>	

				<p>Budget, has implemented a Budget Amendment Processing System (BAPS) which electronically calculates the budget balance with each transfer, providing additional safeguards against this type of human error occurring in the future.</p>	
			<p>Finding 3: Department procedures did not reasonably ensure that all payments for goods and services were made within the time limits established by law.</p> <p>Recommendation: The Department should enhance its procedures to ensure that vendor payments are processed within the time limits established by law.</p>	<p>Concur: Timely processing of vendor payments is paramount. All DMS budget/finance coordinators were required to participate in a July 2006 budget workshop during which the timely processing of invoices was discussed in detail. To further improve the timely processing of invoices, the DMS Bureau of Financial Management Services is generating a new internal report every 10 days to proactively identify and work aging invoices.</p> <p>Updated/Closed 06/18/2007: The timely processing of payments was discussed in the July 2006 Budget Workshop. In addition, Finance and Accounting is currently reviewing the Aging Invoices Report generated in MyFloridaMarketPlace weekly and notifying the program areas when invoices are five days or older.</p>	
			<p>Finding 4: Contrary to established Department policies and procedures, some time sheets were not timely approved.</p> <p>Recommendation: That the Department comply with established policies and procedures by ensuring that time sheets are timely approved.</p>	<p>Concur: All DMS employees are receiving an electronic, monthly reminder to timely submit their timesheets, and DMS Deputy Secretaries and Directors are provided a monthly report of all outstanding timesheets. In addition, the position description and the performance</p>	

				<p>evaluation requirements for all DMS managers (Bureau Chief/equivalent level and above) are being revised to include standards for compliance with timesheet policies; the update will be complete by March 5, 2007.</p> <p>Updated 06/18/2007: DMS Directors and Deputy Secretaries are provided a monthly report of all outstanding timesheets. Those employees or managers not submitting and/or approving timesheets in a timely manner will be subjected to disciplinary action as applicable. In addition, the continued failure to timely submit and/or approve timesheets will be documented in the employees and/or managers performance appraisals.</p> <p>OIG Position: The OIG will continue to monitor this recommendation over the next six-month period to ensure that the implemented actions have resulted in timesheets being submitted and/or approved in a timely manner.</p> <p>Updated/Closed 12/18/2007: DMS Directors and Deputy Secretaries are provided a monthly report of all outstanding timesheets. Those employees or managers not submitting and/or approving timesheets in a timely manner will be subjected to disciplinary action as applicable. In addition, the continued failure to timely submit and/or approve timesheets will be documented in the employees and/or managers performance appraisals.</p>	
			<p>Finding 5: Justification comments were not provided for some pay-affecting personnel action requests exceeding 5 percent of the employee's current salary or 5 percent of the minimum of the pay band, contrary to Department policies and procedures.</p>		

			<p>Recommendation: That the Department comply with established policies and procedures by ensuring that justification comments are included in pay-affecting PARs that exceed 5 percent of the employee's current salary or 5 percent of the minimum of the pay band.</p>	<p>Concur: To ensure PARs are properly prepared, all DMS managers (Bureau Chief/equivalent level and above) and PAR liaisons are required to complete a personnel policies and procedures re-training course by February 28, 2007. In addition, the position description and the performance evaluation requirements for all DMS managers are being revised to include standards for compliance with established personnel policies and procedures; the update will be complete by March 5, 2007. DMS is also amending its Personnel Action Requests (PARs) routing matrix to require the DMS Office of Planning and Budget and DMS Personnel Office to approve all PARs for new hires and pay actions to ensure inclusion of sufficient hiring/pay justification and compliance with DMS personnel policies and procedures; this update will be complete by March 5, 2007.</p> <p>Updated/Closed 06/18/2007: As in finding number 1, this finding involved the overriding of existing internal controls by Senior Managers. Therefore, actions involving re-training, revision of position descriptions and performance evaluations will not be acted upon. However, all PARs are now being routed to the DMS Office of Planning and Budget and DMS Personnel Office for review and approval.</p>	
			<p>Finding 6: Travel reimbursements for employee commuting, totaling \$6,871, and not authorized for reimbursement pursuant to Section 112.061, Florida Statutes, were paid to an other personal services (OPS) employee.</p> <p>Recommendation: That the Department ensure compliance with applicable laws, rules, and other guidelines relating to employee commuting expenses.</p>	<p>Concur: According to the Department of Financial Services, it is permissible to reimburse an employee for cost of travel from their designated headquarters to Tallahassee, if the employee's designated</p>	

				<p>headquarters is determined and documented, in their position description, to be somewhere other than Tallahassee. To ensure awareness, understanding and adherence with this policy, the travel re-training courses required of all DMS managers (Bureau Chief/equivalent level and above) and travel coordinators by February 28, 2007 will include instruction on this policy. In the case cited, DMS did not properly document the employee's "designated headquarters" as anywhere other than Tallahassee; therefore, the employee reimbursed the State \$6,795.78 for related travel expenses. The \$75.22 balance was not related to this policy, was appropriate and therefore was not subject to reimbursement to the State.</p> <p>Updated/Closed 06/18/2007: As indicated in finding number. 1 and finding number 5, this finding involved the overriding of existing internal controls by Senior Management. Therefore, actions involving retraining, revision of position descriptions and performance evaluations will not be acted upon. All DMS managers and travel coordinators have been instructed to follow established travel procedures. As stated in the original response, the employee in question was required to reimburse the State in the amount of \$6,795.78.</p>	
			<p>Finding 7: The Department did not timely remove Florida Accounting Information Resource Subsystem (FLAIR) access for terminated employees.</p> <p>Recommendation: To provide additional assurances regarding the integrity and security of Department accounting records, we recommend that the Department enhance its procedures to ensure the immediate removal of an employee's FLAIR access upon termination.</p>	<p>Concur: DMS is updating its procedures to require the supervising DMS Director to sign a new separation checklist, acknowledging that access to all the State's systems has been terminated, upon termination of an employee. The personnel policies and procedures re-</p>	

				<p>training course required of all DMS managers (Bureau Chief/equivalent level and above) and PAR coordinators will include instruction on the policy and checklist. The re-training and new checklist will be implemented by March 5, 2007. As a supplemental quality control measure, the DMS Bureau of Financial Management is also conducting a quarterly audit to proactively verify that access to the State's financial systems has been terminated for separated employees.</p> <p>Updated 06/18/2007: A new policy addressing employees separating from the Department has been written and the checklist has been drafted. These policies are currently being reviewed by Senior Management and will be posted by August 1, 2007.</p> <p>Updated 12/18/2007: The policies and procedures regarding employees separating from the Department are still being reviewed by Senior Management. The Director of Administration runs reports regarding terminated employees and the terminated employees are compared to the list of employees with FLAIR access.</p> <p>OIG Position: The OIG will continue to monitor this recommendation until the policies are approved and posted.</p>	
			<p>Finding 8: The Department still cannot identify all costs incurred in connection with the People First and MyFloridaMarketPlace projects.</p> <p>Recommendation: The Department should identify and summarize all costs associated with the People First and MyFloridaMarketPlace projects.</p>	<p>Non-Concur: DMS agrees that a methodology for identifying the costs of state programs is an important measure of success and for making future decisions. DMS has developed a cost methodology and reported the costs of the major</p>	

				<p>elements of People First in response to Auditor General Report 2005-47, including contract appropriations, amendments, COPES costs, agency recurring reductions and other miscellaneous expenses. However, as OPPAGA recognized in Report No 06-39, DMS does not have direct access to individual agency costs and therefore cannot accurately identify enterprise-wide costs associated with People First without authority and resources from the Legislature. Upon direction and allocation of resources from the Legislature, DMS will timely identify and report all People First costs pursuant to the Legislature's directive. Likewise, DMS does not have the authority and resources, but will timely identify and report all MyFloridaMarketplace costs, upon receiving the necessary direction and resources from the Legislature.</p> <p>Updated/Closed 06/18/2007: During the 2007/08 Legislative Session, the Legislature did not direct DMS or allocate resources for DMS to identify enterprise-wide costs associated with People First or MyFloridaMarketPlace. Until such time that the Legislature directs and allocates the required resources, DMS will continue to use the current methodology to capture costs.</p>	
			<p>Finding 9: The Department should determine the steps that can be taken to mitigate People First contract deficiencies. Similar findings were included in our audit report No. 2005-047.</p> <p>Recommendation: The Department should determine the steps that can be taken to mitigate the contract deficiencies noted. Also, the Department should ensure that all outsourcing contracts have complete and clearly defined clauses and include terms that protect State records and data. Further, the Department should</p>	<p>Concur: DMS has been actively working over the last 18 months to mitigate the contract deficiencies cited by the Auditor General. The business process requiring subcontractor background checks was implemented in October 2005. The</p>	

			<p>consider whether contract amendments or other action may be needed to address any issues that may be disclosed by the independent review.</p>	<p>business process requiring DMS consent over subcontractors was implemented in September 2006. DMS is working cooperatively with the Attorney General to codify both of these provisions, in addition to the definition of material obligation/event of default and a number of other contractual issues, through a contract amendment that is subject to ongoing mediation with the contractor. The records retention schedule is set by the Department of State; the current contract already requires compliance with all state laws and therefore requires compliance with the schedule set by the Department of State.</p> <p>Updated 06/18/2007: The negotiations between DMS and Convergys are continuing. Although a complete agreement has not been reached to date, progress has been made. Subcontractor approval and background checks were not part of the original terms. Although Convergys has been informally cooperative with both subcontractor approval and background checks, these processes have not to date been incorporated into a specific contractual amendment. This entire contract, including the terms identified as deficient in the prior audit, remain the subject of multiple mediation sessions. This contract is now on its tenth contemplated amendment and cannot be amended without the cooperation and consent of both DMS and Convergys. If a term was not included in the original contract, or an earlier amendment, one party cannot amend a specific term alone. Efforts are continuing in cooperation with the Attorney General's office. At this time, no specific completion date can be estimated.</p> <p>Updated 12/18/2007: The negotiations</p>	
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				<p>between DMS and Convergys are still continuing.</p> <p>OIG Position: The OIG will continue to monitor this recommendation until the negotiations are complete.</p> <p>Updated 5/28/08: Amendment 10 was officially signed on May 28, 2008. The OIG is in the process of reviewing Amendment 10 to verify that all required changes were included.</p>	
			<p>Finding 10: In audit report No. 2005-035, we reported that at least \$411,150 related to the Motor Vehicle Operating Trust Fund had not been properly received and accounted for by the Department. In addition, we described some internal control deficiencies relating to the duties of the Property Administrator. Although the Department has implemented some procedures to strengthen accountability over the surplus motor vehicle auction function, additional enhancements are needed to ensure a proper accounting of auction proceeds.</p> <p>Recommendation: A supervisor review of the Property Administrator's work should be immediately implemented. In addition, the Bureau of Financial Management Services should complete reconciliations of all motor vehicle sales conducted from October 2004 through January 2006.</p>	<p>Concur: DMS has implemented an aggressive series of internal controls over the surplus motor vehicle and equipment auction process. Actions include:</p> <ul style="list-style-type: none"> ● Separation of duties ● Reconciliations of auction proceeds by the Bureau of Motor Vehicles and Watercraft Management ● Reconciliations of auction proceeds by the Bureau of Financial Management Services ● Electronic transmission of auction proceeds ● Restrictive endorsement of proceeds not received electronically. <p>The audit did not identify any breeches in the process or facts to support the need for additional supervisory review; however, in the future, periodic supervisory reviews</p>	

				<p>will be conducted to verify the accuracy of reconciliations.</p> <p>Reconciliations of motor vehicle sales were conducted for October 2004 through January 2006 by the DMS Bureau of Motor Vehicles and Watercraft Management; however, the DMS Bureau of Financial Management Services will conduct reconciliations of selected vehicle auctions for the same period to ensure the accuracy of the reconciliations previously performed by the Bureau.</p> <p>Updated/Closed 06/18/2007: Reconciliations were conducted on selected auctions for the period between October 2004 and January 2006. The audits did not identify any major errors in the processes.</p>	
<p>Auditor General Report No. 2007-146</p> <p>Dated: 03/20/2007</p>	06/30/2006	<p>Division of Administration – Bureau of Financial Management</p>	<p><u>Compliance and Internal Controls Over Financial Reporting and Federal Awards</u></p> <p>Finding: FDMS procedures over financial reporting did not ensure that transactions for the Pension and Other Employee Benefits Trust Funds (Pension Fund) were properly reported.</p> <p>Recommendation: We recommend that FDMS enhance its procedures over financial reporting to ensure that account classifications are reviewed for accuracy at year-end.</p>	<p>Concur: The Department will update the policies and procedures of financial reporting to include a review of account classifications at year-end by February 28, 2007.</p> <p>Updated 09/20/2007: On June 7, 2007, the Department of Management Services, Bureau of Financial Management Services updated its policies and procedures for year-end accounting to include a complete listing of the fiduciary funds general ledger codes. In addition, the Florida Department of Financial Services established a new set of indicators for fiduciary funds in the</p>	

				<p>Florida Accounting Information Resource system. Both of these actions should ensure that fiduciary funds are properly reported at year end.</p> <p>OIG Position: We agree that the actions taken by the Division should resolve this issue. However, we recommend that this finding and recommendation remain open until the Auditor General has completed its review of the financial statements for the 2006-2007 Fiscal Year.</p> <p>Updated 3/24/08: This finding was repeated in the financial statement review for Fiscal Year 2006-2007. Therefore, this finding is superseded by the finding in Report 2008-141, below.</p>	
<p>Auditor General Report No. 2008-141</p> <p>Dated: 03/24/08</p>	6/30/2007	<p>Division of Administration – Bureau of Financial Management</p>	<p><u>Compliance and Internal Controls over Financial Reporting and Federal Awards</u></p> <p>Finding: FDMS procedures over financial reporting did not ensure that investment balances, by type, were properly reported in the financial statements of the Pension and Other Employee Benefits Trust Funds.</p> <p>Recommendation: We recommend that FDMS implement procedures to ensure that investment type classifications are independently reviewed for accuracy.</p>	<p>Concur: FDMS will revise its current procedures to ensure that investment type classifications are independently reviewed for accuracy. The procedures are being revised to require that (1) the Chief of FMS input all entries related to Fiduciary Investments and (2) the Professional Accountant Supervisor review all entries against the Fiduciary Fund General Ledger Matrix to ensure proper classification.</p> <p>The OIG is scheduled to conduct a follow-up review of the status of implementation of this recommendation in Fiscal Year 2008-09.</p>	
			<p>Finding: FDMS did not properly classify net assets in accordance with generally accepted accounting</p>		

			principles (GAAP). Recommendation: FDMS should revise its procedures to ensure that the calculation of Invested in capital assets, net of related debt, includes the impact of significant unspent related debt proceeds.	Concur: FDMS will revise its procedures to ensure that the calculation of "Invested in capital assets, net of related debt: includes the impact of significant unspent related debt proceeds. The OIG is scheduled to conduct a follow-up review of the status of implementation of this recommendation in Fiscal Year 2008-09.	
Internal Audit Report # 2007-25 Dated: 05/17/2007	07/31/2006	Department Wide	<u>Audit of Property Accountability</u> Findings 1 & 2: Department managers did not delegate custody of property in accordance with Rules of the Auditor General, Department of Financial Services and Department procedures. Consequently, property custodians were not assigned, or if assigned were not informed they were accountable for property. Annual physical inventories were not completed timely and discrepancies that existed between the inventories and the property records were not reconciled. Moreover, procedures for the transfer of property between organizations and surplus of property were not followed. This resulted in loss of control over Department assets and increased the probability that property has been misplaced, lost, or stolen. Recommendation 1: We recommend that the Department conduct a complete physical inventory of all property items and reconcile all items not accounted for in accordance with the Rules of the Auditor General and Department policies and procedures.	The Department will work with the Division Directors and their Division Delegates to ensure that we comply with property policies and procedures. This will entail the following actions: <ul style="list-style-type: none">• Maintaining a current delegate list• Provide the necessary training to all delegates and managers, and Ensure that the Property Administrator is adhering to the department property rules. Updated 8/31/08: The OIG is currently	

				conducting a follow-up audit. The follow-up should be completed by December 2008.	
			Recommendation 2: We recommend that the Secretary consider delegating custodianship of property to Division Directors in a formal letter which assigns personal responsibility for management of State property.	The Department agrees. Updated 8/31/08: The OIG is currently conducting a follow-up audit. The follow-up should be completed by December 2008.	
			Recommendation 3: We recommend that: <ul style="list-style-type: none"> • Division Directors be required to designate Custodian Delegates in accordance with Department policies and procedures, • In those instances where Custodian Delegates are not correctly designated, Division Directors be held responsible for property accountability, and • Upon the appointment of new Custodian Delegates, property inventories be conducted in accordance with Department policies and procedures and that the Property Administrator be notified of the status of the inventory. 	The Department will work with the Division Directors and their Division Delegates to ensure that we comply with property policies and procedures. This will entail the following actions: <ul style="list-style-type: none"> • Maintaining a current delegate list • Provide the necessary training to all delegates and managers, and • Ensure that the Property Administrator is adhering to the department property rules. Updated 8/31/08: The OIG is currently conducting a follow-up audit. The follow-up should be completed by December 2008.	
			Recommendation 4: We recommend that the Property Administrator be responsible for: <ul style="list-style-type: none"> • Continually reviewing the Property Custodians List and coordinating with the Divisions to ensure that the list is current and correct and for notifying the Property Accountant of changes to the list and • Notify Division Directors whenever a newly appointed delegate fails to complete an initial physical inventory within two weeks of the delegate's appointment. 	The Department will work with the Division Directors and their Division Delegates to ensure that we comply with property policies and procedures. This will entail the following actions: <ul style="list-style-type: none"> • Maintaining a current delegate list • Provide the necessary training to all delegates and managers, and • Ensure that the Property Administrator is adhering to the department property rules. Updated 8/31/08: The OIG is currently conducting a follow-up audit. The follow-up should be completed by December 2008.	

			<p>Recommendation 5: We recommend that Department procedures be amended to include procedures for delegating custody of Department property to private vendors and their responsibilities for control of same.</p>	<p>The Department will update the policy and procedures to address the delegating of custody of property to private vendors. Private vendors will be required to follow the Department’s policy and procedures.</p> <p>Updated 8/31/08: The OIG is currently conducting a follow-up audit. The follow-up should be completed by December 2008.</p>
			<p>Recommendation 6: We recommend that training on the duties and responsibilities of property custodianship be provided for Department Managers and Custodian’s Delegates. At a minimum, the training should include procedures and requirements for:</p> <ul style="list-style-type: none"> • Delegating the use and control of property to Custodian’s Delegates in writing, • Notifying the Property Administrator of the designation of new Custodian’s Delegates, • Conducting initial physical inventories when new Delegates are appointed, • Conducting an annual physical inventory, and • Transfer and surplus of property. 	<p>The Department will work with the Division Directors and their Division Delegates to ensure that we comply with property policies and procedures. This will entail the following actions:</p> <ul style="list-style-type: none"> • Maintaining a current delegate list • Provide the necessary training to all delegates and managers, and • Ensure that the Property Administrator is adhering to the department property rules. <p>Updated 8/31/08: The OIG is currently conducting a follow-up audit. The follow-up should be completed by December 2008.</p>
			<p>Recommendation 7: We recommend that:</p> <ul style="list-style-type: none"> • The Property Administrator be trained in his/her job duties as well as State Statutes, Florida Administrative Code and the Department policies and procedures, and • The Property Administrator’s supervisor be required to monitor and enforce the duties of the position. 	<p>The Department will work with the Division Directors and their Division Delegates to ensure that we comply with property policies and procedures. This will entail the following actions:</p> <ul style="list-style-type: none"> • Maintaining a current delegate list • Provide the necessary training to all delegates and managers, and • Ensure that the Property Administrator is adhering to the department property rules. <p>Updated 8/31/08: The OIG is currently conducting a follow-up audit. The follow-up should be completed by December</p>

				2008.	
			<p>Recommendation 8: We recommend that Desktop Support be required to contact the appropriate Custodian Delegate prior to moving and/or replacing any computer or computer related equipment.</p>	<p>Desktop support will provide to Finance and Accounting a spreadsheet of computer equipment moved and placed into service on a monthly basis.</p> <p>Updated 8/31/08: The OIG is currently conducting a follow-up audit. The follow-up should be completed by December 2008.</p>	
			<p>Recommendation 9: We recommend that:</p> <ul style="list-style-type: none"> • Division Directors and Custodian’s Delegates be provided written notification of the planned annual inventory completion date, • The Secretary or Secretary’s designee be advised whenever a Division Director fails to submit the annual inventory by the close of the established completion date, and • At the conclusion of the Department’s annual inventory, the Director of Administration be provided with a summary report of missing items and subsequent reports on the status of the missing items until such time as the status of the items are resolved. 	<p>The Department will work with the Division Directors and their Division Delegates to ensure that we comply with property policies and procedures. This will entail the following actions:</p> <ul style="list-style-type: none"> • Maintaining a current delegate list • Provide the necessary training to all delegates and managers, and • Ensure that the Property Administrator is adhering to the department property. <p>Updated 8/31/08: The OIG is currently conducting a follow-up audit. The follow-up should be completed by December 2008.</p>	
			<p>Recommendation 10: We recommend that:</p> <ul style="list-style-type: none"> • Budget liaison personnel within the divisions be responsible for notifying the Property Administrator of the purchase of property items meeting the definition and description of attractive items prescribed by Department policies and procedures and • Training in this area be provided during the Annual Planning and Budget Workshop. 	<p>Budget liaison personnel will provide supporting documentation for any property item purchased with a non 51xxx object code.</p> <p>Updated 8/31/08: The OIG is currently conducting a follow-up audit. The follow-up should be completed by December 2008.</p>	

			<p>Recommendation 11: We recommend that the Bureau of Finance and Accounting remove those prefix codes currently assigned for each item of property in the property sub-system and discontinue adding prefix codes to identify property items in the future.</p>	<p>All property prefixes were removed from the property records to allow for matching between the bar codes read by the scanners and the data in FLAIR.</p> <p>Updated 8/31/08: The OIG is currently conducting a follow-up audit. The follow-up should be completed by December 2008.</p>	
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FISCAL YEAR 2009-10

**STATE EMPLOYEE
LEASING - BBIB**

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

**STATE EMPLOYEE
LEASING - BBIB**

SCHEDULE I SERIES

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

Administrative Trust Fund (2021) Revenue Estimates Methodology:

The revenues for 72010100 and 72010300 are based on the appropriations amount less the cash amount in the fund at July 1, 20XX.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72010300 State Employee Leasing Program
Fund: 2021 Administrative Trust

Specific Authority: Ch. 288.901(2), F.S.
Purpose of Fees Collected: Provides a lease agreement program that allows Enterprise Florida, Inc., to hire persons who, as of June 30, 1996, are employed by Department of Commerce or who, as of January 1, 1997, are employed by the Executive Office of the Governor (specifically the Workforce Development Board). Also provides a lease agreement program with FL BBIB, Inc., to hire persons who, as of June 30, 2002, are employed by BBIB.

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II .)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
<u>SECTION I - FEE COLLECTION</u>	ACTUAL	ESTIMATED	REQUEST	
	FY 2007-08	FY 2008-09	FY 2009-10	
Receipts:				
<u>Reimbursement from Enterprise</u>	354,605	417,234	420,887	
<u>Reimbursement from BBIB</u>	69,287	69,287	69,287	
Total Fee Collection to Line (1) - Section III	423,892	486,521	490,174	

<u>SECTION II - FULL COSTS</u>				
Direct Costs:				
<u>Salaries and Benefits</u>	417,973	480,598	484,251	
<u>HR Statewide Contract</u>	1,907	1,907	1,907	
Indirect Costs Charged to Trust Fund:				
<u>Transfer to 2021-Admin.Assess.Fee</u>	5,271	4,016	4,016	
<u>Reserve for Pay Package</u>				
Total Full Costs to Line (2) - Section III	425,151	486,521	490,174	

Basis Used: Accrual

<u>SECTION III - SUMMARY</u>				
TOTAL SECTION I	(A)	423,892	486,521	490,174
TOTAL SECTION II	(B)	425,151	486,521	490,174
TOTAL - Surplus/Deficit	(C)	(1,259)	-	-

EXPLANATION:
Negative balances are offset by cash balance carried forward (See Schedule I)

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72010300 State Employee Leasing Program
Fund: 2021 Administrative Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE -STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Reimbursements from EFI & BBIB	0		
TOTALS*	-	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	ADMINISTRATIVE TRUST
LAS/PBS Fund Number:	STATE EMPLOYEE LEASING (72010300)
	2021

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	2,592 (A)		
ADD: Other Cash (See Instructions)			
ADD: Investments			
ADD: Outstanding Accounts Receivable	0 (D)		
ADD: _____			
Total Cash plus Accounts Receivable	2,592 (F)		
LESS Allowances for Uncollectibles			
LESS Approved "A" Certified Forwards	2,592 (H)		
Approved "B" Certified Forwards			
Approved "FCO" Certified Forwards			
LESS: Other Accounts Payable (Nonoperating)			
LESS: Other Accounts Payable			
Unreserved Fund Balance, 07/01/08	0 (K)		**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.



FISCAL YEAR 2009-10

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

**FACILITIES
MANAGEMENT**

SCHEDULE I SERIES

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

Supervision Trust Fund (2696) Revenue Estimates Methodology:

Rental Revenues are estimated by taking the total space available for each of the four space types in each of the Department of Management Services (DMS) managed facilities. The four space types include: 1. Full Service Office, 2. Non-Full Service Office, 3. Conditioned Storage and 4. Non-Conditioned Storage. It then takes into account the amount of currently vacant space as well as any additional planned or projected vacancies or occupancies within the revenue estimating period. After these factors are taken into consideration, a weighted occupancy figure is developed for each space type in each facility. These weighted occupancy square footages are then multiplied, by the uniform rental rate charged for each space type.

Parking Revenues are estimated based on historical collections. Since there has been no change in the fee structure or the inclusion of additional facilities, this provides an accurate estimate.

Central Maintenance Facility revenues are estimated based on historical collections. This small income stream is generated by work performed for and billed to other agencies. These collections should remain relatively stable.

Utility Collections revenues are estimated based on historical collections. This is for the sale of utilities to other state agencies. These collections should remain relatively stable.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEES AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72400100 Facilities Management
Fund: 2225 Fl. Facilities Pool WCTF
Specific Authority: 255.503, F.S.
Purpose of Fees Collected: Used for Florida Facilities Pool Capital Projects not funded by a specific bond issue.

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

SECTION I - FEE COLLECTION	ACTUAL FY 2007-08	ESTIMATED FY 2008-09	REQUEST FY 2009-10
Receipts:			
Interest Earnings	276,896	300,000	325,000
Transfers from Debt Svc (313001)	500,000	650,000	650,000
Transfer in from other Agency		5,500,000	
Total Fee Collection to Line (A) - Section III	776,896	6,450,000	975,000

SECTION II - FULL COSTS			
Direct Costs:			
Salaries and Benefits			
Other Personal Services			
Expenses			
Operating Capital Outlay			
Fixed Capital Outlay - CCOC - DCA	-	5,500,000	-
Capitol Complex Security			-
Indirect Costs Charged to Trust Fund:			
SWFS Post Closing Adj @ 6/30/????		-	-
Transfer to GR - 7.3% Service Charge	17,202	21,900	23,725
Transfer from Fac Pool Clrg TF (2313)	-	-	-
Total Full Costs to Line (B) - Section III	17,202	5,521,900	23,725

Basis Used: Accrual

SECTION III - SUMMARY				
TOTAL SECTION I	(A)	776,896	6,450,000	975,000
TOTAL SECTION II	(B)	17,202	5,521,900	23,725
TOTAL - Surplus/Deficit	(C)	759,694	928,100	951,275

EXPLANATION:
 Negative balances are offset by cash balance carried forward (See Schedule I)

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72400100 Facilities Management
Fund: 2313 Florida Facilities Pool Clearing Trust
Specific Authority: 255.251, F.S.
Purpose of Fees Collected: Used to satisfy debt service requirements, capital depreciation, and to transfer to the Div.of Fac.Mgmt. to cover cost of operations and maintenance

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION		ACTUAL	ESTIMATED	REQUEST
		FY 2007-08	FY 2008-09	FY 2009-10
Receipts:				
Office Space-State		94,608,687	92,191,816	92,684,025
Interest Earnings		1,233,284	675,000	675,000
Total Fee Collection to Line (1) - Section III		95,841,971	92,866,816	93,359,025

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits				
Other Personal Services				
Expenses				
Operating Capital Outlay				
Fixed Capital Outlay (Debt Service)		29,955,834	29,880,237	29,949,943

Indirect Costs Charged to Trust Fund:

Payments to SBA-Capital Deprec.Resv.		5,578,089	2,800,000	7,713,227
Payments to SBA-Operations/Maint.		59,340,978	59,512,579	55,020,855
Pymts to SBA-Cap Dep.Resv.-Interest E		-	-	-
Transfer to Facilities Wkg Capital TF (22)		500,000	650,000	650,000
FCO Expenditure not on Schedule1				
Adjustment to CFO Beg Bal		40,429,442		

Total Full Costs to Line (2) - Section III		135,804,343	92,842,816	93,334,025
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Basis Used:

Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	95,841,971	92,866,816	93,359,025
TOTAL SECTION II	(B)	135,804,343	92,842,816	93,334,025
TOTAL - Surplus/Deficit	(C)	(39,962,372)	24,000	25,000

EXPLANATION:

Negative balance is offset by cash balance carried forward

SCHEDULE 1A: DETAIL OF FEES AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72400100 Facilities Management
Fund: 2339 Grants & Donations Trust
Specific Authority: Cash residual from construction of facility
Purpose of Fees Collected: Various

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

SECTION I - FEE COLLECTION

	ACTUAL FY 2007-08	ESTIMATED FY 2008-09	REQUEST FY 2009-10
Receipts:			
<u>Transfer In for Tenant Improvements</u>	-		
<u>Interest Earnings</u>	58,325		
Total Fee Collection to Line (A) - Section III	58,325	-	-

SECTION II - FULL COSTS

Direct Costs:

<u>S.C.:Master Lease Space Tenant Imprv.</u>	-		
<u>Indirect Costs Charged to Trust Fund:</u>			
<u>Transfer to 72400100-2510</u>	10,063,173	-	-
<u>Certified Forward Reversions @ 9/30/07</u>	(979)	-	
<u>Trans to GR - 7.3% Service Charge</u>			
Total Full Costs to Line (B) - Section III	10,062,193	-	-

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	58,325	-	-
TOTAL SECTION II	(B)	10,062,193	-	-
TOTAL - Surplus/Deficit	(C)	(10,003,868)	-	-

EXPLANATION:

Negative balances are offset by cash balance carried forward (See Schedule I)
See Fund 2510 for Request FY 2007-08 Information

SCHEDULE 1A: DETAIL OF FEES AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72400100 Facilities Management
Fund: 2495 Public Facilities Fin TF
Specific Authority: 255.518, F.S.
Purpose of Fees Collected: Receives bond proceeds from sale of bond issues. Used for construction of DMS facilities.

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

SECTION I - FEE COLLECTION	ACTUAL FY 2007-08	ESTIMATED FY 2008-09	REQUEST FY 2009-10
Receipts:			
Interest Earnings	5,770,310	3,000,000	1,000,000
Bond Proceeds	-	33,500,000	
Total Fee Collection to Line (A) - Section I	5,770,310	36,500,000	1,000,000

SECTION II - FULL COSTS			
Direct Costs:			
Salaries and Benefits			
Other Personal Services			
Expenses			
Operating Capital Outlay			
Fixed Capital Outlay	43,500,000	34,700,000	
Indirect Costs Charged to Trust Fund:			
FCO Expenditures on Sch I not Expended	(42,373,249)		
FCO Expenditures not on Schedule 1	1,253,936		
FCO Appropriation Certified Forward	103,844,050		
Payment to SBA - 310229	143,568		
PPM/CPC Activity in Fund	18,859,534		
Total Full Costs to Line (B) - Section II	125,227,838	34,700,000	-

Basis Used: Accrual

SECTION III - SUMMARY				
TOTAL SECTION I	(A)	5,770,310	36,500,000	1,000,000
TOTAL SECTION II	(B)	125,227,838	34,700,000	-
TOTAL - Surplus/Deficit	(C)	(119,457,528)	1,800,000	1,000,000

EXPLANATION:
Negative balance is offset by cash balance brought forward (See Schedule I)

SCHEDULE 1A: DETAIL OF FEES AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72400100 Facilities Management
Fund: 2510 Operating Trust
Specific Authority: 2006-79 Laws of Florida
Purpose of Fees Collected: Various

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II .)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

<u>SECTION I - FEE COLLECTION</u>	ACTUAL	ESTIMATED	REQUEST
	FY 2007-08	FY 2008-09	FY 2009-10

Receipts:

Transfer In for Tenant Improvements	1,132,589	362,324	
Interest Earnings	24,295	387,906	325,000
Total Fee Collection to Line (A) - Section III	1,156,884	750,230	325,000

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits			
Other Personal Services			
Expenses			
Operating Capital Outlay			
S.C.:Master Lease Space Tenant Imprv.	1,461,414	929,367	929,367
S.C.:Tenant Broker Commissions	1,132,586		-

Indirect Costs Charged to Trust Fund:

Transfer from 72400100-2339	(10,063,173)	-	
S.C.:Tenant Broker Commissions- Bud Ame		362,324	
Trans to GR - 7.3% Service Charge	5,916	28,317	23,725
Total Full Costs to Line (B) - Section III	(7,463,257)	1,320,008	953,092

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	1,156,884	750,230	325,000
TOTAL SECTION II	(B)	(7,463,257)	1,320,008	953,092
TOTAL - Surplus/Deficit	(C)	8,620,141	(569,778)	(628,092)

EXPLANATION:

Negative balances are offset by cash balance carried forward (See Schedule I)
 See 2339 for Actual FY 2005-06 and Estimated FY 2006-07 Information

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72400100 Facilities Management
Fund: 2696 Supervision Trust
Specific Authority: 255, F.S.
Purpose of Fees Collected: To provide funds for the operation, maintenance, parking, security, and administration of state-owned facilities controlled by the Department of Management Services.

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL	ESTIMATED	REQUEST	
	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10	
Receipts:				
SEE ATTACHED LISTING				
Total Fee Collection to Line (1) - Section III	68,245,045	63,892,026	69,555,652	

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits	13,803,293	13,702,187	13,748,658
Other Personal Services	36,028	17,000	17,000
Expenses	5,063,915	4,808,809	4,851,146
Operating Capital Outlay	200,680	76,800	79,800
Transfer to FDLE-Capitol Police	5,940,665	5,895,913	5,970,155
Contracted Services	7,340,431	9,012,457	8,879,743
DMS/Facilities Security	1,188,623	1,196,254	1,196,254
Interior Reburishment / Lease	1,313,164	1,346,849	1,344,170
Risk Management Insurance	316,868	234,011	234,011
State Utility Payments	21,355,000	22,144,359	23,304,592
Capitol Repairs	49,934	50,000	50,000
Deferred-Pay Com Contracts	-		568,395
HR Statewide Contract	118,666	118,666	116,661
Data Processing-STO	365,165	397,798	185,161
Fixed Capital Outlay	5,745,344	2,800,000	7,713,227

Indirect Costs Charged to Trust Fund:

TR/DMS Administrative Trust Fund	2,236,166	2,388,646	2,388,646
FCO Certified Forward			
TR to GR - 7.3% Service Charge	81,103	74,665	74,665
Refunds	20,029		
B/A EOG B0209 Decrease DP-STO		(159,478)	
Cert. Forward Reversions @ 12/30/07			
6/30/2007 Comp Leave Liability in Beg Bal	(457,719)		
Cert. Forward Reversions @ 9/30/07	(75,846)	-	
6/30/2007 CF B paid	69,640	-	
Adj to FCO for Actual Expend VS Bgt.	2,339,840		
Prior Year FCO Accounts Payables Deleted	-		
Reserve for Pay Package			-

Total Full Costs to Line (2) - Section III	67,050,989	64,104,936	70,722,284
---	-------------------	-------------------	-------------------

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	68,245,045	63,892,026	69,555,652
TOTAL SECTION II	(B)	67,050,989	64,104,936	70,722,284
TOTAL - Surplus/Deficit	(C)	1,194,056	(212,910)	(1,166,632)

EXPLANATION:

Negative balances are offset by cash balance carried forward (See Schedule I)

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72400100 Facilities Management
Fund: 2696 Supervision Trust

Specific Authority: 255, F.S.
Purpose of Fees Collected: To provide funds for the operation, maintenance, parking, security, and administration of state-owned facilities controlled by the Department of Management Services.

(1)	(2)	(3)	(4)
<u>SECTION I - FEE COLLECTION</u>	ACTUAL	ESTIMATED	REQUEST
	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
<u>Receipts:</u>			
<u>Transfer from SBA - O&M</u>	57,035,404	59,511,579	55,020,855
<u>Transfer from SBA-Cap. Dep.</u>	9,588,478	2,800,000	7,713,227
<u>Transfer from SBA-Cap. Dep. for Backlog</u>		-	
<u>Projected Rental Rate Increase</u>			
<u>Central Maintenance Facility</u>	3,383	3,400	3,400
<u>Interest Earnings-Oper & Maint</u>	452,376	450,000	450,000
<u>Utility Collections & Landscaping</u>	302,085	302,000	302,000
<u>Misc.Services-Build.Tenants</u>	10,531	10,500	10,500
<u>Rental Receipts</u>	31,370	31,370	31,370
<u>Transfer from SBA to use Cash Balance</u>			4,500,000
<u>Reimbursements & Refunds</u>	38,241		
<u>Projected Rental Rate Increase</u>	-		741,123
<u>Paid Parking Fees-State Agencies</u>	185,814	185,814	185,814
<u>Paid Parking Fees-Employees</u>	597,363	597,363	597,363
Total Fee Collection to Line (1) - Section III	68,245,045	63,892,026	69,555,652

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72400100 Facilities Management
Fund: 2225 Fl. Facilities Pool WCTF

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Bond Insurance Premiums	5,740,971		
TOTALS*	5,740,971	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72400100 Facilities Management
Fund: 2313 Florida Facilities Pool Clearing Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Rental-Office Space-State	281,641		
TOTALS*	281,641	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72400100 Facilities Management
Fund: 2339 Grants & Donations Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Transfer from Monroe County	-		
TOTALS*	-	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72400100 Facilities Management
Fund: 2495 Public Facilities Fin Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Bond Proceeds & Interest Earnings	3,664,172		
TOTALS*	3,664,172	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009-10

Department: 72 Management Services
Budget Entity: 72400100 Facilities Management
Fund: 2510 Operating Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Transfer from Monroe County	8,620,141		
TOTALS*	8,620,141	-	-

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72400100 Facilities Management
Fund: 2696 Supervision Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Rental Fees	1,429,800		
<u>FUNDING SOURCE-NON-STATE</u>			
TOTALS*	1,429,800	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009-2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	FL FAC POOL WCTF
LAS/PBS Fund Number:	FACILITIES MANAGEMENT (72400100)
	2225

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	510,585 (A)		
ADD: Other Cash (See Instructions)			
ADD: Investments	5,219,180 (C)		
ADD: Outstanding Accounts Receivable	15,514 (D)		
ADD: _____			
Total Cash plus Accounts Receivable	5,745,279 (F)		
LESS Allowances for Uncollectibles			
LESS Approved "A" Certified Forwards			
Approved "B" Certified Forwards			
Approved "FCO" Certified Forwards			
LESS: Other Accounts Payable (Nonoperating)	4,308 (I)		
LESS: <u>Other Accounts Payable</u>	0 (J)		
Unreserved Fund Balance, 07/01/08	5,740,971 (K)		**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	FL FAC POOL CLEARING TRUST
LAS/PBS Fund Number:	FACILITIES MANAGEMENT (72400100)
	2313

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	424,685 (A)		424,685
ADD: Other Cash (See Instructions)	830 (B)		830
ADD: Investments	26,688,325 (C)		26,688,325
ADD: Outstanding Accounts Receivable	135,297 (D)	-	135,297
ADD: _____			0
Total Cash plus Accounts Receivable	27,249,137 (F)	0	27,249,137
LESS Unearned Revenue	425,067 (G)		425,067
LESS Approved "A" Certified Forwards			0
Approved "B" Certified Forwards			0
Capital Depreciation-Restricted Asset			0
LESS: Other Accounts Payable (Debt Service)	26,542,429 (I)		26,542,429
LESS: <u>Other Accounts Payable</u>	0 (J)		0
Unreserved Fund Balance, 07/01/08	281,641 (K)	0	281,641**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

Office of Policy and Budget - July 2008

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SERVICES
Trust Fund Title:	GRANTS & DONATIONS TRUST
Budget Entity:	FACILITIES MANAGEMENT (72400100)
LAS/PBS Fund Number:	2339

	Balance as of 6/30/2008		SWFS* Adjustments		Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	0	(A)			
ADD: Other Cash (See Instructions)		(B)			
ADD: Investments	0	(C)			
ADD: Outstanding Accounts Receivable	0	(D)			
ADD: _____		(E)			
Total Cash plus Accounts Receivable	0	(F)			
LESS Allowances for Uncollectibles		(G)			
LESS Approved "A" Certified Forwards		(H)			
Approved "B" Certified Forwards	0	(H)			
Approved "FCO" Certified Forwards		(H)			
LESS: Other Accounts Payable (Non Operating)	0	(I)			
LESS: <u>Other Accounts Payable</u>	0	(J)			
Unreserved Fund Balance, 07/01/08	0	(K)			**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SERVICES
Trust Fund Title:	PUBLIC FACILITIES FINANCING TRUST
Budget Entity:	FACILITIES MANAGEMENT (72400100)
LAS/PBS Fund Number:	2495

	Balance as of 6/30/2008		SWFS* Adjustments		Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	0	(A)			
ADD: Other Cash (See Instructions)		(B)			
ADD: Investments	107,200,048	(C)			
ADD: Outstanding Accounts Receivable	318,901.19	(D)			
ADD: _____		(E)			
Total Cash plus Accounts Receivable	107,518,949	(F)			
LESS Allowances for Uncollectibles		(G)			
LESS Approved "A" Certified Forwards		(H)			
Approved "B" Certified Forwards		(H)			
Approved "FCO" Certified Forwards	103,844,050	(H)			
LESS: Other Accounts Payable (Non Operating)	10,728	(I)			
LESS: <u>Other Accounts Payable</u>		(J)			
Unreserved Fund Balance, 07/01/08	3,664,171	(K)			**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	OPERATING TRUST
LAS/PBS Fund Number:	FACILITIES MANAGEMENT (72400100)
	2510

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	8,680,180		
ADD: Other Cash (See Instructions)		(B)	
ADD: Investments	522,793	(C)	
ADD: Outstanding Accounts Receivable	1,554	(D)	
ADD: _____		(E)	
Total Cash plus Accounts Receivable	9,204,527	(F)	
LESS Allowances for Uncollectibles		(G)	
LESS Approved "A" Certified Forwards		(H)	
Approved "B" Certified Forwards	583,814	(H)	
Approved "FCO" Certified Forwards		(H)	
LESS: Other Accounts Payable (Non Operating)	571	(I)	
LESS: <u>Other Accounts Payable</u>		(J)	
Unreserved Fund Balance, 07/01/08	8,620,141	(K)	**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	SUPERVISION TRUST
LAS/PBS Fund Number:	FACILITIES MANAGEMENT (72400100)
	2696

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	436,607 (A)	0	436,607
ADD: Other Cash (See Instructions)	0 (B)	0	0
ADD: Investments	5,583,635 (C)	0	5,583,635
ADD: Outstanding Accounts Receivable	2,165,285 (D)	0	2,165,285
ADD: <u>Restricted Investments at Cost, SBA</u>	8,593,597 (E)	0	8,593,597
Total Cash plus Accounts Receivable	16,779,124 (F)	0	16,779,124
LESS Allowances for Uncollectibles	0 (G)	0	0
LESS Approved "A" Certified Forwards	2,651,192 (H)	0	2,651,192
Approved "B" Certified Forwards	91,881 (H)	0	91,881
Approved "FCO" Certified Forwards	8,593,597 (H)	0	8,593,597
LESS: Other Accounts Payable (Non Operating)	1,207,009 (I)	0	1,207,009
LESS: Other Accounts Payable	0	0	0
LESS: <u>Deferred Revenue</u>	2,805,645 (J)	0	2,805,645
Unreserved Fund Balance, 07/01/08	1,429,800 (K)	0	1,429,800**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	<u>720000 MANAGEMENT SERVICES</u>
Trust Fund Title:	<u>Florida Facilities Pool Working Capital Trust Fund</u>
LAS/PBS Fund Number:	<u>2225</u>

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08	<input type="text" value="5,740,971"/> (A)
---	--

Add/Subtract:

Compensated Leave Liability in FLAIR Not on Schedule 1C	<input type="text" value="0.00"/> (B)
--	---------------------------------------

Certified Forward B recored on Schedule 1C Not Recorded in FLAIR	<input type="text" value="0"/>
---	--------------------------------

Other Adjustment(s):

Statewide Post Closing adjustment to Accounts Receivable	<input type="text"/>
--	----------------------

<input type="text"/>	(C)
----------------------	-----

ADJUSTED BEGINNING TRIAL BALANCE:	<input type="text" value="5,740,971"/> (D)
--	--

UNRESERVED FUND BALANCE, SCHEDULE IC	<input type="text" value="5,740,971"/> (E)
---	--

DIFFERENCE:	<input type="text" value="0"/> (F)*
--------------------	-------------------------------------

***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: Florida Facilities Pool Clearing Trust Fund
LAS/PBS Fund Number: 2313

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 **51,384,826.34** (A)

Add/Subtract:

The Florida Facilities Pool Trust Fund unencumbered cash balance will not equal the retained earnings unreserved in FLAIR because bond liabilities are recorded in this fund but the assets are recorded in the Supervision Trust Fund. This fund will always have a deficit retained earning due the outstanding bonds payables and other liabilities .. of the Florida Facilities Pool. The Florida Facilities Pool Trust Funds are consolidated for Statewide Financial Purposes. All assets in this fund is considered to be a restricted asset per the Bond Covenants. (B)

(51,103,185.00)

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 (C)

ADJUSTED BEGINNING TRIAL BALANCE: **281,641** (D)

UNRESERVED FUND BALANCE, SCHEDULE IC **281,641** (E)

DIFFERENCE: **0** (F)*

***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	720000 MANAGEMENT SERVICES
Trust Fund Title:	Public Facilities Financing Trust Fund
LAS/PBS Fund Number:	2495

BEGINNING TRIAL BALANCE:

495002 Unreserved Fund Balance Per Trial Balance, 07-01-08	746,318.91 (A)
495005 Unreserved Fund Balance Per Trial Balance, 07-01-08	44,683.35
495008 Unreserved Fund Balance Per Trial Balance, 07-01-08	265,501.34
495009 Unreserved Fund Balance Per Trial Balance, 07-01-08	22,263.08
495010 Unreserved Fund Balance Per Trial Balance, 07-01-08	457,597.56
495011 Unreserved Fund Balance Per Trial Balance, 07-01-08	306,669.98
495012 Unreserved Fund Balance Per Trial Balance, 07-01-08	645,557.86
495014 Unreserved Fund Balance Per Trial Balance, 07-01-08	2,143,555.53
495015 Unreserved Fund Balance Per Trial Balance, 07-01-08	1,048,747.83
495016 Unreserved Fund Balance Per Trial Balance, 07-01-08	3,197,190.76
495017 Unreserved Fund Balance Per Trial Balance, 07-01-08	811,746.20
495018 Unreserved Fund Balance Per Trial Balance, 07-01-08	97,792,880.96

495001 Unreserved Fund Balance Per Trial Balance, 07-01-08	(44,463,174.94)
--	------------------------

Add/Subtract:

Accounts Payable in FLAIR Not on Schedule 1C	25,508.05
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FCO Certified Forward on Schedule 1C Not in FLAIR	(103,844,049.70)
--	-------------------------

Bureau of Private Prisons Facilities Financing Provided by Depat. Of Corrections	44,463,174.94
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Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2007	0 (C)
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ADJUSTED BEGINNING TRIAL BALANCE:	3,664,172 (D)
--	----------------------

UNRESERVED FUND BALANCE, SCHEDULE IC	3,664,172 (E)
---	----------------------

DIFFERENCE:	(0) (F)*
--------------------	-----------------

***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	<u>720000 MANAGEMENT SERVICES</u>
Trust Fund Title:	<u>Facilities Grants & Donations Capital Trust Fund</u>
LAS/PBS Fund Number:	<u>2510</u>

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08	<input type="text" value="8,620,141"/>	(A)
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Add/Subtract:

Compensated Leave Liability in FLAIR Not on Schedule 1C	<input type="text" value="0.00"/>	(B)
--	-----------------------------------	-----

Certified Forward B recored on Schedule 1C Not Recorded in FLAIR	<input type="text" value="0"/>	
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Other Adjustment(s):

Statewide Post Closing adjustment to Accounts Receivable	<input type="text"/>	(C)
--	----------------------	-----

<input type="text"/>	(C)
----------------------	-----

ADJUSTED BEGINNING TRIAL BALANCE:	<input type="text" value="8,620,141"/>	(D)
--	--	-----

UNRESERVED FUND BALANCE, SCHEDULE IC	<input type="text" value="8,620,141"/>	(E)
---	--	-----

DIFFERENCE:	<input type="text" value="0"/>	(F)*
--------------------	--------------------------------	------

***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: Supervision Trust Fund
LAS/PBS Fund Number: 2696

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 **(840,102.84)** (A)

Add/Subtract:

Property Value Recorded In FLAIR As Assets/Not Recorded On Schedule 1C (B)
(268,368.69)

Certified Forward Bs Included On Schedule 1C/
Not Included In FLAIR Retained Earnings Unreserved **(91,881.42)**

Compensated Absences Liability Recorded In FLAIR/
Not Recorded On Schedule 1C **1,928,234.53**

Accounts Payable Not Certified Forward in FLAIR
Not Recorded On Schedule 1C **11,270.16**

FCO Accounts Payables Recorded In FLAIR And Also Recorded
On The Schedule 1C-FCO Certified Forward Balances Amount **690,648.35**

Capital Depreciation Reserve Cash Which Is Used To Reimburse
Supervision Trust Fund For Actual FCO Expenditures Related To
The Pool Facilities. This Cash Is Recorded On The 1C To Match
The Capital Depreciation In The FCO Certified Forward Balance

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: Supervision Trust Fund
LAS/PBS Fund Number: 2696

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 (C)

Statewide Post Closing Adjustment @ June 30, 2008 (C)
Increase Accounts Receivables Balance

ADJUSTED BEGINNING TRIAL BALANCE: (D)

UNRESERVED FUND BALANCE, SCHEDULE IC (E)

DIFFERENCE: (F)*

***SHOULD EQUAL ZERO.**

Office of Policy and Budget - July, 2008

SCHEDULE VI: DETAIL OF DEBT SERVICE

Department: MANAGEMENT SERVICES **Budget Period 2009 -2010**
Budget Entity: FACILITIES MANAGEMENT/72400100 **SERIES 1998**

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>SECTION I</u>	FY 2007-2008	FY 2008-2009	FY 2009-2010
Interest on Debt	(A) 2,194,539	2,117,059	2,055,819
Principal	(B) 1,435,000	1,515,000	1,575,000
Repayment of Loans	(C)		
Fiscal Agent or Other Fees	(D)		
Other Debt Service	(E)		
Total Debt Service	(F) 3,629,539	3,632,059	3,630,819

Explanation: Florida Facilities Pool Bonds were 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.

SECTION II

ISSUE:

(1)	(2)	(3)	(4)	(5)
INTEREST RATE	MATURITY DATE	ISSUE AMOUNT	JUNE 30, 20__	JUNE 30, 20__
(6)		(7)	(8)	(9)
		ACTUAL	ESTIMATED	REQUEST
		FY 20__ - __	FY 20__ - __	FY 20__ - __
Interest on Debt	(G)			
Principal	(H)			
Fiscal Agent or Other Fees	(I)			
Other	(J)			
Total Debt Service	(K)			

ISSUE:

INTEREST RATE	MATURITY DATE	ISSUE AMOUNT	JUNE 30, 20__	JUNE 30, 20__
		ACTUAL	ESTIMATED	REQUEST
		FY 20__ - __	FY 20__ - __	FY 20__ - __
Interest on Debt	(G)			
Principal	(H)			
Fiscal Agent or Other Fees	(I)			
Other	(J)			
Total Debt Service	(K)			

SCHEDULE VI: DETAIL OF DEBT SERVICE

Department: MANAGEMENT SERVICES **Budget Period 2009 -2010**
Budget Entity: FACILITIES MANAGEMENT/72400100 **SERIES 1999**

(1)	(2)	(3)	(4)
SECTION I	ACTUAL FY 2007-2008	ESTIMATED FY 2008-2009	REQUEST FY 2009-2010
Interest on Debt	(A) 945,373	884,053	818,123
Principal	(B) 1,425,000	1,490,000	770,000
Repayment of Loans	(C)		
Fiscal Agent or Other Fees	(D)		
Other Debt Service	(E)		
Total Debt Service	(F) 2,370,373	2,374,053	1,588,123

Explanation: Florida Facilities Pool Bonds were 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.

SECTION II

ISSUE:

(1)	(2)	(3)	(4)	(5)
INTEREST RATE	MATURITY DATE	ISSUE AMOUNT	JUNE 30, 20__	JUNE 30, 20__
(6)		(7)	(8)	(9)
		ACTUAL FY 20__ - __	ESTIMATED FY 20__ - __	REQUEST FY 20__ - __
Interest on Debt	(G)			
Principal	(H)			
Fiscal Agent or Other Fees	(I)			
Other	(J)			
Total Debt Service	(K)			

ISSUE:

INTEREST RATE	MATURITY DATE	ISSUE AMOUNT	JUNE 30, 20__	JUNE 30, 20__
		ACTUAL FY 20__ - __	ESTIMATED FY 20__ - __	REQUEST FY 20__ - __
Interest on Debt	(G)			
Principal	(H)			
Fiscal Agent or Other Fees	(I)			
Other	(J)			
Total Debt Service	(K)			

SCHEDULE VI: DETAIL OF DEBT SERVICE

Department: MANAGEMENT SERVICES **Budget Period 2009 -2010**
Budget Entity: FACILITIES MANAGEMENT/72400100 **SERIES 2000**

(1)	(2)	(3)	(4)
SECTION I	ACTUAL FY 2007-2008	ESTIMATED FY 2008-2009	REQUEST FY 2009-2010
Interest on Debt	(A) 48,998	33,638	17,306
Principal	(B) 320,000	335,000	355,000
Repayment of Loans	(C)		
Fiscal Agent or Other Fees	(D)		
Other Debt Service	(E)		
Total Debt Service	(F) 368,998	368,638	372,306

Explanation: Florida Facilities Pool Bonds were 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.

SECTION II

ISSUE:

(1)	(2)	(3)	(4)	(5)
INTEREST RATE	MATURITY DATE	ISSUE AMOUNT	JUNE 30, 20__	JUNE 30, 20__
(6)		(7)	(8)	(9)
		ACTUAL FY 20__ - __	ESTIMATED FY 20__ - __	REQUEST FY 20__ - __
Interest on Debt	(G)			
Principal	(H)			
Fiscal Agent or Other Fees	(I)			
Other	(J)			
Total Debt Service	(K)			

ISSUE:

(1)	(2)	(3)	(4)	(5)
INTEREST RATE	MATURITY DATE	ISSUE AMOUNT	JUNE 30, 20__	JUNE 30, 20__
		(7)	(8)	(9)
		ACTUAL FY 20__ - __	ESTIMATED FY 20__ - __	REQUEST FY 20__ - __
Interest on Debt	(G)			
Principal	(H)			
Fiscal Agent or Other Fees	(I)			
Other	(J)			
Total Debt Service	(K)			

SCHEDULE VI: DETAIL OF DEBT SERVICE

Department: MANAGEMENT SERVICES **Budget Period 2009 -2010**
Budget Entity: FACILITIES MANAGEMENT/72400100 **SERIES 2002**

(1)	(2)	(3)	(4)
SECTION I	ACTUAL FY 2007-2008	ESTIMATED FY 2008-2009	REQUEST FY 2009-2010
Interest on Debt	(A) 1,599,756	1,544,706	1,490,406
Principal	(B) 1,835,000	1,810,000	1,930,000
Repayment of Loans	(C)		
Fiscal Agent or Other Fees	(D)		
Other Debt Service	(E)		
Total Debt Service	(F) 3,434,756	3,354,706	3,420,406

Explanation: Florida Facilities Pool Bonds were 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.

SECTION II

ISSUE:

(1)	(2)	(3)	(4)	(5)
INTEREST RATE	MATURITY DATE	ISSUE AMOUNT	JUNE 30, 20__	JUNE 30, 20__
(6)		(7)	(8)	(9)
		ACTUAL FY 20__ - __	ESTIMATED FY 20__ - __	REQUEST FY 20__ - __
Interest on Debt	(G)			
Principal	(H)			
Fiscal Agent or Other Fees	(I)			
Other	(J)			
Total Debt Service	(K)			

ISSUE:

INTEREST RATE	MATURITY DATE	ISSUE AMOUNT	JUNE 30, 20__	JUNE 30, 20__
		ACTUAL FY 20__ - __	ESTIMATED FY 20__ - __	REQUEST FY 20__ - __
Interest on Debt	(G)			
Principal	(H)			
Fiscal Agent or Other Fees	(I)			
Other	(J)			
Total Debt Service	(K)			

SCHEDULE VI: DETAIL OF DEBT SERVICE

Department: MANAGEMENT SERVICES **Budget Period 2009 -2010**
Budget Entity: FACILITIES MANAGEMENT/72400100 **SERIES 2003**

(1)	(2)	(3)	(4)
SECTION I	ACTUAL FY 2007-2008	ESTIMATED FY 2008-2009	REQUEST FY 2009-2010
Interest on Debt	(A) 4,364,850	3,989,738	3,594,675
Principal	(B) 7,145,000	7,525,000	7,915,000
Repayment of Loans	(C)		
Fiscal Agent or Other Fees	(D)		
Other Debt Service	(E)		
Total Debt Service	(F) 11,509,850	11,514,738	11,509,675

Explanation: Florida Facilities Pool Bonds were 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.

SECTION II

ISSUE:

(1)	(2)	(3)	(4)	(5)
INTEREST RATE	MATURITY DATE	ISSUE AMOUNT	JUNE 30, 20__	JUNE 30, 20__
(6)		(7)	(8)	(9)
		ACTUAL FY 20__ - __	ESTIMATED FY 20__ - __	REQUEST FY 20__ - __
Interest on Debt	(G)			
Principal	(H)			
Fiscal Agent or Other Fees	(I)			
Other	(J)			
Total Debt Service	(K)			

ISSUE:

INTEREST RATE	MATURITY DATE	ISSUE AMOUNT	JUNE 30, 20__	JUNE 30, 20__
		ACTUAL FY 20__ - __	ESTIMATED FY 20__ - __	REQUEST FY 20__ - __
Interest on Debt	(G)			
Principal	(H)			
Fiscal Agent or Other Fees	(I)			
Other	(J)			
Total Debt Service	(K)			

SCHEDULE VI: DETAIL OF DEBT SERVICE

Department: MANAGEMENT SERVICES **Budget Period 2009 -2010**
Budget Entity: FACILITIES MANAGEMENT/72400100 **SERIES 2005**

(1)	(2)	(3)	(4)
SECTION I	ACTUAL FY 2007-2008	ESTIMATED FY 2008-2009	REQUEST FY 2009-2010
Interest on Debt	(A) 5,177,319	5,056,044	4,948,644
Principal	(B) 3,465,000	3,580,000	4,480,000
Repayment of Loans	(C)		
Fiscal Agent or Other Fees	(D)		
Other Debt Service	(E)		
Total Debt Service	(F) 8,642,319	8,636,044	9,428,644

Explanation: Florida Facilities Pool Bonds were 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.

SECTION II

ISSUE:

(1)	(2)	(3)	(4)	(5)
INTEREST RATE	MATURITY DATE	ISSUE AMOUNT	JUNE 30, 20__	JUNE 30, 20__
(6)		(7)	(8)	(9)
		ACTUAL FY 20__ - __	ESTIMATED FY 20__ - __	REQUEST FY 20__ - __
Interest on Debt	(G)			
Principal	(H)			
Fiscal Agent or Other Fees	(I)			
Other	(J)			
Total Debt Service	(K)			

ISSUE:

INTEREST RATE	MATURITY DATE	ISSUE AMOUNT	JUNE 30, 20__	JUNE 30, 20__
		ACTUAL FY 20__ - __	ESTIMATED FY 20__ - __	REQUEST FY 20__ - __
Interest on Debt	(G)			
Principal	(H)			
Fiscal Agent or Other Fees	(I)			
Other	(J)			
Total Debt Service	(K)			

SCHEDULE VI: DETAIL OF DEBT SERVICE

Department: MANAGEMENT SERVICES **Budget Period 2009 -2010**
Budget Entity: FACILITIES MANAGEMENT/72400100 **SERIES 2007**

(1)	(2)	(3)	(4)
SECTION I	ACTUAL FY 2007-2008	ESTIMATED FY 2008-2009	REQUEST FY 2009-2010
Interest on Debt	(A) 4,094,031	4,008,781	3,919,281
Principal	(B) 1,705,000	1,790,000	1,880,000
Repayment of Loans	(C)		
Fiscal Agent or Other Fees	(D)		
Other Debt Service	(E)		
Total Debt Service	(F) 5,799,031	5,798,781	5,799,281

Explanation: Florida Facilities Pool Bonds were 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.

SECTION II

ISSUE:

(1)	(2)	(3)	(4)	(5)
INTEREST RATE	MATURITY DATE	ISSUE AMOUNT	JUNE 30, 20__	JUNE 30, 20__
(6)		(7)	(8)	(9)
		ACTUAL FY 20__ - __	ESTIMATED FY 20__ - __	REQUEST FY 20__ - __
Interest on Debt	(G)			
Principal	(H)			
Fiscal Agent or Other Fees	(I)			
Other	(J)			
Total Debt Service	(K)			

ISSUE:

INTEREST RATE	MATURITY DATE	ISSUE AMOUNT	JUNE 30, 20__	JUNE 30, 20__
		ACTUAL FY 20__ - __	ESTIMATED FY 20__ - __	REQUEST FY 20__ - __
Interest on Debt	(G)			
Principal	(H)			
Fiscal Agent or Other Fees	(I)			
Other	(J)			
Total Debt Service	(K)			

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: Real Estate Development and Management

Phone Number: (850) 487-9476

(1)	(2)	(3)	(4)	(5)	(6)
REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
			There are no issues or findings to report for Real Estate Development and Management.		



FISCAL YEAR 2009-10

**BUILDING
CONSTRUCTION**

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

**BUILDING
CONSTRUCTION**

SCHEDULE I SERIES

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

Architects Incidental Trust Fund (2033) Revenue Estimates Methodology:

The operating revenue for the Architect's Incidental Trust Fund (AITF) is based on the Fixed Capital Outlay (FCO) appropriations which are approved by both the Legislature and the Executive Office of the Governor. These FCO appropriations are referenced in the General Appropriations Act and become law each July for that particular fiscal year. The Department of Management Services, Building Construction AITF is authorized to access a fee on all State of Florida Agencies' FCO appropriation where the GAA references DMS the Owner Representative on behalf of the state.

Building Construction AITF is also authorized to access a fee on any FCO project in which a state agency executes a client agency agreement with Building Construction.

In both cases the fee is based on the approved fee schedule established and approved by the Executive Office of the Governor on October 1991.

Revenue estimates are then based on five year averages of both the GAA Appropriations and the executed Client Agency agreements.

Investment Income revenues are estimated based on prior year earnings and the remaining cash balance in the trust fund.

Additional Information:

FLORIDA STATUTE 215.196:

(1) There is created the Architects Incidental Trust Fund for the purpose of providing sufficient funds for the operation of the facilities development activities of the Department of Management Services.

(2) The department is authorized to levy and assess an amount necessary to cover the cost of administration by the department of fixed capital outlay projects on which it serves as owner representative on behalf of the state. The assessment rate is to be provided in the General Appropriations Act and statement of intent and shall be based on estimated operating cost projections for the services rendered. The total assessment shall be transferred into the Architects Incidental Trust Fund at the beginning of each fiscal year.

Building Construction provides Fixed Capital Outlay (FCO) appropriations and project oversight services for the construction, renovation, repair, modification, or demolition of building, utilities, parks, parking lots, or other facilities or improvements. Unlike other states that have an internal design and construction management activity, the Department contracts with private sector providers for all architect, engineering and construction services. This is accomplished through a competitive selection process mandated by Florida Statute 287.055(7) to assure that the best-qualified provider is selected for the specific needs of each individual project. For project funds that are appropriated to the Department of Management Services, Building Construction serves as the Owner-Representative on behalf of the State as mandated by Florida Statute 255.31(1). Some construction project funds are appropriated directly to State agencies that can enter into a fee for services contract with the Department to manage the delivery of their projects as mandated by Florida Statute 255.31(2).

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72400200 Building Construction
Fund: 2033 Architects' Incidental Trust
Specific Authority: 255, F.S.
Purpose of Fees Collected: To provide funds for the administration and supervision of planning, design and construction of state-owned facilities.

Type of Fee or Program: (Check ONE Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 08	FY 2008 -09	FY 2009 -10
Receipts:				
SEE ATTACHED LISTING				
Total Fee Collection to Line (1) - Section III		1,865,367	2,619,017	1,355,167

SECTION II - FULL COSTS				
Direct Costs:				
Salaries and Benefits		738,004	862,991	874,791
Other Personal Services				
Expenses		119,687	232,236	232,236
Operating Capital Outlay				
S.C.: Contracted Services		8,857	48,273	48,273
S.C.: Risk Management Insurance		1,917	19,194	19,194
Data Processing Services - STO		32,593	32,593	22,454
HR Statewide Contract		4,228	4,228	4,228
FCO - Supplemental Contracts			700,000	700,000

Indirect Costs Charged to Trust Fund:				
TR to GR - 7.3% Service Charge		11,895	10,950	10,950
TR to 2021-Admin. Assess. Fee		141,449	96,046	96,046
Refunds		-		
B/A EOG B0209 Decrease DP-STO		-	(7,604)	
Certified Forward Reversions @ 9/30/08		(146)	-	
Adj. to Line A for Comp Leave Liability		(26,197)		
Property Depreciation & Disposition				
FCO Expenditures not included on Sch I				
Property Transfer Out				
5% Trust Fund Reserve				
Reserve for Pay Package				-
Total Full Costs to Line (2) - Section III		1,032,287	1,998,907	2,008,172

Basis Used: Accrual

SECTION III - SUMMARY				
TOTAL SECTION I	(A)	1,865,367	2,619,017	1,355,167
TOTAL SECTION II	(B)	1,032,287	1,998,907	2,008,172
TOTAL - Surplus/Deficit	(C)	833,080	620,110	(653,005)

EXPLANATION:
 Negative balances are offset by cash balance brought forward (See Schedule I)

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72400200 Building Construction
Fund: 2033 Architects' Incidental Trust
Specific Authority: 255, F.S.
Purpose of Fees Collected: To provide funds for the administration and supervision of planning, design, and construction of state-owned facilities.

(1)	(2)	(3)	(4)
<u>SECTION I - FEE COLLECTION</u>	ACTUAL	ESTIMATED	REQUEST
	FY 2007 - 08	FY 2008 -09	FY 2009 -10
<u>Receipts:</u>			
<u>Construction Services</u>	1,708,285	1,769,017	505,167
<u>Property Transfer In</u>			
<u>Supplemental Contracts</u>	-	700,000	700,000
<u>Computer Charges (FLEET)</u>			
<u>Interest Earnings</u>	157,082	150,000	150,000
<u>Miscellaneous</u>	-		
<u>Oper Cert Forward Revers @ 12/30/04</u>			
Total Fee Collection to Line (1) - Section III	1,865,367	2,619,017	1,355,167

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72400200 Building Construction
Fund: 2033 Architect's Incidental Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Construction Services	2,472,698		
TOTALS*	2,472,698	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009- 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	ARCHITECT'S INCIDENTAL TRUST
LAS/PBS Fund Number:	BUILDING CONSTRUCTION
	2033

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	12,733 (A)		12,733
ADD: Other Cash (See Instructions)			0
ADD: Investments	3,488,560 (C)		3,488,560
ADD: Outstanding Accounts Receivable	728,413 (D)		728,413
ADD:			0
Total Cash plus Accounts Receivable	4,229,706 0	0 0	4,229,706
LESS Deferred Revenues	1,742,184 (G)		1,742,184
LESS Approved "A" Certified Forwards	11,725 (H)		11,725
Approved "B" Certified Forwards			0
Approved "FCO" Certified Forwards			0
LESS: Other Accounts Payable (Non Operating)	3,099 (I)		3,099
LESS: <u>Other Accounts Payable</u>			0
Unreserved Fund Balance, 07/01/08	2,472,698 (K)	0	2,472,698 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: Architects Incidental Trust Fund
LAS/PBS Fund Number: 2033

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 2,358,414 (A)

Add/Subtract:

Compensated Absences Liability recorded In FLAIR As A Liability/
Not Recorded On Schedule 1C 113,371

FCO Certified Forward Balances ON Schedule 1C/
Not In FLAIR Retained Earnings Unreserved

Accounts Payable Not Certified Forward in FLAIR
Not Recorded On Schedule 1C 914

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2007 (C)

(C)

ADJUSTED BEGINNING TRIAL BALANCE: 2,472,698 (D)

UNRESERVED FUND BALANCE, SCHEDULE IC 2,472,698 (E)

DIFFERENCE: 0 (F)*

***SHOULD EQUAL ZERO.**



FISCAL YEAR 2009-10

AIRCRAFT MANAGEMENT

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

AIRCRAFT MANAGEMENT

SCHEDULE I SERIES

5 Percent Trust Fund Reserve Calculation

Bureau of Aircraft Trust Fund (2066)

Total Recurring Revenue for Fiscal Year 08/09:	\$ 2,837,633
Less Operating Transfer to DMS STW Contract:	5,765
Less Non-Operating Transfer to Administrative TF:	150,551
Less Service Charge to General Revenue 7.3%:	<u>1,825</u>
 Total Revenue Subject to 5% Reserve Calculation	 \$ 2,995,774
 Multiplied by 5%	 <u>X</u> 5%
 Total 5% Reserve for 72600100 Bureau of Aircraft Trust Fund	 \$ 149,789

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

Bureau of Aircraft Trust Fund (2066) Revenue Estimates Methodology:

Within Aircraft Operations and Maintenance, fliers are charged a set rate based on the aircraft used. Depending on fuel prices, rates may increase in the future.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72600100 Aircraft Management
Fund: 2066 Bureau of Aircraft Trust
Specific Authority: 287.161, F.S.
Purpose of Fees Collected: To recover the normal direct costs of operating aircraft assigned to the Executive Aircraft Pool, and the total operational costs of the special purpose aircraft.

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL	ESTIMATED	REQUEST	
	FY 2007 - 08	FY 2008 -09	FY 2009 - 10	
Receipts:				
Aircraft Subscription Fees	1,780,866	-	-	
Revenues from Oper.-Executive Air Pool	978,388	2,812,633	3,000,000	
Reimbursements	87			
Hanger Rental	6,720	6,720	6,720	
Transfer in from General Revenue		430,000		
Interest Earnings	32,227	25,000	20,000	
Total Fee Collection to Line (1) - Section III	2,798,288	3,274,353	3,026,720	

SECTION II - FULL COSTS				
Direct Costs:				
Salaries and Benefits	927,130	991,510	1,005,974	
Other Personal Services	-	39,420	39,420	
Expenses	1,154,084	1,303,077	1,303,077	
Operating Capital Outlay	534,950	-	-	
S.C.:Contracted Services	182,696	12,910	12,910	
S.C.:Risk Management Insurance	2,008	1,963	1,963	
S.C.:Deferred-Pay Commodity Contracts		531,750	531,750	
S.C.:Aircraft Maintenance & Repairs	92,043	211,500	263,000	
HR Statewide Contract	5,765	5,765	5,765	
Data Processing Services-STO	14,136	16,229	2,823	
Indirect Costs Charged to Trust Fund:				
Refunds	-			
TR to GR - 7.3% Service Charge	2,411	1,825	1,460	
TR to 2021-Admin.Assess.Fee	128,388	150,551	150,551	
Property Transfer Out				
Property Transfer In				
Property Value				
Property Depreciation & Disposition				
6/30/2007 Comp Leave Liability in Beg Bal	(30,834)			
6/30/2007 Cur Cap Lease Liability- in Beg B	(288,101)			
B/A EOG B0209 Decrease DP-STO	-	(10,055)		
Certified Forward Reversions @ 12/30/07	-			
Anticipated Budget Reversions		-		
5% Trust Fund Reserve			149,789	
Reserve for Pay Package			-	
Total Full Costs to Line (2) - Section III	2,724,676	3,256,445	3,468,482	

Basis Used: Accrual

SECTION III - SUMMARY				
TOTAL SECTION I	(A)	2,798,288	3,274,353	3,026,720
TOTAL SECTION II	(B)	2,724,676	3,256,445	3,468,482
TOTAL - Surplus/Deficit	(C)	73,612	17,908	(441,762)

EXPLANATION:
 Negative balances are offset by cash balance carried forward (See Schedule I)

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72600100 Aircraft Management
Fund: 2066 Bureau of Aircraft Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 -10
Aircraft Subscription Fees	438,914		
TOTALS*	438,914	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	BUREAU OF AIRCRAFT TRUST
LAS/PBS Fund Number:	AIRCRAFT (72600100)
	2066

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	47,119 (A)		47,119
ADD: Other Cash (See Instructions)			0
ADD: Investments	103,351 (C)		103,351
ADD: Outstanding Accounts Receivable	327,094 (D)		327,094
ADD:			0
Total Cash plus Accounts Receivable	477,564 (F)	0	477,564
LESS Allowances for Uncollectibles			0
LESS Approved "A" Certified Forwards	38,364 (H)		38,364
Approved "B" Certified Forwards	0 (H)		0
Approved "FCO" Certified Forwards			0
LESS: Other Accounts Payable (Non Operating)	286 (I)		286
LESS: <u>Other Accounts Payable</u>			0
Unreserved Fund Balance, 07/01/08	438,914 (K)	0	438,914**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: Aircraft Trust Fund
LAS/PBS Fund Number: 2066

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 397,015 (A)

Add/Subtract:

Property Value Recorded In FLAIR As Assets/Not Recorded On Schedule 1C. General Ledger Code 53600 Overstated and General Ledger Code 53900 Understated (B)
0.00

Advances From Other Funds Recorded in FLAIR As A Liability/ Not Recorded On Schedule 1C 25,000.00

Compensated Absences Liability recorded In FLAIR As A Liability/ Not Recorded On Schedule 1C 163,860

Accounts Payable Not Certified Forward in FLAIR Not Recorded On Schedule 1C 1,260

Supply Inventory Not Recorded On Schedule 1C/ Included In FLAIR Retained Earnings Unreserved (148,222)

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 (C)

ADJUSTED BEGINNING TRIAL BALANCE: 438,914 (D)

UNRESERVED FUND BALANCE, SCHEDULE IC 438,914 (E)

DIFFERENCE: 0 (F)*

***SHOULD EQUAL ZERO.**



FISCAL YEAR 2009-10

**FEDERAL PROPERTY
ASSISTANCE**

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

**FEDERAL PROPERTY
ASSISTANCE**

SCHEDULE I SERIES

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

Federal Surplus Property Trust Fund (2699) Revenue Estimates Methodology:

Within Federal Property Assistance, services charges are assessed to eligible donees on equipment. The rates are based on a variable percentage range (.5% - 35%) of the acquisition cost of the piece of equipment. As there has been no increase in requests for property, estimates have not increased.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72600200 Federal Property Assistance
Fund: 2699 Surplus Property Revolving Trust
Specific Authority: Chapter 217, F.S.
Purpose of Fees Collected: The agency administers the Federal Surplus Property Utilization Program for the State of Florida. Service charges are placed on federal property and are passed on to certified donees whereby funds are generated.

Type of Fee or Program: (Check ONE Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Receipts:				
Service Charges - Fed. Surp. Property		437,619	390,000	390,000
U.S.Govt.Public Sale Reimbursements		11,167	11,167	11,167
Motor Vehicle Sales				
Interest Earnings		26,497	27,000	27,000
Refunds and Reimbursements		200		
Projected Fee Increase				
Property Transfer In				
Total Fee Collection to Line (1) - Section III		475,483	428,167	428,167

SECTION II - FULL COSTS				
Direct Costs:				
Salaries and Benefits		225,974	235,085	239,511
Other Personal Services				
Expenses		71,367	63,679	63,679
Operating Capital Outlay		7,629		
S.C.:Acquisition/Motor Vehicles		-		
S.C.:Contracted Services		1,468	6,379	6,379
S.C.:Risk Management Insurance		901	1,157	1,157
HR Statewide Contract		1,921	1,921	1,921
Data Processing Services/STO		8,923	16,141	4,804
Fixed Capital Outlay				7,880,016
Indirect Costs Charged to Trust Fund:				
TR to 2021-Admin.Assess.Fee		34,548	37,740	37,740
Refunds/Reissues		-		
B/A EOG B0209 Decrease DP-STO			(8,503)	
Certified Forward Reversions @ 9/30/07		(3,286)	-	
PY AP Not CF Deleted		-		
6/30/2007 Comp Leave Liability in Beg B		(5,481)		
Certified Forward B @ 6/30/07 not in Beg		44,815		
Reserve for Pay Package				-
Total Full Costs to Line (2) - Section III		388,779	353,599	8,235,207

Basis Used: Accrual

SECTION III - SUMMARY				
TOTAL SECTION I	(A)	475,483	428,167	428,167
TOTAL SECTION II	(B)	388,779	353,599	8,235,207
TOTAL - Surplus/Deficit	(C)	86,704	74,568	(7,807,040)

EXPLANATION:
 Negative Balances are offset by Cash Balance carried forward (see Schedule I)

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72600200 Federal Property Assistance
Fund: 2699 Surplus Property Revolving Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Service Charges - Fed. Surp. Property	591,451		
TOTALS*	591,451	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	SURPLUS PROPERTY REVOLVING TRUST
LAS/PBS Fund Number:	FEDERAL PROPERTY ASSISTANCE (72600200)
	2699

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	16,049.4 (A)	0	16,049
ADD: Other Cash (See Instructions)	150 (B)	0	150
ADD: Investments	463,106 (C)	0	463,106
ADD: Outstanding Accounts Receivable	119,909 (D)	0	119,909
ADD:	(E)	0	-
Total Cash plus Accounts Receivable	599,214 (F)	0	599,214
LESS Allowances for Uncollectibles	(G)	0	-
LESS Approved "A" Certified Forwards	7,717 (H)	0	7,717
Approved "B" Certified Forwards	0 (H)	0	-
Approved "FCO" Certified Forwards	(H)	0	-
LESS: Other Accounts Payable (Non Operating)	46 (I)	0	46
LESS: <u>Other Accounts Payable</u>	(J)	0	-
Unreserved Fund Balance, 07/01/08	591,451 (K)	0	591,451 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: Surplus Property Revolving Trust Fund
LAS/PBS Fund Number: 2699

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 550,962 (A)

Add/Subtract:

Accounts Payable Not Certified Forward in FLAIR (B)
 Not Recorded On Schedule 1C 885

Inventory Value Recorded in FLAIR/
 Not Recorded On Schedule 1C (6,173)

Certified Forward Bs Included On Schedule 1C/
 Not Included In FLAIR Retained Earnings Unreserved

Compensated Absences Liability recorded In FLAIR As A Liability/
 Not Recorded On Schedule 1C 45,777

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 (C)

ADJUSTED BEGINNING TRIAL BALANCE: 591,451 (D)

UNRESERVED FUND BALANCE, SCHEDULE IC 591,451 (E)

DIFFERENCE: (0) (F)*

***SHOULD EQUAL ZERO.**

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: Federal Property Assistance

Phone Number: (850) 487-9476

(1)	(2)	(3)	(4)	(5)	(6)
REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
			There are no issues or findings to report for Federal Property Assistance.		



FISCAL YEAR 2009-10

**MOTOR VEHICLES AND
WATERCRAFT
MANAGEMENT**

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

**MOTOR VEHICLES AND
WATERCRAFT
MANAGEMENT**

SCHEDULE I SERIES

5 Percent Trust Fund Reserve Calculation

Motor Vehicles & Watercraft Operating Trust Fund (2510)

Total Recurring Revenue for Fiscal Year 08/09:	\$	115,000
Multiplied by 5%	X	<u>5%</u>
Total 5% Reserve for 72600300 MV&WC Operating Trust Fund	\$	5,750

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

Motor Vehicles & Watercraft Management (72600300) Operating Trust Fund (2510) Revenue Estimates Methodology:

Within Motor Vehicles and Watercraft Management, the service fee for the vehicle management information system, \$1.75 per vehicle per month, has been the same for approximately ten years and shall remain the same for Fiscal Year 2008-09. Revenue was based on last Fiscal Year's numbers.

The area also receives 3% of all auction proceeds for oversight of the activity.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A:DETAIL OF FEE COLLECTION & RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72600300 Motor Vehicle/Watercraft Management
Fund: 2339 Grants & Donations Trust Fund
Specific Authority: 215.32(2)(b)1, F.S.
Purpose of Fees Collected: For maintenance of EMIS

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL	ESTIMATED	REQUEST	
	FY 2007-08	FY 2008-09	FY 2009-10	
Receipts:				
Equipment Mgmt.Report Fees	-	-		
Security/Escrow Deposits	-	-		
Interest Earnings	14,351	-		
Refunds	-			
Total Fee Collection to Line (1) - Section III	14,351	-	-	

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits	-	-		
Other Personal Services				
Expenses	-	-		
Operating Capital Outlay				
S.C.:Pay/Exp/Sale Agency Vehicles	-	-		
S.C.:Contracted Services	-	-		
S.C.:Risk Management Insurance	-	-		
HR Statewide Contract	-	-		
Data Processing Svcs-STO	-	-		

Indirect Costs Charged to Trust Fund:

Transfer to GR - 7.3% Service Charge	-	-		
Transfer Vehicle Auction Sales Proceed	-	-		
Transfer to 2021-Admin.Assess.Fee	-	-		
TR to 72600300-2339	-	-		
Adjustments to Close Fund	114,238			
Transfer to 72600300-2510	2,096,910	-		
Certified Forward Reversions @ 9/30/0	(2,301)	-		
Total Full Costs to Line (2) - Section III	2,208,846	-	-	

SECTION III - SUMMARY

TOTAL SECTION I	(A)	14,351	-	-
TOTAL SECTION II	(B)	2,208,846	-	-
TOTAL - Surplus/Deficit	(C)	(2,194,495)	-	-

EXPLANATION:

Negative balances are offset by cash balance carried forward (See Schedule I)
 See 2510 for Request FY 2007-08 Information

SCHEDULE 1A:DETAIL OF FEE COLLECTION & RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72600300 Motor Vehicle/Watercraft Management
Fund: 2510 Operating Trust
Specific Authority: 2006-79, Laws of Florida
Purpose of Fees Collected: For maintenance of EMIS

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL FY 2007-08	ESTIMATED FY 2008-09	REQUEST FY 2009-10
Receipts:			
Equipment Mgmt.Report Fees	621,821	575,000	575,000
Security/Escrow Deposits	5,920,144	6,000,000	6,000,000
Interest Earnings	110,606	115,000	115,000
Refunds	70		
Total Fee Collection to Line (1) - Section III	6,652,641	6,690,000	6,690,000

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits	629,102	677,845	687,203
Other Personal Services			
Expenses	86,673	141,419	141,419
Operating Capital Outlay			
S.C.:Pay/Exp/Sale Agency Vehicles	650,000	650,000	650,000
S.C.:Contracted Services	37,777	232	232
S.C.:Risk Management Insurance	4,118	1,028	1,028
HR Statewide Contract	3,460	3,460	3,460
Data Processing Svcs-STO	252,202	252,000	241,861

Indirect Costs Charged to Trust Fund:

Transfer to GR - 7.3% Service Charge	9,671	8,395	8,395
Transfer Vehicle Auction Sales Proceed	5,026,985	5,170,000	5,170,000
Transfer to 2021-Admin.Assess.Fee	116,075	99,822	99,822
TR from 72600400-2510	(375,000)	(375,000)	(375,000)
TR from 72600300-2339	(2,096,913)	-	-
5% Trust Fund Reserve			5,750
Reserve for Pay Package			-
B/A EOG B0209 Decrease DP-STO		(7,604)	

Total Full Costs to Line (2) - Section III 4,344,150 6,621,597 6,634,170

Basis Used _____

SECTION III - SUMMARY

TOTAL SECTION I	(A)	6,652,641	6,690,000	6,690,000
TOTAL SECTION II	(B)	4,344,150	6,621,597	6,634,170
TOTAL - Surplus/Deficit	(C)	2,308,491	68,403	55,830

EXPLANATION:

Negative balances are offset by cash balance carried forward (See Schedule I)
 See 2339 for Actual FY 2005-06 and Estimated FY 2006-07 Information

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72600300 Motor Vehicle/Watercraft Manager
Fund: 2339 Grants & Donations Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Security/Escrow Deposits/EMIS	-		
<u>FUNDING SOURCE-NON-STATE</u>			
TOTALS*	-	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72600300 Motor Vehicle/Watercraft Manager
Fund: 2510 Operating Trust Fund

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Security/Escrow Deposits	2,308,491		
<u>FUNDING SOURCE-NON-STATE</u>			
TOTALS*	2,308,491	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	GRANTS AND DONATIONS TRUST
LAS/PBS Fund Number:	MOTOR VEHICLE & WATERCRAFT MANAGEMENT (72600300)
	2339

	Balance as of 6/30/2008		SWFS* Adjustments		Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	<input type="text"/>	(A)	<input type="text"/>		<input type="text" value="0"/>
ADD: Other Cash (See Instructions)	<input type="text"/>	(B)	<input type="text"/>		<input type="text"/>
ADD: Investments	<input type="text"/>	(C)	<input type="text"/>		<input type="text" value="0"/>
ADD: Outstanding Accounts Receivable	<input type="text"/>	(D)	<input type="text" value="0"/>		<input type="text" value="0"/>
ADD:	<input type="text"/>	(E)	<input type="text"/>		<input type="text"/>
Total Cash plus Accounts Receivable	<input type="text" value="0"/>	(F)	<input type="text" value="0"/>		<input type="text" value="0"/>
LESS Allowances for Uncollectibles	<input type="text"/>	(G)	<input type="text"/>		<input type="text"/>
LESS Approved "A" Certified Forwards	<input type="text"/>	(H)	<input type="text"/>		<input type="text" value="0"/>
Approved "B" Certified Forwards	<input type="text"/>	(H)	<input type="text"/>		<input type="text" value="0"/>
Approved "FCO" Certified Forwards	<input type="text"/>	(H)	<input type="text"/>		<input type="text"/>
LESS: Other Accounts Payable (Non Operating)	<input type="text"/>	(I)	<input type="text"/>		<input type="text" value="0"/>
LESS: <u>Other Accounts Payable</u>	<input type="text"/>	(J)	<input type="text"/>		<input type="text"/>
Unreserved Fund Balance, 07/01/08	<input type="text" value="0"/>	(K)	<input type="text"/>		<input type="text" value="0"/>

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010 MANAGEMENT SERVICES
Trust Fund Title:	OPERATING TRUST FUND
Budget Entity:	MOTOR VEHICLE & WATERCRAFT MANAGEMENT (72600300)
LAS/PBS Fund Number:	2510

	Balance as of 6/30/2008		SWFS* Adjustments		Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	645,272	(A)			
ADD: Other Cash (See Instructions)		(B)			
ADD: Investments	2,238,649	(C)			
ADD: Outstanding Accounts Receivable	71,509	(D)			
ADD:		(E)			
Total Cash plus Accounts Receivable	2,955,430	(F)			
LESS Allowances for Uncollectibles		(G)			
LESS Approved "A" Certified Forwards	58,298	(H)			
Approved "B" Certified Forwards	200	(H)			
Approved "FCO" Certified Forwards		(H)			
LESS: Other Accounts Payable (Non Operating)	588,441	(I)			
LESS: <u>Other Accounts Payable</u>		(J)			
Unreserved Fund Balance, 07/01/07	2,308,491	(K)			

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	720000 MANAGEMENT SERVICES
Trust Fund Title:	Motor Vehicle & Watercraft Management Grants & Donations
LAS/PBS Fund Number:	2510

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08	2,198,775.07	(A)
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Add/Subtract:

Compensated Leave Liability in FLAIR Not on Schedule 1C	104,037.12	(B)
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Certified Forward B recored on Schedule 1C Not Recorded in FLAIR	(200)	
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Accounts Payable Not Certified Forward in FLAIR Not Recorded On Schedule 1C	5,879	
--	-------	--

Other Adjustment(s):

Statewide Post Closing adjustment to Accounts Receivable		(C)
--	--	-----

		(C)
--	--	-----

ADJUSTED BEGINNING TRIAL BALANCE:	2,308,491	(D)
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UNRESERVED FUND BALANCE, SCHEDULE IC	2,308,491	(E)
---	------------------	-----

DIFFERENCE:	0	(F)*
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***SHOULD EQUAL ZERO.**

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: State Fleet Management

Phone Number: (850) 487-9476

(1)	(2)	(3)	(4)	(5)	(6)
REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
			There are no issues or findings to report for State Fleet Management.		



FISCAL YEAR 2009-10

**PURCHASING
OVERSIGHT**

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

**PURCHASING
OVERSIGHT**

SCHEDULE I SERIES

5 Percent Trust Fund Reserve Calculation

Purchasing/Office of Supplier Diversity Operating Trust Fund (2510)

Total Recurring Revenue for Fiscal Year 08/09:	\$25,938,006
Less Operating Transfer to DMS STW Contract 726004000:	18,939
Less Operating Transfer to DMS STW Contract 726005000:	4,125
Less Non-Operating Transfer to Administrative TF 72600400:	686,391
Less Non-Operating Transfer to Administrative TF 72600500:	109,027
Less Service Charge to General Revenue 7.3% 72600400:	<u>23,506</u>
Total Revenue Subject to 5% Reserve Calculation	\$26,779,994
Multiplied by 5%	X <u>5%</u>
Total 5% Reserve for 72600400/72600500 Operating Trust Fund	\$ 1,339,000

5 Percent Trust Fund Reserve Calculation

Private Prisons Operations Operating Trust Fund (2510)

Total Recurring Revenue for Fiscal Year 08/09:	\$ 977,895
Multiplied by 5%	X <u>5%</u>
Total 5% Reserve for 72600400 PPO Operating Trust Fund	\$ 48,895

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

Purchasing Oversight (72600400) Operating Trust Fund (2510) Revenue Estimates Methodology:

For state term contract vendor user fees (non- Purchasing Card transactions) paid by vendors doing business with state agencies and other eligible users it is estimated that revenue for Fiscal Year 2008-09 and Fiscal Year 2009-10 will be based on the total amount of the 1% fees collected in FY 2007-08 for 11 months.

For the PRIDE revenue, it will remain the same all the three years due to contractual agreement.

For state Purchasing Card transactions made by state agencies and other eligible users, it is estimated that rebate for Fiscal Year 2008-09 and Fiscal Year 2009-10 will increase 5% annually from the actual monthly average of 1% rebate collected in Fiscal Year 2007-08 due to increased marketing by the contract vendor Bank of America.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services
Program: 72600400 Purchasing Oversight
Fund: 2339 Grants & Donations Trust

Budget Period: 2009-10

Specific Authority: Ch. 287.057 (23)(a)(b)(c), F.S., Ch. 957, F.S.
Purpose of Fees Collected: To cover the projected administrative and project service costs of the on-line procurement systems. Provides for entering into contracts with contractors for the designing, financing, acquiring, leasing, constructing, and operating of private correctional facilities.

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
<u>SECTION I - FEE COLLECTION</u>	ACTUAL	ESTIMATED	REQUEST	
	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10	
<u>Receipts:</u>				
State Term Contract Vendor User Fees	-			
Insurance Settlement from Marsh	-			
Pride	-			
State Purchasing Card Rebate	-			
SNAPS User Fees	-			
Interest Earnings-Purchasing	32,339			
Refunds	-			
Restitution - PPM	-			
Interest earnings - PPM	20,571			
Transfer from DOC for Major Repairs	-			
<u>Total Fee Collection to Line (1) - Section</u>	52,910	-	-	

SECTION II - FULL COSTS

<u>Direct Costs:</u>				
Salaries and Benefits	-			
Other Personal Services	-			
Expenses	-			
Operating Capital Outlay	-			
Sp.Cat.:3rd Party Monitoring	-			
Sp.Cat.:Risk Management Insurance	-			
Sp. Cat.: Web-Based E-Proc System	-			
HR Statewide Contract	-			
Sp. Cat.: PPM Facilities Repair/Mainten	-			
Contracted Services	-			
Legal Services				
Billing & Collections	-			
Data Processing Services - STO	-			

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services
Program: 72600400 Purchasing Oversight
Fund: 2339 Grants & Donations Trust

Budget Period: 2009-10

Specific Authority: Ch. 287.057 (23)(a)(b)(c), F.S., Ch. 957, F.S.
Purpose of Fees Collected: To cover the projected administrative and project service costs of the on-line procurement systems. Provides for entering into contracts with contractors for the designing, financing, acquiring, leasing, constructing, and operating of private correctional facilities.

	(2) ACTUAL FY 2007 - 08	(3) ESTIMATED FY 2008 - 09	(4) REQUEST FY 2009 - 10
<u>Indirect Costs Charged to Trust Fund</u>			
Transfer to GR - 7.3% Service Charge (PO)	-		
Adjustments to close Fund (PO)	(167,543)		
Refunds - State Revenues			
Refunds- Non-State Revenues.	-		
Certified Forward Reversions @ 9/30/07	(9,638)	-	
TR from 72600400-2339 to 72600300-2339	-		
Transfer to GR - 7.3% Service Charge (PPM)	-		
TR to 72900300-2792 for SPURS			
TR to 72600500-2339	-		
Transfer to 72600400-2510 Purchasing	6,085,377	-	
Transfer to 72600400-2510 PPM	3,068,826	-	
6/30/2007 CF B Paid			
Adjustments to close Fund (PPM)	(2,432)		
5% Trust Fund Reserve			
Reserve for Pay Package			
<u>Total Full Costs to Line (2) - Section III</u>	8,974,590	-	-

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	52,910	-	-
TOTAL SECTION II	(B)	8,974,590	-	-
TOTAL - Surplus/Deficit	(C)	(8,921,680)	-	-

EXPLANATION:

Special Cat: Private Prison - Maint & Repairs in PC 1206. All other amounts in PC 1601.

See 2510 for Request FY 2007-08 Information

See 72940100-2339 for Actual FY 2007-08 Information for PPM

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009 - 10**
Program: 72600400 Purchasing Oversight
Fund: 2510 Operating Trust

Specific Authority: 2006-79, Laws of Florida
Purpose of Fees Collected: To cover the projected administrative and project service costs of the on-line procurement systems.

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
<u>SECTION I - FEE COLLECTION</u>	ACTUAL	ESTIMATED	REQUEST	
	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10	
<u>Receipts:</u>				
Transfer from Legislature	175,000			
State Term Contract Vendor User Fees	20,738,391	20,738,391		20,738,391
Pride	43,500	43,500		43,500
Refunds	62,389			
State Purchasing Card Transaction Fee	4,929,615	4,929,615		4,929,615
Interest Earnings - Purchasing	268,084	270,000		270,000
Interest Earnings - PPM	51,271	52,000		52,000
Restitution - PPM	895	895		895
TR From DOC for Major Repairs - PPM	909,491	925,000		925,000
<u>Total Fee Collection to Line (1) - Section</u>	27,178,636	26,959,401		26,959,401

SECTION II - FULL COSTS

<u>Direct Costs:</u>			
Salaries and Benefits	3,174,847	3,415,994	3,465,270
Other Personal Services	5,173	53,720	53,720
Expenses	427,084	492,185	492,185
Operating Capital Outlay	13,541	29,859	29,859
Sp.Cat.:3rd Party Monitoring		-	-
Sp.Cat.:Risk Management Insurance	7,584	6,101	6,101
Sp. Cat.: Web-Based E-Proc System	16,080,818	15,457,000	15,457,000
HR Statewide Contract	18,852	18,839	18,839
Private Prison-Maint/Repair	305,175	459,588	959,588
Contracted Services	483,785	341,267	91,267
Legal Services		120,000	120,000
Billing & Collections	459,340	537,050	537,050
Project Mgmt Prog Training	165,140	250,000	250,000
Data Processing Services - STO	1,402,228	1,519,959	1,214,473

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009 - 10**
Program: 72600400 Purchasing Oversight
Fund: 2510 Operating Trust

Specific Authority: 2006-79, Laws of Florida
Purpose of Fees Collected: To cover the projected administrative and project service costs of the on-line procurement systems.

	(2) ACTUAL FY 2007 - 08	(3) ESTIMATED FY 2008 - 09	(4) REQUEST FY 2009 - 10
Indirect Costs Charged to Trust Fund			
TR to GR - 7.3% Service Charge (PO)	23,385	19,710	19,710
TR to GR - 7.3% Service Charge (PPM)	7,436	3,796	3,796
Transfer to 2021-Admin.Assess. Fee	437,302	686,391	686,391
Refunds - State Revenues			
Refunds- Non-State Revenues.	101,311		
Certified Forward Reversions @ 12/30/2007			
TR to 72600300-2510	375,000	375,000	375,000
TR from 72600500-2339 (OSD)		-	
TR from 72600400-2339 (PO)	(6,085,377)	-	-
TR from 72600400-2339 (PPM)	(3,068,826)	-	-
TR to 72600500-2510	1,217,986	1,004,298	1,005,062
Potential SWCAP Liability		2,000,000	
Prior Year Accounts Receivable Deleted			
B/A EOG B0209 Decrease DP-STO		(229,114)	
5% Trust Fund Reserve			1,339,000
5% Trust Fund Reserve - PPM			48,895
Reserve for Pay Package			-
Total Full Costs to Line (2) - Section III	15,551,784	26,561,643	26,173,206

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	27,178,636	26,959,401	26,959,401
TOTAL SECTION II	(B)	15,551,784	26,561,643	26,173,206
TOTAL - Surplus/Deficit	(C)	11,626,852	397,758	786,195

EXPLANATION:

Special Cat: Private Prison - Maint & Repairs in PC 1206. All other amounts in PC 1601.
See 2339 for Actual FY 2005-06 and Estimated FY 2006-07 Information
For PPM: See 72940100-2339 for Actual FY 2005-06 Information/72600400-2339 for Estimated FY 2006-07 In

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72600400 Purchasing Oversight
Fund: 2339 Grants & Donations Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Vendor User Fees	-		
TOTALS*	-	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72600400 Purchasing Oversight
Fund: 2510 Operating Trust Fund

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Vendor User Fees	7,908,979		
TOTALS*	7,908,979	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010 MANAGEMENT SERVICES
Trust Fund Title:	GRANTS AND DONATIONS TRUST
Budget Entity:	PURCHASING OVERSIGHT (72600400)
LAS/PBS Fund Number:	2339

	Balance as of 6/30/2008		SWFS* Adjustments		Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	0	(A)			0
ADD: Other Cash (See Instructions)		(B)			0
ADD: Investments	0	(C)			0
ADD: Outstanding Accounts Receivable	0	(D)	-		0
ADD:	0	(E)			0
Total Cash plus Accounts Receivable	0	(F)	0		0
LESS Allowances for Uncollectibles		(G)			
LESS Approved "A" Certified Forwards	0	(H)			0
Approved "B" Certified Forwards	0	(H)			0
Approved "FCO" Certified Forwards		(H)			0
LESS: Other Accounts Payable (Non Operating)	0	(I)			0
LESS: <u>Other Accounts Payable</u>	0	(J)			
Unreserved Fund Balance, 07/01/08	0	(K)	0		0**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

Office of Policy and Budget - July 2008

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SERVICES
Trust Fund Title:	OPERATING TRUST FUND
Budget Entity:	PURCHASING OVERSIGHT/PRIVATE PRISONS MONITORING (7260040)
LAS/PBS Fund Number:	2510

	Balance as of 6/30/2008		SWFS* Adjustments		Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	1,955,557	(A)			
ADD: Other Cash (See Instructions)		(B)			
ADD: Investments	10,045,741	(C)			
ADD: Outstanding Accounts Receivable	201,215	(D)			
ADD:		(E)			
Total Cash plus Accounts Receivable	12,202,513	(F)			
LESS Allowances for Uncollectibles		(G)			
LESS Approved "A" Certified Forwards	323,509	(H)			
Approved "B" Certified Forwards	244,525	(H)			
Approved "FCO" Certified Forwards		(H)			
LESS: Other Accounts Payable (Non Operating)	7,627	(I)			
LESS: <u>Other Accounts Payable</u>	0	(J)			
Unreserved Fund Balance, 07/01/08	11,626,852	(K)			**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	<u>720000 MANAGEMENT SERVICES</u>
Trust Fund Title:	<u>Purchasing Oversight Operating Trust Fund</u>
LAS/PBS Fund Number:	<u>2510</u>

BEGINNING TRIAL BALANCE:

510069 Unreserved Fund Balance Per Trial Balance, 07-01-08	<input type="text" value="4,695,860.72"/>	(A)
510111 Unreserved Fund Balance Per Trial Balance, 07-01-08	<input type="text" value="3,717,872.00"/>	(A)

Add/Subtract:

Compensated Absences Liability recorded In FLAIR As A Liability/ Not Recorded On Schedule 1C	<input type="text" value="132,220.35"/>
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Accounts Payable Not Certified Forward in FLAIR Not Recorded On Schedule 1C	<input type="text" value="3,080,898"/>
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Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 Increase Accounts Receivables Balance	<input type="text"/>	(C)
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ADJUSTED BEGINNING TRIAL BALANCE:	<input type="text" value="11,626,851"/>	(D)
--	---	-----

UNRESERVED FUND BALANCE, SCHEDULE IC	<input type="text" value="11,626,851"/>	(E)
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DIFFERENCE:	<input type="text" value="0"/>	(F)*
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***SHOULD EQUAL ZERO.**

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: Private Prison Monitoring

Phone Number: (850) 487-9476

(1) REPORT NUMBER	(2) PERIOD ENDING	(3) UNIT/AREA	(4) SUMMARY OF FINDINGS AND RECOMMENDATIONS	(5) SUMMARY OF CORRECTIVE ACTION TAKEN	(6) ISSUE CODE
<p>Internal Audit Report No. 2006-28</p> <p>Dated: 05/12/2007</p>	<p>12/2006</p>	<p>Private Prison Monitoring</p>	<p><u>Contract Monitoring at Privately Operated Prisons</u></p> <p>Finding 1: Existing policies and procedures do not provide the framework needed to effectively monitor vendor compliance with contract requirements. There are no priorities for reviewing specific prison operations or requirements for how frequently Contract Monitors should review these operations. Guidelines and standards for reporting and documenting vendor noncompliance have not been established and there are no procedures for routine follow-up of noncompliance issues. Also, State rule requiring contractors to make written replies to noncompliance issues needs to be strictly enforced.</p> <p>Recommendation: We recommend that the Bureau develop comprehensive policies and procedures for monitoring prison operation and management services contracts. These policies and procedures should include in-depth guidelines for Contract Monitors' use in monitoring vendor compliance with contract terms and conditions.</p>	<p>Concur: The Bureau concurs. The Bureau will develop comprehensive policies and procedures to include in-depth guidelines for Contract Monitors' use in monitoring vendor compliance with contract terms and conditions.</p> <p>Updated 3/21/08: Follow-up postponed due to OPPAGA announcement that they were conducting a review of Private Prisons. The OPPAGA review commenced on March 21, 2008. Once the OPPAGA review is completed, the OIG will conduct a follow-up on the areas not included in the OPPAGA review.</p>	

			<p>Finding 2: The Bureau has not established formal agreements or understandings with the DOC that clarify each party's responsibilities and define which entity has final decision-making and enforcement authority in various situations. Management of the private prisons was transferred to the Department without clarification of the Department's responsibilities, control and authority with respect to those of the DOC. As a result, the Department's responsibilities and authority are not clearly defined for situations ranging from riot or other serious event to enforcing correction of deficiencies found in the DOC security audits.</p> <p>Recommendation: We recommend that the Bureau work with the DOC to establish Memorandums of Understanding or other types of agreements that define and spell out the Department's responsibilities and authority relative to the DOC's particularly for areas related to security operations, to include security audits and investigation of serious incidents.</p>	<p>Concur: The Bureau concurs. The Bureau will seek guidance and assistance from its legal department in developing and implementing Memorandums of Understanding that may be required to define each agency's responsibilities by August 31, 2007.</p> <p>Updated 3/21/08: Follow-up postponed due to OPPAGA announcement that they were conducting a review of Private Prisons. The OPPAGA review commenced on March 21, 2008. Once the OPPAGA review is completed, the OIG will conduct a follow-up on the areas not included in the OPPAGA review.</p>	
			<p>Finding 3: We noted in a prior audit report that fiscal responsibility for the State's private prisons is split between the Department and the DOC with neither agency having full accountability and control over financial matters. However, the Department has not sought to correct this situation. This issue continues to affect full accountability for over \$109 million in annual expenditures for private prison operations.</p> <p>Recommendation: We recommend that the Bureau request that the Legislature create an Inmate Welfare Trust Fund within Department for the welfare and benefit of inmates housed within the Department-managed facilities or, alternatively, the Department</p>	<p>Concur: The Bureau concurs. The Bureau will seek guidance and assistance from its legal department in drafting language for legislative approval this session to either create an Inmate Welfare</p>	

			<p>coordinate with the DOC to deposit revenue designated for the Inmate Welfare Trust Fund into an existing Department Trust Fund to be designated for private prison operations.</p>	<p>Trust Fund within the DMS or will coordinate with the DOC to deposit said funds into an existing trust fund within the DMS designated for private prison operations.</p> <p>Updated 3/21/08: Follow-up postponed due to OPPAGA announcement that they were conducting a review of Private Prisons. The OPPAGA review commenced on March 21, 2008. Once the OPPAGA review is completed, the OIG will conduct a follow-up on the areas not included in the OPPAGA review.</p>	
			<p>Finding 4: A system to account for and control State-owned property purchased with Inmate Welfare Trust Fund moneys has not been implemented. This situation exists due to the overlap in responsibilities for private prison operations between the Department and the DOC. While the Inmate Welfare Trust Fund is managed by the DOC, the privately operated prisons are managed by the Department. Neither the Department nor the DOC has established controls over state-owned tangible personal property and real property purchased with the trust funds for use at the privately operated prisons. As a result, there is no assurance that the property has been properly accounted for in a manner consistent with State laws and rules.</p> <p>Recommendation: We recommend that the Bureau coordinate with the DOC to establish a system for ensuring accountability and control of State-owned property at privately operated prisons regardless of where the Trust Fund resides.</p>	<p>Concur: The Bureau concurs and will establish a system of ensuring accountability and control of State-owned property by developing policies and procedures that set out the Contract Monitors' responsibilities in tracking property inventory. The operational contracts will be amended to reflect these responsibilities as well as each vendor's responsibility. The Bureau will coordinate this effort with the DOC by August 31, 2007.</p> <p>Updated 3/21/08: Follow-up postponed due to OPPAGA announcement that they</p>	

				we were conducting a review of Private Prisons. The OPPAGA review commenced on March 21, 2008. Once the OPPAGA review is completed, the OIG will conduct a follow-up on the areas not included in the OPPAGA review.	
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SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: State Purchasing

Phone Number: (850) 487-9476

(1)	(2)	(3)	(4)	(5)	(6)
REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
<p>Auditor General Report No. 2007-076</p> <p>Dated: 01/08/2007</p>	<p>06/30/2006</p>	<p>MyFlorida-MarketPlace</p>	<p><u>Department of Management Services and Other Selected State Agencies</u> <u>MyFloridaMarketPlace System</u> <u>Information Technology Audit</u></p> <p>Finding 1: System Performance</p> <p>Proper management of system performance is an important aspect of IT service delivery. We observed, and MFMP users reported, instances of MFMP system performance problems throughout the audit period. DMS has taken steps to address system performance, but we continued to note aspects of DMS’s management of system performance that needed improvement.</p> <p>Recommendation: DMS should continue with efforts to resolve system performance issues. DMS should also ensure that periodic load and stress testing is performed and that verifiable performance metrics are maintained.</p>	<p>Concur: Next to security, improving system performance and customer satisfaction is our highest priority. On August 10, 2006, DMS and Accenture cooperatively implemented a new, comprehensive performance management strategy, which involves a proactive approach to load testing of the system and an ongoing capacity planning effort that includes agency input. It also addresses the set of metrics that best indicate degradation in end user experience with the application so that trends can be analyzed and issues proactively identified and remediated before the impact becomes significant. In addition, DMS is independently verifying the performance metric number 6 - System Response Time,</p>	

				<p>from March 2006 forward. This process will be completed by March 2007.</p> <p>Updated/Closed 07/13/2007: As part of our comprehensive performance management strategy, capacity is reviewed quarterly and updated to reflect actual parameters. The stress and load testing methodology was applied during performance testing of the upgrade project and is used during monthly releases. Each release having an impact or potential impact is processed through the performance testing process.</p> <p>In addition, the MFMP project team independently monitors the response time for Performance Metric Number 6. The team has determined that Accenture's reported results are accurate. Through the monitoring process the project team also verified the methodology used to report response times.</p>	
			<p>Finding 2: Policies, Procedures, and Systems Documentation</p> <p>Our audit field work at the 14 State agencies disclosed that few agencies were fully utilizing all the functional capabilities available in MFMP. Agencies gave various reasons for not using certain MFMP functions and some agencies relied on workarounds or alternate systems in lieu of MFMP functionality.</p> <p>Recommendation: a. In addition to resolving the performance problems, as discussed in Finding No. 1, DMS should continue to communicate and work with State agencies to increase user awareness and expertise regarding MFMP functionality.</p> <p>b. Furthermore, DMS should conduct a complete survey of all State agencies, subject to the Florida Financial Management Information System Act (Section 215.90 through 215.96, Florida Statutes), to identify the MFMP functionality used by each and, for the functions not</p>	<p>Concur: (a). Over the last 12 months, DMS has proactively engaged its agency Customers to evaluate their use, needs and challenges related to the system and increase user awareness, understanding and use of the system. DMS is committed to continuing this effort. Plans already underway to fulfill these commitments over the next 12 months include:</p> <ul style="list-style-type: none"> ● agency process evaluation sessions for both purchasing and Finance and 	

			<p>employed, explanations as to why MFMP is not being used. This information should be provided to the Financial Management Information Board for its use in ensuring that the Florida Financial Management Information System operates efficiently as an integrated financial management information system and provides accurate and complete financial information necessary to the effective operation of State government.</p>	<p>Accounting staff;</p> <ul style="list-style-type: none"> ● agency refresher training on system functionality; ● overall process review for enterprise business processes; ● improvement initiatives for key areas of the system including catalogs, eQuote, master agreements and electronic invoicing; and ● the implementation of an overall agency scorecard that will help identify best practices among agencies in order to improve the enterprise utilization of MFMP as a tool for purchasing and invoice processing. <p>In April 2006, DMS established a Change Review Board (CRB) comprised of representatives from 13 different agencies. This board has thus far been an excellent forum for ensuring awareness and input from our user agencies. For example, as a part of the upgrade to Ariba 8.2 the Project Team is working closely with the CRB to incorporate five significant functional enhancements. The enhancements were evaluated, prioritized, and the designs reviewed by CRB members. These enhancements address major agency productivity areas including approval workflows, end of year processing, payment processing and correcting procurement receiving issues. We are proud of our progress in involving our customers in bringing continued increases in quality to MFMP. Their experience and input will continue to receive major focus from DMS as the 2007 Quality Improvement Plan is executed.</p> <p>Concur: (b). DMS agrees it is essential to survey our customers on a regular basis. The MFMP team conducts an annual customer satisfaction survey to gauge user</p>	
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				<p>satisfaction with the MFMP system. This annual survey is distributed to 200 of our frequent users across all agencies. It provides helpful feedback to the project team in addressing concerns with the system. In addition, over the past six months, DMS has met with user agencies, individually and collectively and at every level from Agency Secretaries, Purchasing Directors, Finance and Accounting Directors to general users, to gain a more thorough understanding of their current use, needs and challenges related to the system. DMS has used that input to develop a Technical Performance Management Plan and a more comprehensive 2007 MFMP Quality Improvement Plan that proactively address all facets of MFMP including Procurement Business Process Improvement, Invoicing Business Process Improvement, System Performance Management, Reporting, Sourcing Improvement, Agency Productivity Measurement Program and Customer Service Focus. In order to gauge the effectiveness of the plan, DMS has also established a tailored survey that will baseline user feedback on all areas addressed in the Improvement Plan. That survey was distributed on December 12th to a broad set of our frequent users, including more than 1,600 individuals across all agencies. DMS will reissue the survey every six months to measure progress against the baseline. While the previous annual surveys referenced above have provided valuable insight, this survey will be more indicative of user satisfaction and project improvement, since it is more comprehensive, addresses specific customer feedback issues and covers a larger sample of the user population than previous surveys, including the survey conducted by the Auditor General.</p>	
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				<p>Updated/Closed 07/13/2007:</p> <p>a. As part of the Department's continued effort to engage agency customers, the MFMP project team has:</p> <ul style="list-style-type: none"> • Continued system education during Fiscal Year 2006-07 with approximately 2,100 end users attending training, • Convened focus groups with users on improving catalogs and master agreements, • Continued to work with vendors to increase the use of electronic invoicing, and • Published the first agency scorecards in May 2007 <p>b. DMS distributed the MFMP User Satisfaction Survey on December 12, 2006 to 1,658 end users to gauge overall quality and satisfaction with the system. The report, December 2006 User Satisfaction Survey Results, is posted on the internet at the MFMP Toolkit (see Quality Improvement Plan).</p>	
			<p>Finding 3: Monitoring of Transaction</p> <p>Florida law and administrative rules provide that DMS may collect fees from vendors for the use of MFMP. While transactions may be exempt for a number of reasons, agency transactions involving commodities and contractual services are generally assessed a one percent transaction fee, which the vendor shall pay to the State. We noted that improvements were needed in DMS's review and follow-up process for the appropriateness of the application of transaction fees and exemptions.</p> <p>Recommendation: DMS should enhance its monitoring of exemptions to the one-percent transaction fee to include a thorough and documented review of exemptions to provide further assurance that exemptions are appropriately applied and fees appropriately assessed for past and future transactions. DMS should also</p>	<p>Concur: Due to the mass correction of the Vendor Registration Verification Process, instituted by the MFMP project team, verification of the one percent transaction fee was temporarily suspended. DMS is resuming the Transaction Fee Exemption</p>	

			<p>determine whether other findings in this report, for example Findings Nos. 2, 15, 16, 17, and 19, have any potential impact on the one-percent transaction fee.</p>	<p>verification. Furthermore, the associated procedures for the Verification Process will be developed by February 2007. At your suggestion, DMS will evaluate Findings numbers 2,15,16,17, and 19, to determine whether any of these findings have any potential impact on the one-percent transaction fee. We are sure you realize that these findings reference the MFMP system itself, the support of that system by DMS and Accenture, and agencies' use of the system. The one-percent transaction fee is applied irrespective of MFMP system usage. The fee is applied to all state agency purchases except for those explicitly exempted by Rule 60A-1.032, Florida Administrative Code. The fee is also applied to all purchases made off of the State Term Contracts by entities other than state agencies, including local governments, public universities etc. As such, system usage or function and agency processes do not directly dictate the application of the one-percent transaction fee.</p> <p>Updated 07/13/2007: The MFMP project team has reviewed the transaction fee exemption monitoring processes in detail. The overall process of monitoring the transaction fee exemptions is conducted at two levels: 1) vendor registration and designation and 2) individual transaction level exemptions (Invoice Reconciliation). Procedures regarding vendor registration were revised, executed and recorded in the Pivotal tracking tool in April 2007.</p> <p>At the Invoice Reconciliation transaction level, the MFMP project team is currently updating and enhancing the procedures to include appropriate documentation of actions taken in response to monitoring results. We anticipate completing this effort in October of 2007. Once complete,</p>	
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				<p>the Pivotal tracking tool will be incorporated to document this process.</p> <p>We have also determined that Findings Nos. 2, 15, 16, 17, and 19 have no impact on the one-percent transaction fee.</p> <p>Updated/Closed 1/5/2008: In December 2007, the MFMP project team revised and implemented a monitoring process for transaction fee exemptions at the Invoice Reconciliation (IR). Consequently, two major initiatives are in progress. First, the MFMP project team initiated an effort (FLAIR Gap Analysis) to reconcile vendor transaction fee payments and exemptions over the past two fiscal years. Secondly, the project team revised the transaction fee exemption monitoring process and the supporting documentation. The process is operational and monitoring occurs on a monthly basis.</p>	
			<p>Finding 4: Risk Assessments</p> <p>IT risk assessment is a process of identifying and evaluating information risks that are relevant to the achievement of entity business objectives. The MFMP project team had not been tracking project risks as described in the approved Risk Management Process for MFMP.</p> <p>Recommendation: Consistent with the approved Risk Management Process, DMS should ensure that risks relevant to the successful operation of MFMP, and the business objectives dependent thereon, are regularly identified and assessed. DMS should use the risk assessment information to identify cost-effective risk reduction solutions, and monitor and report on the progress of risk reduction actions.</p>	<p>Concur: DMS is ensuring that risks relevant to the successful, secure operation of MFMP are regularly identified and assessed. In June 2006, MFMP Project management resumed the approved Risk Management Process. The project management team meets at least monthly to identify and remove risks, evaluate current probability and impact of each risk, and monitor and report on the progress of risk reduction actions identified. The project management team uses the RISC (Risks, Issues, System Investigation</p>	

				<p>Requests - SIRs, and Change Request) application as the vehicle to document the results of this process. On an annual basis, we will evaluate our risk management process to confirm its effectiveness.</p> <p>Updated/Closed 07/13/2007: The joint MFMP management team continues to use the approved Risk Management Process to identify, assess, and mitigate risks on a monthly basis. The process is based on standards set by the Project Management Institute. Changes in probability and impact of risks are captured and documented in our online RISC (Risks, Issues, System Investigation Requests – SIRs, and Change Request) application. Mitigation strategies are updated and assigned to reflect a course of action for risk avoidance. Any updates to the risk items are captured in the RISC tool. The joint MFMP management team reviewed and reaffirmed the effectiveness of this process on July 11, 2007.</p>	
			<p>Finding 5 - 10: Security of Data and IT Resources</p> <p>IT security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit disclosed that the management of MFMP security continued to need improvement in the areas of conducting background checks of Accenture personnel; controlling access at the application system, operating system, and database levels; ensuring the appropriateness of project staff and user access privileges; providing comprehensive security policies and procedures; and other specific areas not disclosed in detail in this report to avoid jeopardizing MFMP security.</p> <p>Recommendation 5: DMS should obtain and review documentation of the performance and results of all background checks performed for contractor employees.</p>	<p>Concur: Accenture conducts background checks for all employees at the beginning of their tenure with Accenture. Furthermore, any Accenture agreements with DMS approved subcontractors also</p>	

				<p>require background checks to be completed for all employees staffed on the MFMP project. Accenture project management will provide DMS with documentation confirming the completion of background checks for all current project team members by January 31, 2007 and will continue to provide this confirmation for any new team members through the quarterly access review process. DMS Office of Inspector General will review and maintain confirmation documentation provided by Accenture on all current and new project team members. In addition, DMS Office of Inspector General will conduct random reviews of the background documentation on at least an annual basis.</p> <p>Updated 07/13/2007: Accenture conducted and completed background reviews of all Accenture employees staffed on the MyFloridaMarketPlace project as well as all Accenture employees who maintain access to the project site facility. The results of these background reviews were disclosed to DMS and the office of the Inspector General in March of 2007. As part of the continuing access review process, Accenture will provide DMS updated background review documentation on a quarterly basis.</p> <p>Updated/Closed 5/22/2008: The OIG completed its review of Accenture's background documentation. The OIG made additional recommendations to improve Accenture's background process.</p>	
			<p>Recommendation 6: DMS should strengthen MFMP logical access controls to reduce the risk of compromise to MFMP information.</p>	<p>Concur: As noted in the AG report, a change request was implemented in May 2006 to force users to change their password upon initial log-in to the MFMP application and are automatically prompted to change their password every</p>	

				<p>45 days. For Accenture employees, the inherent security at the database and operating system levels do not require such a change. Accenture employees are required, by procedure, to change their password on initial log-on. The Accenture user-ids and passwords are limited to technical project team personnel and the risk of unauthorized access given the process controls, isolated system access, and infrequency of new user ids being established is minimal.</p> <p>Updated/Closed 07/13/2007: As noted in the Auditor General's report, DMS has taken measurable steps to strengthen MFMP logical access controls with users automatically prompted to change their passwords upon initial log-in and continually prompted to reset their passwords every 45 days thereafter. Additionally, for Accenture employees who routinely enter the technical environments and MFMP architecture, the inherent security at the database and operating system levels do not require such changes.</p>	
			<p>Recommendation 7: DMS should periodically analyze the functions of MFMP project staff to ensure that access privileges are appropriate and commensurate with individuals' job duties. In addition, DMS should ensure that MFMP access for terminated, transferred, or reassigned Accenture personnel is removed in a timely manner. Additionally, database administrators should immediately cease the sharing of user IDs and each designated individual should be assigned a unique user ID with a corresponding password.</p>	<p>Concur: Beginning in July 2006, the project management team began a quarterly access review process to review Accenture user access reports generated by MFMP. Quarterly, the team reviews Accenture and MFMP project staff user accounts to verify access privileges are appropriate. The team also conducts quarterly reviews to determine that terminated, transferred, or reassigned personnel are removed from the system. In addition, the database administrators that were sharing a user ID will be assigned unique user IDs by January 31, 2007.</p> <p>Updated/Closed 07/13/2007: As part of the quarterly access review process,</p>	

				<p>Accenture provides DMS updated background review documentation each quarter. During these quarterly reviews, DMS ensures that Accenture accesses are commensurate with the individual's job duties and responsibilities and that access has been terminated for individuals that are no longer staffed to the MFMP project. Accenture has also ensured that all database administrators are now assigned unique user IDs.</p>	
			<p>Recommendation 8: Agencies should periodically analyze the functions of their employees to ensure that MFMP user access privileges are appropriate and commensurate with users' job duties. Additionally, agencies should immediately cease the sharing of user IDs or passwords and assign each designated system user a unique user ID with a corresponding password. Further, agencies should regularly review the weekly Buyer Adoption Report and immediately remove any user accounts deemed no longer appropriate.</p>	<p>Concur: We agree that agencies should periodically analyze the functions of their employees to ensure that MFMP user access privileges are appropriate and commensurate with users' job duties. Regarding DMS, in November our Security Administrator began running and reviewing the Buyer Adoption report weekly. The Security Administrator will also begin meeting in December 2006, with each Division within the Department to review MFMP user access privileges. This process should be completed by the end of January 2007 and will be done annually.</p> <p>Updated/Closed 07/13/2007: The DMS Security Administrator runs the Buyer Adoption report weekly to verify user name and roles. User employment status is verified monthly. The Security Administrator has reviewed MFMP user access privileges with each Division.</p>	
			<p>Recommendation 9: DMS should ensure that its newly implemented security administration policies and procedures are followed. Additionally, in future system development projects of this nature, DMS should establish relevant policies and procedures more timely upon system implementation.</p>	<p>Concur: DMS has provided agencies with the security administration policies and has held training with the agency system administrators. The project team will continue to provide yearly system administrator training sessions so agencies are reminded of the security policies and procedures that need to be followed when administering application access for</p>	

				<p>MFMP Users. As for Accenture access to the system, as mentioned in response to Finding No. 7, the project staff is now reviewing staff access on a quarterly basis. In addition, DMS will annually request a certification, signed by a senior agency executive, verifying that security administration policies and procedures are being followed. Additionally, if DMS has another major system implementation, we will establish security policies and procedures more timely.</p> <p>Updated/Closed 07/13/2007: The MFMP project team conducted Security and System Administrator training during Fiscal Year 2006-07. Over fifty System Administrators received training on the segregation of unique user roles and group permissions. We will continue to provide yearly system administrator training sessions on security policies and procedures to follow when administering application access for MFMP users. We have also requested that agencies submit their annual completed, signed copy of the Security Policy by July 15, 2007.</p>	
			<p>Recommendation 10: DMS should improve the deficient security control features and enhance the safeguarding of DMS IT resources.</p>	<p>Concur: DMS will implement the appropriate security controls for MFMP system in regards to this confidential finding. The MFMP upgrade 2.0 estimated to be release in April 2007 will identify specific dates for implementation as appropriate.</p> <p>Updated/Closed 07/13/2007: DMS continues to identify and implement appropriate security controls for the MFMP system.</p>	
			<p>Finding 11 & 12: Application Systems Change Management</p> <p>Effective management of application system changes</p>		

			<p>helps ensure that the ongoing integrity of a system is preserved over time as the system is changed. Our audit disclosed instances where neither DMS nor end-user approval of system changes and operational data updates (data changes made by Accenture on behalf of users) had been obtained prior to the changes becoming operational. We also noted instances where the MFMP design specifications had not been updated to reflect system changes or contained inaccuracies.</p> <p>Recommendation 11: DMS should ensure that the program change process incorporates adequate user involvement and written approval for all system enhancements and changes.</p>	<p>Concur: The MFMP application maintenance process calls for end user involvement for significant changes to the system. Users are asked to provide input and review design specifications, participate in testing of coded modifications before implementation, and submit a satisfaction survey post implementation. This process is now being coordinated with the MFMP Change Review Board. In July 2006, the project team began a more structured sign-off process before migrating code changes to the production environment. The approval process requires Accenture to submit all supporting documentation supporting testing and the Change Review Board and DMS' project management must sign-off on all changes prior to migrating the change to the production system.</p> <p>Updated/Closed 07/13/2007: As indicated in our original response, the joint MFMP project team continues to follow the documented process for all code and enhancement releases in conjunction with the MFMP Change Review Board and DMS project management.</p>	
			<p>Recommendation 12: In addition to maintaining a historical copy of the original design documents, DMS should maintain updated versions of the documents to serve as documentation of the current state of the system.</p>	<p>Concur: As noted in the report, the project team maintains a crosswalk to tie system documentation for enhancements and ongoing changes to the original design documentation. Operationally, the project team has found that this approach provides</p>	

				<p>the application maintenance team with a clear and concise method of representing changes to MFMP functionality over time. If particular misstatements are identified in previous MFMP design documentation, they can be overridden by subsequent design documents that are recorded in the overall system documentation crosswalk. The system documentation crosswalks for the reported identified designs, DLFD002 and FLDD072, will be updated by March 31, 2007.</p> <p>Updated/Closed 07/13/2007: In March 2007, the MFMP technical team updated the crosswalks for the reported identified designs, DLFD002 and FLDD072 to document the current state of functionality within MyFloridaMarketPlace.</p>	
			<p>Findings 13, 14, 17, 18, and 19: Data Management</p> <p>Effective data management controls help ensure the integrity of information stored within a system. We continued to note deficiencies in the management of electronic documents within MFMP that serve as attachments to procurement records. Additionally, DMS had not established maintenance procedures to ensure the ongoing retention and usability of electronic records pursuant to Department of State Rules. We also noted instances of duplicate payments initiated from MFMP and processed by FLAIR for payment. We noted other data integrity issues within MFMP and we continued to find data inconsistencies between MFMP and FLAIR. Further, DMS had not established a mechanism for reconciling MFMP and FLAIR transaction data.</p> <p>Recommendation 13: DMS should ensure that an appropriate rule is promulgated regarding MFMP attachments. Additionally, it should proceed with its planned audit process to assure that the rule is being followed. Also, DMS should ensure that all confidential and unusable information currently in the system is purged. Finally, agencies should adopt written policies and procedures that specifically address confidential</p>	<p>Concur: Effective October 15, 2006, rule 60A-1.033 – MyFloridaMarketPlace Information Security and Electronic Attachments - was promulgated as part of the Florida Administrative Code. The rule outlines procedures and guidelines to purge confidential information from the system. It should also be noted that two</p>	

			information issues within MFMP.	<p>change requests were implemented in May and July 2006 to further encourage agencies to follow the MFMP Attachment and Scanning Guidelines. These changes entail additional text throughout the application reminding users that no confidential information should be included in the application, and requiring that users check a checkbox before adding an attachment to the system to confirm that any confidential information that may have been contained in that specific attachment has been removed. As noted in the Auditor General's report, DMS implemented an audit process to monitor and control inappropriate data. This process began in December 2006. Furthermore, in June 2006, DMS distributed a model security policy to user agencies.</p> <p>Updated/Closed 07/13/2007: DMS continues to monitor and control inappropriate data through the audit process described in the original audit response. We also send quarterly notifications regarding confidential information to agency Purchasing liaisons, Finance and Accounting liaisons, and Administrative Directors.</p>	
			<p>Recommendation 14: DMS should implement procedures to ensure compliance with Department of State Rule 1B-26.003, Florida Administrative Code.</p>	<p>Concur: The project management team will evaluate the Department of State Rule and will request guidance from both the Department of State and Auditor General to determine the appropriate policies and procedures for MFMP. This should be completed no later than September 15, 2007.</p> <p>Updated 07/13/2007: The project team will address this finding as scheduled by September 15, 2007.</p> <p>Updated 1/5/2008: The MFMP team has</p>	

				<p>not addressed this finding as of this date.</p> <p>Updated 9/11/2008: In May 2008, the MFMP team, Accenture, and the State Purchasing Governance Manager began reviewing all of the projects electronic recordkeeping policies and procedures. This process, including any new procedures should be completed by December 2008.</p> <p>OIG Position: We will continue to monitor implementation of this recommendation until such time as policies and procedures appropriate to MFMP are established.</p>	
			<p>Recommendation 17: DMS should analyze the aforementioned instances to ensure that appropriate controls are in place to preclude file processing errors affecting the integrity of MFMP data transfers to FLAIR.</p>	<p>Concur: To prevent a reoccurrence of the file processing errors affecting the integrity of MFMP data transfers to FLAIR, the operational procedures and documentation along with the Disaster Recovery Plan were updated in June 2006.</p> <p>Updated/Closed 07/13/2007: Since the update to the operational procedures and the Disaster Recovery Plan in June 2006, there have been no additional file processing errors.</p>	
			<p>Recommendation 18: DMS should take action regarding the described issues to ensure that MFMP data is consistent and accurate both within the system and when shared with external systems. Noted issues follow:</p> <p>a. As also noted in audit report No. 2006-015, when a transaction was recorded in MFMP, the system only captured the vendor number for that transaction. For recorded transactions, MFMP provided additional vendor information associated with the vendor number such as the vendor name and address. To provide this information, MFMP looked up the vendor number associated with the transaction in the Supplier and SupplierLocation database objects. As a result, MFMP provided the current information for</p>	<p>Concur: Per your noted issues please find our response.</p> <p>a. As noted in the AG report, the system will show a vendor's current, up-to-date information as opposed to the historical vendor information for a given transaction. The core Ariba software supporting MFMP does not provide a mechanism to maintain and display the historical information. The MFMP team will submit a product enhancement request to the software</p>	

			<p>the vendor associated with the vendor number. If any of the vendor information associated with the vendor number in the Supplier and SupplierLocation database objects had changed subsequent to the entry of the transaction, the correct historical vendor information would not be provided for that transaction.</p> <ul style="list-style-type: none"> b. Two instances were noted where the MFMP invoice reconciliation approval history inaccurately reported an individual as having performed the DFS auditor function when in reality that person was not a DFS employee and did not perform that function. c. As also noted in audit report No. 2006-015, when a transaction was entered into MFMP, the appropriate accounting information (such as fund, function, and object code) was entered along with the transaction. This accounting data was used to facilitate the automatic routing of the transaction to FLAIR to be processed for payment once all of the required approvals in MFMP were recorded. The user could subsequently edit this accounting information directly in FLAIR with a Transaction 58 (Disbursement Correction). The information from a Transaction 58 was not passed from FLAIR back to MFMP. In addition, after making the change in FLAIR, the user could not go back into MFMP and manually update the transaction to reflect the change because the system did not allow changes to transactions in paid status. d. MFMP provided selected reports for agencies to manage their usage of MFMP. Our testing noted MFMP transactions that did not appear on the appropriate MFMP report. In response to our audit inquiries, DMS staff indicated that this was due to issues with the query that was developed to generate the report and that they were in the process of resolving the issue. e. The purchase order start date and end date fields in an MFMP on-line requisition form are used to provide the vendor with the terms of the contract. The system allowed a purchase order start date to be entered as a date after the purchase order end date. 	<p>provider Ariba, as this is not a reasonable change that Accenture can make to the Ariba software.</p> <ul style="list-style-type: none"> b. These instances were recorded in SIR #393 as a system defect and were resolved in the production environment on August 31, 2006. c. As part of the interface design between MFMP and FLAIR, this transaction was not identified as one that should be interfaced back to MFMP for updates in the approved and implemented MFMP design. Therefore, if a user chooses to complete a Transaction 58 in FLAIR, this information is not automatically transferred back to MFMP. d. The reporting data omission referenced was recorded as a customer incident (ticket number 232545) and impacted the All Received Orders and All Open Orders reports. The issue was resolved on June 29, 2006. e. The Department will submit a change request to Accenture for a correction to the PO start and end date fields. <p>Updated/Closed 07/13/2007: Per the noted issues please find status updates:</p>	
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				<ul style="list-style-type: none"> a. The MFMP technical team has submitted a product enhancement request (#1-5U1KSH) to the software provider, Ariba. This is not an architectural change that Accenture can make to the core Ariba software. b. As noted in our original response to the audit recommendation, this defect was resolved in the production environment on August 31, 2006 and has been propagated to MFMP 2.0. c. As noted in our original response, FLAIR was not intended to interface directly back to MFMP. Therefore, we do not plan to request a design modification. d. As noted in our original response to the audit recommendation, the issue was resolved on June 29, 2006 and has been propagated to MFMP 2.0. e. The Department has submitted a change request to Accenture for a correction to the Purchase Order start and end date fields. 	
			<p>Recommendation 19: DMS should continue collaborating with DFS to provide the means to reconcile MFMP with FLAIR and the future replacement accounting system, Aspire. Further, when the reconciliation capability is implemented, DMS should initiate training for designated agency personnel and disseminate detailed instructions for performing the reconciliations.</p>	<p>Concur: As stated in the report, the MFMP project team, in concert with DFS, has designed and is currently testing an overall MFMP and FLAIR payment reconciliation process. The objective of this process is to confirm that payments made through FLAIR for MFMP-initiated transactions are properly recorded on the associated MFMP transaction. The team is targeting to have the payment reconciliation process operational by January 2007, but that schedule is dependent upon DFS resources that also have to support DFS operations and Aspire project activities. Furthermore, a similar reconciliation process will be built into the Aspire interface effort for eventual implementation. When the reconciliation process is operational, communication and training will be provided to the necessary</p>	

				<p>Finance and Accounting personnel responsible for this function in the agencies. Further, this process will be added to the Finance and Accounting refresher training course available via the MFMP Toolkit, located on the MFMP website.</p> <p>Updated 07/13/2007: The payment reconciliation process design has been approved by both DMS and DFS. Development and a first system test run of all files for Fiscal Year 2007 are complete. A second system test run is currently in progress with expected completion by the end of July 2007.</p> <p>Updated/Closed 1/5/2007: The second system test run of all files for Fiscal Year 2007 of the payment reconciliation process was completed September 13, 2007. Subsequent to the successful second test, payment reconciliation was implemented into production on September 20, 2007.</p>	
			<p>Finding 15: Agency Procedural Deficiencies</p> <p>Effective procedures and guidelines are necessary to promote end-users' complete understanding and proper use of MFMP. Our audit field work at the 14 State agencies disclosed instances where written procedures or guidelines for key MFMP processes were lacking and where procedural deficiencies existed regarding the issuance of direct orders (purchase orders), invoice reconciliations (the process whereby invoices are compared to direct orders), and processing of payments.</p> <p>Recommendation: To ensure that transactions are consistently and properly reviewed and processed, State agencies should establish written procedures and guidelines for key MFMP processes utilized. These written procedures should specifically:</p> <ul style="list-style-type: none"> ● Require that approved direct orders are obtained prior to the receipt of any goods or services. ● Enhance procedures to ensure that MFMP is 	<p>Concur: We agree that State agencies should establish written procedures and guidelines for key MFMP processes. Regarding DMS, Section 5.1 of the Department's Purchasing Policies and Procedures Manual, already directs that purchase orders will not be processed for goods or services that are acquired after-</p>	

			<p>appropriately updated for invoices paid directly in FLAIR.</p>	<p>the-fact. In addition, DMS Finance and Accounting will provide procedures for their staff on updating MFMP for invoices paid directly in FLAIR. These procedures are expected to be completed by January 15, 2007.</p> <p>Updated/Closed 07/13/2007: Finance and Accounting procedures were revised to provide staff with procedures for updating MFMP for invoices paid directly in FLAIR.</p>	
			<p>Finding 20: Statistical Sampling of Payments for Preauditing</p> <p>MFMP's Statistical Sampling Module was used by DFS to perform a preaudit of payments. Improvements were needed in the operation of the sampling process to provide increased assurance of its validity.</p> <p>Recommendation: Going forward, DMS should ensure the statistical sampling process adheres to the design specifications for invoice sampling and DFS instructions.</p>	<p>Concur: The random number zero problem was corrected in the production environment in April 2006. In addition, the confusion regarding the routing and approval of the DFS request to reset the OLO 790000 site code 00, in February 2006 has been corrected. This was corrected by the project team working with DFS and subsequently refined and confirmed the approval process for OLO site code resets to include DMS approval and this change should avoid the delays noted in the report.</p> <p>Updated/Closed 07/13/2007: The joint DMS and Accenture MFMP project team have implemented a two-step verification process to ensure that the random number file generated by the MFMP application does not contain the number zero. The first verification step calls for a member of the Accenture team to visually inspect the file after it is created in the production environment to confirm the absence of</p>	

				<p>zeros. The second step calls for the Accenture team to provide a member of the DMS team a screen shot, including a system generated time stamp, displaying the contents of the random number file. The DMS team member uses the screen shot to validate the absence of zeros in the file. The DMS team member then gives Accenture approval/denial to use the random number file in the production environment.</p>	
			<p>Finding 21-23: Continuity of Service</p> <p>IT service continuity is protected through such measures as disaster recovery planning and appropriate provisions for making and safeguarding copies of software and data. Risk assessment elements within the MFMP disaster recovery plan needed enhancement. Additionally, improvements were needed in MFMP program and data back-up provisions and in environmental controls at the Tallahassee facility that housed the MFMP development environment and served as a back-up site to the primary hosting facility.</p> <p>Recommendation 21: DMS should ensure that the disaster recovery risk assessment contains sufficient information to function as intended.</p>	<p>Concur: The Disaster Recovery Application Risk Analysis document provided to DMS, by Accenture, in June 2006 as a part of the revised Disaster Recovery Plan documents the risk associated with losing one or more of the components of the MFMP application in the event of a disaster. The document also provides the business process workaround to be utilized in the event that a component is lost that is not included in the scope of the Disaster Recovery Plan. The existence of the executable workarounds outlined provides the rationale used to determine which components of MFMP are covered in the Disaster Recovery Plan.</p> <p>Updated/Closed 07/13/2007: The applications that together comprise the MFMP program have not changed, and, as</p>	

				such, the Recovery Application Risk Analysis submitted in June of 2006 and described in our original response to the recommendation is still valid and applicable.	
			<p>Recommendation 22:</p> <p>a. DMS should ensure that off-site back-ups are available to allow for a complete and timely recovery in the event of a system loss.</p> <p>b. Additionally, DMS should consider relocating the off-site storage facility to a location more geographically removed from the hosting facility</p>	<p>a. The Department agrees that we should ensure that off-site back-ups are complete and available in the event of a system loss and currently have a monitoring program in place. The monitoring program was enhanced with the update to the Operations Plan in April 2006.</p> <p>b. While the Department believes the risk of the off-site storage facility is acceptable, based on the Auditor General's input we will again consider relocating the off-site storage facility to a location more geographically removed from the hosting facility.</p> <p>Updated 07/13/2007:</p> <p>a. We continue to use the monitoring program we implemented to verify that off-site backups are complete and available.</p> <p>b. The department continues to assess the feasibility of moving the backups to an alternative off-site storage facility. However, the department is also working to move the Production and Quality Assurance MFMP applications to the Shared Resource Center. As part of this migration, the disaster recovery solution will be migrated to the Miami hosting facility to allow for geographic separation, and would continue to utilize the current off-site storage facility. This would provide adequate geographic separation between the production hosting facility and the off-site storage facility.</p> <p>Updated/Closed 1/5/2008: The MFMP</p>	

				<p>production applications were successfully migrated to the Shared Resource Center (SRC) in September of 2007. Additionally, the disaster recovery solution was migrated to the Miami hosting facility to allow for geographic separation, continuing to utilize the current off-site storage facility. This provides adequate geographic separation between the production hosting facility and the off-site storage facility.</p>	
			<p>Recommendation 23: DMS should require Accenture to implement a fire detection and suppression solution at the Tallahassee location pursuant to the contract.</p>	<p>Concur: The referenced contract clause, Attachment D Section 4.0 (g), is within a larger set of service level requirements for the MFMP production environment that is accessed by State of Florida users. Since the Tallahassee project site does not house the production environment, these requirements are not relevant to that site. Nonetheless, the Department and Accenture recently investigated the opportunity to move the MFMP production environment from Miami where it is protected by a fire detection and suppression system to the State's SRC in Tallahassee, in an effort to support the Department's initiative to further utilize the SRC for State of Florida production applications. Efforts to analyze this move identified the need to simultaneously move the disaster recovery site away from Tallahassee if the production site were to be moved to Tallahassee, in order to maintain appropriate geographic separation of the production and disaster recovery sites. Legislative funding was allocated in this year's budget to support such application environment moves. However, funding could not be obtained in time to move the MFMP environment before the testing phase of the in process upgrade effort began. As such, to minimize risk, the Department and Accenture agreed to reconsider this move at some point after</p>	

				<p>July 2007.</p> <p>Updated 07/13/2007: While the migration from the Miami hosting facility to the Shared Resource Center was postponed due to a lack of funding, the Department is currently targeting a migration of the Production and Quality Assurance environments of MFMP to the Shared Resource Center in September 2007. This move would include a relocation of the disaster recovery site to the Miami host facility, where it would be under the protection of that site's fire suppression system.</p> <p>Updated/Closed 1/5/2008: The MFMP production applications were successfully migrated to the Shared Resource Center (SRC) in September of 2007. As part of this move, the disaster recovery solution was migrated to the Miami hosting facility to allow for geographic separation, continuing to utilize the current off-site storage facility. This provides adequate geographic separation between the production hosting facility and the off-site storage facility. As such, the disaster recovery solution, currently residing in the Miami host facility, falls under the protection of that site's fire suppression system.</p>	
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FISCAL YEAR 2009-10

**OFFICE OF SUPPLIER
DIVERSITY**

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

**OFFICE OF SUPPLIER
DIVERSITY**

SCHEDULE I SERIES

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEES AND RELATED PROGRAM COSTS

Department: 72 MANAGEMENT SERVICES **Budget Period:** 2009-10
Program: 72600500 OFFICE OF SUPPLIER DIVERSITY
Fund: 2339 GRANTS & DONATIONS TRUST
Specific Authority: Executive Order 91-253; Ch. 88-130, L.O.F. & Section 403.7065, F.S.
Purpose of Fees Collected: To cover the projected administrative and project service costs of the on-line procurement systems. Provides for entering into contracts with contractors for the designing, financing, acquiring, leasing, constructing, and operating of private correctional facilities.

Type of Fee or Program: (Check ONE Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

<u>SECTION I - FEE COLLECTION</u>	(1)	(2)	(3)	(4)
		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Receipts:				
Reimbursements		-		
Total Fee Collection to Line (A) - Section III		-	-	-

<u>SECTION II - FULL COSTS</u>				
Direct Costs:				
Salaries and Benefits		-		
Other Personal Services		-		
Expenses		-		
Operating Capital Outlay				
Sp.Cat.:Contracted Services		-		
Sp.Cat.:Risk Management Insurance		-		
HR Statewide Contract		-		
Data Processing Services-TRC		-		
Indirect Costs Charged to Trust Fund:				
TR to 2021-Admin.Assess.Fee		-		
TR from 72600400-2339 to 72600500-2339		-		
TR from 72600500-2339 to 72600400-2510			-	
Certified Forward Reversions @ 9/30/08			-	
Reserve for Pay Package				-
Total Full Costs to Line (B) - Section III		-	-	-

Basis Used: Accrual

<u>SECTION III - SUMMARY</u>				
TOTAL SECTION I	(A)	-	-	-
TOTAL SECTION II	(B)	-	-	-
TOTAL - Surplus/Deficit	(C)	-	-	-

EXPLANATION:
 See 2510 for Request FY 2007-08 Information

SCHEDULE 1A: DETAIL OF FEES AND RELATED PROGRAM COSTS

Department: 72 MANAGEMENT SERVICE! **Budget Period: 2009-10**
Program: 72600500 OFFICE OF SUPPLIER DIVERSITY
Fund: 2510 Operating Trust
Specific Authority: 2006-79, Laws of Florida
Purpose of Fees Collected: To cover the projected administrative and project service costs of the on-line procurement systems. Provides for entering into contracts with contractors for the designing, financing, acquiring, leasing, constructing and operating of private correctional facilities.

Type of Fee or Program: (Check ONE Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

(1) SECTION I - FEE COLLECTION	(2) ACTUAL FY 2007 - 08	(3) ESTIMATED FY 2008 - 09	(4) REQUEST FY 2009 - 10
Receipts:			
Reimbursements			
Total Fee Collection to Line (A) - Section III	-	-	-

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits	783,326	682,198	689,264
Other Personal Services	4,333	4,000	4,000
Expenses	152,207	111,621	111,621
Operating Capital Outlay			
Sp.Cat.:Contracted Services	6,468	56,428	56,428
Sp.Cat.:Risk Management Insurance	2,501	4,117	4,117
HR Statewide Contract	6,911	4,125	4,125
Data Processing Services-TRC	113,345	51,688	26,480

Indirect Costs Charged to Trust Fund:

TR to 2021-Admin.Assess.Fee	148,896	109,027	109,027
TR from 72600400-2510	(1,217,986)	(1,004,298)	(1,005,062)
Certified Forward Reversions@12/30/2007			
Reserve for Pay Package			
B/A EOG B0209 Decrease DP-STO		(18,906)	
Total Full Costs to Line (B) - Section III	1	-	-

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	-	-	-
TOTAL SECTION II	(B)	1	-	-
TOTAL - Surplus/Deficit	(C)	(1)	-	-

EXPLANATION:

See 2339 for Actual FY 2005-06 and Estimated FY 2006-07 Information

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72600500 Office of Supplier Diversity
Fund: 2339 Grants & Donations Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Reimbursements	0		
<u>FUNDING SOURCE-NON-STATE</u>			
TOTALS*	-	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72600500 Office of Supplier Diversity
Fund: 2510 Operating Trust Fund

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Reimbursements	0		
TOTALS*	-	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	GRANTS AND DONATIONS TRUST
LAS/PBS Fund Number:	OFFICE OF SUPPLIER DIVERSITY (72600500)
	2339

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	0 (A)		
ADD: Other Cash (See Instructions)			
ADD: Investments			
ADD: Outstanding Accounts Receivable			
Total Cash plus Accounts Receivable	0 (F)		
LESS Allowances for Uncollectibles			
LESS Approved "A" Certified Forwards	0 (H)		
Approved "B" Certified Forwards	0 (H)		
Approved "FCO" Certified Forwards			
LESS: Other Accounts Payable (Non Operating)			
LESS: <u>Other Accounts Payable</u>			
Unreserved Fund Balance, 07/01/08	0 (K)		**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	OPERATING TRUST FUND
LAS/PBS Fund Number:	OFFICE OF SUPPLIER DIVERSITY (72600500)
	2510

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	13,805 (A)		
ADD: Other Cash (See Instructions)		(B)	
ADD: Investments		(C)	
ADD: Outstanding Accounts Receivable		(D)	
ADD:		(E)	
Total Cash plus Accounts Receivable	13,805 (F)		
LESS Allowances for Uncollectibles		(G)	
LESS Approved "A" Certified Forwards	13,805 (H)		
Approved "B" Certified Forwards		(H)	
Approved "FCO" Certified Forwards		(H)	
LESS: Other Accounts Payable (Non Operating)		(I)	
LESS: <u>Other Accounts Payable</u>		(J)	
Unreserved Fund Balance, 07/01/07	0 (K)		**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: Office of Supplier Diversity (OSD)

Phone Number: (850) 487-9476

(1)	(2)	(3)	(4)	(5)	(6)
REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
			There are no issues or findings to report for OSD.		



FISCAL YEAR 2009-10

**HUMAN RESOURCE
MANAGEMENT**

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

**HUMAN RESOURCE
MANAGEMENT**

SCHEDULE I SERIES

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

State Personnel System Trust Fund (2678) Revenue Estimates Methodology:

The annual human resources services assessments are estimated the same as the prior fiscal year with adjustments for changes in the program and contract costs. The assessment is based on the funding required to support the statewide personnel program's operating and non-operating costs and the annual cost of the contract for the personnel information system for which the department is statutorily responsible. Based on these costs, the human resources services assessment is developed and included it in each year's General Appropriations Act on a per full time equivalent (FTE) and per other personal services (OPS) cost for each agency.

FY 2008 – 2009

Funds in Specific Appropriations 2870 through 2882 from the State Personnel System Trust Fund are based upon a human resources services assessment to state entities at the following rates:

FTE	\$400.93
OPS	\$131.66
Justice Administrative Commission	\$287.48
State Court System	\$248.85
County Health Department	\$287.48

FY 2009 – 2010

The human resources services assessment will be provided in the Fiscal Year 2009-10 General Appropriations Act.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72750100 Human Resource Management
Fund: 2339 Grants & Donations Trust
Specific Authority: 110.151, F.S.
Purpose of Fees Collected: For training purposes and to record deposit of federal grant dollars.

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL	ESTIMATED	REQUEST
	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10

Receipts:

Federal Grant	-	-	
Goods and Services	-	-	
Interest Earnings	-		
Reimbursements	-		
Certified Forward Reversions			
Total Fee Collection to Line (1) - Section III	-	-	-

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits			
Other Personal Services	-	-	
Expenses	-	-	
Operating Capital Outlay			
Real Choice Systems Change			
Adoption Program			

Indirect Costs Charged to Trust Fund:

Service Charge to GR	-		
Cert Forward Reversions @ 12/30/07	-		
Transfer to 727501-2510	12,751	-	-
5% Trust Fund Reserve			
Total Full Costs to Line (2) - Section III	12,751	-	-

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	-	-	-
TOTAL SECTION II	(B)	12,751	-	-
TOTAL - Surplus/Deficit	(C)	(12,751)	-	-

EXPLANATION:

See 2510 for Request FY 2007-08 Information

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72750100 Human Resource Management
Fund: 2510 Operating Trust
Specific Authority: 2006-79, Laws of Florida
Purpose of Fees Collected: For training purposes and to record deposit of federal grant dollars.

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 08	FY 2008 - 09	FY 2009 - 10

Receipts:

Federal Grant				
Goods and Services			107,426	107,426
Interest Earnings				-
Reimbursements				
Certified Forward Reversions				
Total Fee Collection to Line (1) - Section III		-	107,426	107,426

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits				
Other Personal Services				
Expenses			107,426	107,426
Operating Capital Outlay				
Real Choice Systems Change				
Adoption Program				

Indirect Costs Charged to Trust Fund:

Service Charge to GR				
Cert Forward Reversions @ 12/30/07				
Transfer from 727501-2339		(12,751)	-	-
5% Trust Fund Reserve				5,371
Total Full Costs to Line (2) - Section III		(12,751)	107,426	112,797

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	-	107,426	107,426
TOTAL SECTION II	(B)	(12,751)	107,426	112,797
TOTAL - Surplus/Deficit	(C)	12,751	-	(5,371)

EXPLANATION:

See 2339 for Actual FY 2005-06 and Estimated FY 2006-07 Information

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72750100 Human Resource Management
Fund: 2678 State Personnel System Trust
Specific Authority: Section 110.125, F.S.
Purpose of Fees Collected: To maintain and administer the Personnel Program

Type of Fee or Program: (Check ONE Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1) SECTION I - FEE COLLECTION	(2) ACTUAL FY 2007 - 08	(3) ESTIMATED FY 2008 - 09	(4) REQUEST FY 2009 - 10
Receipts: SEE ATTACHED LISTING				
Total Fee Collection to Line (1) - Section III		49,389,490	49,482,855	49,482,855

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits	2,893,796	3,061,689	3,095,075
Other Personal Services	-	10,000	10,000
Expenses	375,630	332,268	386,916
Operating Capital Outlay	-	5,000	5,000
Sp.Cat.:Contracted Services	173,552	297,032	931,032
HR Outsourcing Project	-	-	-
Sp.Cat.:Risk Management Insurance	6,219	26,987	26,987
ASPIRE Remediation	-		
TR DMS/Human Res SVC	14,794	14,794	14,794
People First Systems Enhancement	-	-	-
HR Statewide Contract	44,153,424	44,153,424	44,153,424
Legal Services	127,143	196,000	196,000
Deferred Payments Contract	6,282	6,283	6,283
Data Processing Services-STO	116,055	141,014	56,657

Indirect Costs Charged to Trust Fund:

TR to GR - 7.3% Service Charge	12,499	12,410	12,410
TR to 2021 - Admin. Assess. Fee	866,828	1,162,565	1,162,565
Refunds	-		
Cert.Forward Reversions @ 9/30/07	(4,855)	-	
B/A EOG B0209 Decrease DP-STO	-	(63,268)	
Reserve for Pay Package			-

Total Full Costs to Line (2) - Section III	48,741,367	49,356,198	50,057,143
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Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	49,389,490	49,482,855	49,482,855
TOTAL SECTION II	(B)	48,741,367	49,356,198	50,057,143
TOTAL - Surplus/Deficit	(C)	648,123	126,657	(574,288)

EXPLANATION:

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: Management Services **Budget Period:** 2009-10
Program: Human Resource Management (72750100)
Fund: State Personnel System Trust (2678)

Specific Authority: Section 110.125, F.S.
Purpose of Fees Collected: To maintain and administer the Personnel Program

(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL	ESTIMATED	REQUEST
	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Receipts:			
Assessments:122,174(average) FTE @\$59			
Assessments: 199,174 FTE @ \$59			
TR from Agencies/HR Svcs Assessme	49,212,626	49,312,855	49,312,855
TR from Jud. Adm. Comm.			
TR from State Courts Admin.			
TR from Lottery			
Interest Earnings	171,213	170,000	170,000
Cert. Forward Reversions @ 12/30/07			
Refunds and Reimbursements	5,651		
Miscellaneous			
Total Fee Collection to Line (1) - Section III	49,389,490	49,482,855	49,482,855

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72750100 Human Resource Management
Fund: 2339 Grants & Donations Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Federal Grant	0		
TOTALS*	-	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72750100 Human Resource Management
Fund: 2510 Operating Trust Fund

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Training Fees	12,810		
TOTALS*	12,810	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72750100 Human Resource Management
Fund: 2678 State Personnel System Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009- 10
TR from Agencies for HR Outsourcing	4,127,020		
TOTALS*	4,127,020	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	GRANTS AND DONATIONS TRUST
LAS/PBS Fund Number:	HUMAN RESOURCE MANAGEMENT - ADA (72750100)
	2339

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	0 (A)		0
ADD: Other Cash (See Instructions)			0
ADD: Investments	0 (C)		0
ADD: Outstanding Accounts Receivable			0
ADD:			0
Total Cash plus Accounts Receivable	0 (F)	0	0
LESS Allowances for Uncollectibles			0
LESS Approved "A" Certified Forwards	0 (H)		0
Approved "B" Certified Forwards	0 (H)		0
Approved "FCO" Certified Forwards			0
LESS: Other Accounts Payable (Non Operating)	0 (I)		0
LESS: <u>Other Accounts Payable</u>			0
Unreserved Fund Balance, 07/01/08	0 (K)		0**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010 MANAGEMENT SERVICES
Trust Fund Title:	OPERATING TRUST FUND
Budget Entity:	HUMAN RESOURCE MANAGEMENT - ADA (72750100)
LAS/PBS Fund Number:	2510

	Balance as of 6/30/2008		SWFS* Adjustments		Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	12,810	(A)			12,810
ADD: Other Cash (See Instructions)		(B)			0
ADD: Investments	0	(C)			0
ADD: Outstanding Accounts Receivable		(D)			0
ADD:		(E)			0
Total Cash plus Accounts Receivable	12,810	(F)	0		12,810
LESS Allowances for Uncollectibles		(G)			0
LESS Approved "A" Certified Forwards		(H)			0
Approved "B" Certified Forwards		(H)			0
Approved "FCO" Certified Forwards		(H)			0
LESS: Other Accounts Payable (Non Operating)		(I)			0
LESS: <u>Other Accounts Payable</u>		(J)			0
Unreserved Fund Balance, 07/01/08	12,810	(K)			12,810**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	STATE PERSONNEL SYSTEM TRUST
LAS/PBS Fund Number:	HUMAN RESOURCE MANAGEMENT (72750100)
	2678

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	5,658,994 (A)		5,658,994
ADD: Other Cash (See Instructions)			0
ADD: Investments	1,809,612 (C)		1,809,612
ADD: Outstanding Accounts Receivable	479,756 (D)		479,756
ADD:			
Total Cash plus Accounts Receivable	7,948,361 (F)	0	7,948,361
LESS Allowances for Uncollectibles			0
LESS Approved "A" Certified Forwards	3,819,802 (H)		3,819,802
Approved "B" Certified Forwards	0 (H)		0
Approved "FCO" Certified Forwards			0
LESS: Other Accounts Payable (Non Operating)	1,539 (I)		1,539
LESS: <u>Other Accounts Payable</u>			0
Unreserved Fund Balance, 07/01/08	4,127,020 (K)	0	4,127,020 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	<u>720000 MANAGEMENT SERVICES</u>
Trust Fund Title:	<u>ADA Grants & Donations Trust Fund</u>
LAS/PBS Fund Number:	<u>2339</u>

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08	<input type="text" value="12,751"/> (A)
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Add/Subtract:

Compensated Leave Liability in FLAIR Not on Schedule 1C	<input type="text" value="0.00"/> (B)
--	---------------------------------------

Certified Forward B recored on Schedule 1C Not Recorded in FLAIR	<input type="text" value="0"/>
---	--------------------------------

Other Adjustment(s):

Statewide Post Closing adjustment to Accounts Receivable	<input type="text"/>
--	----------------------

<input type="text"/>	(C)
----------------------	-----

ADJUSTED BEGINNING TRIAL BALANCE:	<input type="text" value="12,751"/> (D)
--	---

UNRESERVED FUND BALANCE, SCHEDULE IC	<input type="text" value="12,751"/> (E)
---	---

DIFFERENCE:	<input type="text" value="0"/> (F)*
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***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	<u>720000 MANAGEMENT SERVICES</u>
Trust Fund Title:	<u>Governor's Commission on Disabilities Operating TF</u>
LAS/PBS Fund Number:	<u>2510</u>

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08	<input type="text" value="12,810"/> (A)
---	---

Add/Subtract:

Compensated Leave Liability in FLAIR Not on Schedule 1C	<input type="text"/> (B)
--	--------------------------

Certified Forward B recored on Schedule 1C Not Recorded in FLAIR	<input type="text" value="0"/>
---	--------------------------------

Other Adjustment(s):

Statewide Post Closing adjustment to Accounts Receivable	<input type="text"/> (C)
--	--------------------------

<input type="text"/> (C)

ADJUSTED BEGINNING TRIAL BALANCE:	<input type="text" value="12,810"/> (D)
--	---

UNRESERVED FUND BALANCE, SCHEDULE IC	<input type="text" value="12,810"/> (E)
---	---

DIFFERENCE:	<input type="text" value="(0)"/> (F)*
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***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	<u>720000 MANAGEMENT SERVICES</u>
Trust Fund Title:	<u>State Personnel Systems Trust Fund</u>
LAS/PBS Fund Number:	<u>2678</u>

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 4,127,021 (A)

Add/Subtract:

Compensated Absences Liability recorded In FLAIR As A Liability/
Not Recorded On Schedule 1C []

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 [] (C)

[] (C)

ADJUSTED BEGINNING TRIAL BALANCE: 4,127,021 (D)

UNRESERVED FUND BALANCE, SCHEDULE IC 4,127,021 (E)

DIFFERENCE: 0 (F)*

***SHOULD EQUAL ZERO.**

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: Human Resource Management

Phone Number: (850) 487-9476

(1) REPORT NUMBER	(2) PERIOD ENDING	(3) UNIT/AREA	(4) SUMMARY OF FINDINGS AND RECOMMENDATIONS	(5) SUMMARY OF CORRECTIVE ACTION TAKEN	(6) ISSUE CODE
<p>Auditor General Report 2007-087 No.</p> <p>Dated: 01/25/2007</p>	<p>01/31/2006</p>	<p>People First</p>	<p><u>Department of Management Services and Selected State Agencies People First Operational Audit</u></p> <p>Finding 1: As a result of People First errors, electronic time sheets for employees assigned certain People First user role codes were either improperly self-approved or improperly placed in an approved status upon submission.</p> <p>Recommendation: DMS should ensure People First requires that proper supervisory approval of attendance and leave be recorded for all employee time sheets, in accordance with Florida law and best practices.</p>	<p>Concur: A People First system release on October 28, 2006 included two improvements that eliminated an employee's ability to self approve timesheets and the ability for a timesheet to move directly to an approved status when submitted. The Department performed an independent review the week following the system release and determined that timesheets could not be self-approved by an employee or improperly placed in an approved status upon submission.</p> <p>Updated/Closed 07/18/2007: As stated in the original response, a People First system release on October 28, 2006, included two improvements that eliminated an employee's ability to self-approve timesheets and the ability for a timesheet to move directly to an approved status when submitted. The Department performed an independent review the week following the system release and</p>	

				determined that timesheets could not be self-approved by an employee or improperly placed in an approved status upon submission.	
			<p>Finding 2: While the vast majority of tested payroll transactions processed through People First were accurate and supported by adequate documentation, some exceptions were found that indicated payroll processing issues still exist.</p> <p>Recommendation: State agencies should continue efforts to timely detect and prevent employee payroll errors through such measures as the performance of routine payroll audits. Errors detected that appear to be attributable to People First should be brought to the attention of DMS for investigation and possible system enhancements. Further, agencies should continue to ensure that information submitted utilizing paper time sheets is accurate and complete.</p> <p>DMS should ensure that any necessary system enhancements are made to ensure that People First accurately and timely processes all payroll transactions. Finally, DMS should consider options to ensure suitable edits are in place for optically scanned time sheets.</p>	<p>Concur: The Department will continue to work with State agency and Convergys staff to identify and make the necessary system improvements to the People First system so that payroll transactions are processed accurately and timely. A People First system release on October 28, 2006 was implemented to correct calculations for extended period (28-day) employees.</p> <p>The majority of manual timesheets are used by the Department of Corrections (DOC); therefore, the Department is working with the DOC in an attempt to reduce DOC's dependency on manual timesheets. The DOC began piloting a program in August 2006 that may eliminate the need for manual timesheets for normal time reporting periods by establishing time keepers at key locations around the state that enter these timesheets electronically. The electronic timesheets are then processed through the normal system edits process. The DOC related to the Department that the pilot program is currently 50 percent complete and anticipates the program to be 75 to 100 percent complete by May 2007.</p> <p>Updated/Closed 07/18/2007: The Department of Corrections has reduced its total number of manual timesheet submittals from 13,635 in January 2007 to 2,056 in May 2007 (85%). The goal is to</p>	

				have all timesheets automated by the end of the 2007 calendar year. In addition, the Department held a Personnel Action Request (PAR) focus group meeting from February 28, 2007, through March 2, 2007, to identify issues encountered during the PAR process, including issues that could impact pay to employees.	
			<p>Finding 3: Agency payroll audit procedures could be enhanced to help ensure the accurate processing of State agency payrolls</p> <p>Recommendation: All State agencies should establish and implement comprehensive written payroll audit procedures to help ensure the accurate processing of State agency payrolls. Such procedures should include provisions for testing samples of the payroll data provided by the Bureau of State Payrolls and, where feasible, testing samples of the data contained in the People First preliminary File One.</p>	<p>Concur: On November 14, 2006, the Department instituted an audit process for each pay period based on Preliminary File One. We will prepare a more detailed policy and procedure to document our payroll audit process by February 28, 2007.</p> <p>Updated/Closed 07/18/2007: On July 12, 2007, the Department issued policies and procedures to document File One procedures as well as payroll auditing.</p>	
			<p>Finding 4: A functional People First Leave Payout Screen has not been available to agencies since July 12, 2005, increasing agency personnel time and effort involved in processing and tracking terminal leave benefits and contributing to certain inaccurate and untimely leave payouts noted during our audit. Additionally, DMS has not issued formal guidance to assist agencies in the proper proration and payment of terminal annual leave benefits for Selected Exempt Service and Senior Management Service employees.</p> <p>Recommendation: To reduce the necessity for agency reliance on manual leave and other workaround payout processes, DMS should ensure that appropriate and specific business rules are established in the redesigned People First Leave Payout Screen to ensure compliance with statutory requirements for leave payout maximums. Additionally, to ensure the consistent and accurate proration and payment of terminal annual leave benefits</p>	<p>Concur: The Department will continue to work with State agency and Convergys staff to make the necessary People First system improvements to reduce the necessity for agency reliance on manual processes. The Department is currently designing requirements for the leave payout screen that will track leave payouts</p>	

			<p>for terminating SES and SMS employees, DMS should issue updated guidance to State agencies regarding the proper proration, ensuring that such guidance is incorporated into the redesign of the People First Leave Payout Screen. Until functionality of the People First Leave Payout Screen is restored, agencies should continue to take all necessary measures to ensure that leave payments are made in an accurate and timely manner.</p>	<p>and validate if an agency attempts to process excessive leave payouts for which the employee is not entitled. The appropriate business rules will be included in this functionality to comply with statutory requirements for leave payout maximums to be deployed during Fiscal Year 2007-2008.</p> <p>The Department is in the process of issuing a formal policy interpretation for the correct proration and payment of terminal leave when an employee transfers or terminates from an SES or SMS position. The Department will issue the policy interpretation for leave proration by March 30, 2007, prior to the implementation of the Leave Payout screen.</p> <p>Updated 07/18/2007: The Department provided Convergys a business requirements document (BRD) for the leave payout functionality on May 24, 2007. The BRD included requirements to track leave payouts and validate if an agency attempts to process excessive leave payouts for which the employee is not entitled. These requirements will ensure leave payouts are processed correctly for all People First System users.</p> <p>On May 3, 2007, the Department issued a formal policy interpretation for the correct proration of terminal leave when an employee transfers or terminated from an SES or SMS position. The business requirements document for proration of annual leave for SES and SMS employees was also provided to Convergys on May 3, 2007.</p> <p>OIG Position: Currently the Department is in negotiations with Convergys to amend the contract (Amendment 10) to</p>	
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				<p>include the BRDs discussed in this response, as well as other functions. At this time, it cannot be determined when Amendment 10 will be made a part of the contract. The OIG will continue to monitor this finding and recommendation until such time that Convergys has made the recommended changes to the People First system.</p> <p>Updated 5/28/08: Amendment 10 was officially signed on May 28, 2008. The OIG is in the process of reviewing Amendment 10 to verify that all required changes were included.</p>	
			<p>Finding 5: Errors existed in People First Leave Balance Overview Screen data.</p> <p>Recommendation: DMS should continue its efforts to ensure that the Overview Screen reflects employee leave balances completely, timely, and accurately.</p>	<p>Concur: The Department will continue to work with State agency and Convergys staff to make the necessary system improvements to the Leave Balance Overview Screen so that employee leave balances are reflected completely, timely, and accurately. As mentioned in the audit report, multiple People First system improvements were implemented after the conclusion of the audit period. A People First system release on March 4, 2006 included improvements to the Leave Balance Overview screen. The Overview Screen reflects an employee's leave history for the most recent 18 month period. Another People First system release on October 28, 2006 included an improvement to prevent employees from modifying their flexible work schedules after their timesheets had been submitted for approval. This modification will ensure that employees are not able to use leave on a non-scheduled workday.</p> <p>Updated/Closed 07/18/2007: As mentioned in the audit report, multiple</p>	

				<p>People First system improvements were implemented after the conclusion of the audit period. A People First system release on March 4, 2006, included improvements to the Leave Balance Overview screen. The Overview Screen reflects an employee's leave history for the most recent 18-month period. Another People First system release on October 28, 2006, included an improvement to prevent employees from modifying their flexible work schedules after their timesheets had been submitted for approval. This modification will ensure that employees are not able to use leave on a non-scheduled workday.</p>	
			<p>Finding 6: Differences were disclosed between People First leave balances and agency-audited leave balances.</p> <p>Recommendation: DMS and agencies should continue to work to ensure that employee leave balances recorded in People First are accurate. To accomplish this, where necessary, supplemental training of agency HR staff should be coordinated between the agency and DMS to ensure the proper handling of leave balance adjustments. Additionally, where applicable, agencies should ensure that procedures are established to perform periodic leave balance audits for a sample of employees and before any payment of terminal leave benefits. Differences disclosed by leave balance audits that are attributable to People First processing should be reported to DMS for its use in addressing system enhancements. DMS should work with State agencies to ensure that any People First-driven leave balance data errors are promptly resolved.</p>	<p>Concur: The Department of Management Services Personnel Office will continue our process of auditing leave balances before making terminal leave payouts. We will begin a process of periodic sampling of leave balances and develop policies and procedures for the auditing of leave balances by February 28, 2007.</p> <p>The Department will also continue to work with State agency staff to resolve leave balance data errors promptly, and to continue to work with State agency and Convergys staff to identify and make any necessary People First system leave balance improvements. The Department will continue to provide agency HR staff with training videos, user guides, and quick reference cards, which will include additional topics such as the proper handling of leave balance adjustments where necessary.</p> <p>Updated 07/18/2007: The Personnel Office has been performing sample leave</p>	

				<p>audits and is in the process of developing policies and procedures for the auditing of leave balances. These policies and procedures will be completed by July 31, 2007.</p> <p>Updated 9/9/08: The Personnel Office has not completed the policy and procedure for auditing leave balances</p> <p>OIG Position: The OIG will continue to monitor this finding and recommendation until the policies and procedures are complete.</p>	
			<p>Finding 7: A paper-based Personnel Action Request approval process was used at multiple State agencies despite increased efficiencies that may be gained through use of delivered People First functionality.</p> <p>Recommendation: DMS should expedite its redesign of the People First PAR process. Also, given current People First system functionality, applicable State agencies should assess the validity of their decisions to maintain a paper-based PAR approval process and reassess such decisions as future enhancements to electronic PAR approvals are implemented.</p>	<p>Concur: Several agencies are currently using the existing PAR process. Therefore, the PAR process does work electronically as intended. However, because the current PAR process is lengthy and not very intuitive, some agencies continue to rely on the paper based system. The Department will continue to work with State agency and Convergys staff to identify the necessary changes needed to the PAR process to improve its functionality and to provide a more user-friendly approach to the manager and employee self-service concept. A State of Florida business requirements document will be developed based on the recommended changes, and provided to Convergys for system development and implementation by June 1, 2007. The Department will also continue to provide agency HR staff with training videos, user guides, and quick reference cards, which will include additional topics such as the PAR process where necessary. This should lead to less reliance on a paper-</p>	

				<p>based PAR approval process.</p> <p>Updated 07/18/2007: The Department held a Personnel Action Request (PAR) focus group meeting from February 28, 2007, through March 2, 2007, to identify issues encountered during the PAR process. The main intent of the focus group was to identify the scope of issues with the interagency movement process. The Department provided Convergys the business requirements for the PAR interagency movement process on June 15, 2007. The focus group also identified and documented numerous PAR items as system enhancements to promote and provide a more user-friendly approach to the manager and employee self-service concept. An additional focus group will be held in the fall of 2007 to ensure all suggestions for improving system intuitiveness and functionality are well-documented.</p> <p>OIG Position: Currently the Department is in negotiations with Convergys to amend the contract (Amendment 10) to include the BRDs discussed in this response as well as other functions. At this time, it cannot be determined when Amendment 10 will be made a part of the contract. The OIG will continue to monitor this finding and recommendation until such time that Convergys has made the recommended changes to the People First system.</p> <p>Updated 5/28/08: Amendment 10 was officially signed on May 28, 2008. The OIG is in the process of reviewing Amendment 10 to verify that all required changes were included.</p>	
			<p>Finding 8: Issues regarding the accuracy and reliability of People First Data Warehouse information and</p>		

			<p>standard reports were noted. Also, use of a query tool to obtain data from the Warehouse requires specialized knowledge and training, burdening agencies with additional time, effort, and financial costs.</p> <p>Recommendation: DMS should continue its efforts to improve the People First Data Warehouse, specifically, the accuracy and reliability of Warehouse information and standard reports. Additionally, DMS should continue to provide comprehensive Warehouse query training and resources to Warehouse users to ensure ease of end-user access.</p>	<p>Concur: The Department held a Data Warehouse Focus Group meeting from December 12–14, 2006. The purpose of the focus group was to identify key issues and recommend solutions to create a reliable, accurate way of reporting all HR data. The group consisted of DMS and Convergys representatives, and a core team made up of data warehouse users and report writers from different State agencies so that an appropriate cross-functional team represents agencies’ needs. The group identified key issues, recommended solutions, and is drafting a long-term action plan to greatly improve the accuracy and reliability of warehouse information and standard reports. The action plan will be complete by January 31, 2007.</p> <p>A major element to these improvements will be validating that the historical data has been properly converted and migrated to the data warehouse and that the data is readily accessible. The data warehouse action plan also calls for the Department to design a comprehensive beginners and advanced training course for data warehouse users that would be taught in various geographic locations throughout the state. It is anticipated that the course will be available in the Fall of 2007.</p> <p>Updated 07/18/2007: The Department has contracted with an outside vendor to develop customized Impromptu training materials specific to the People First data warehouse. The training materials are slated to be published August 2007. Six of the Department’s People First team members will sit through the train-the-</p>	
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				<p>trainer workshop and will be certified trainers for this Impromptu—Data Warehouse training. Training will be offered free of charge to agencies at both beginning and advanced levels and is tentatively scheduled to begin in September 2007.</p> <p>The Department has created a website for data warehouse users. This online resource provides users with forms, helpful hints, and announcements. Additionally, the Department created a link to a secure webpage that houses the data warehouse catalog. Approved users receive a login ID and password to access the data warehouse catalog to run reports for their agencies.</p> <p>On June 20, 2007, the Department's People First team notified the Department's Enterprise Information Technology Services (EITS) to take a final backup of the mainframe COPES data and application source code effective June 29, 2007. The backup tapes will be stored both on and off-site. The Division of State Group Insurance historical data has been verified and reloaded into the Data Warehouse environment. We are currently verifying TimeDirect, TrainingDirect, and COPESView data in the People First data warehouse and plan to shut down those systems by the end of the first quarter of this Fiscal Year.</p> <p>The Department finalized a People First Data Warehouse action plan on January 11, 2007. This plan will ensure that the State of Florida is taking the necessary steps to greatly improve the accuracy and reliability of warehouse information and standard reports. Since January 2007, the Department has provided sixteen data warehouse business requirement</p>	
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				<p>documents to Convergys to correct deficiencies in the data warehouse and standard reports.</p> <p>Updated/Closed 9/9/08: The first beginning Data Warehouse training class was completed in November 2007.</p>	
			<p>Finding 9: Although People First was implemented in phases from May 2003 through January 2005, it was not until March 2006 that a written Statewide security guidelines manual for People First was established to address such issues as the assignment of user role codes, performance of security audits, proper handling and disclosure of sensitive information, and requirements for background checks.</p> <p>Recommendation: DMS, in conjunction with State agencies, should continue to aggressively pursue performing system security audits to ensure adequate implementation of People First security procedures, including the assignment of user role codes. Based on the results of these audits, DMS should determine whether enhancements to system security, including security training courses and additional guidelines, are necessary to ensure complete and effective People First security.</p>	<p>Concur: The Department's security specialist and Inspector General, in conjunction with State agency and Convergys staff, will continue to perform system security audits within the People First system. The audits are conducted on a quarterly basis, and the Department and Convergys hold joint quarterly security meetings to discuss best practices and better provide for information security and confidentiality.</p> <p>The Department maintains the security guidelines manual, which provides guidance to State agencies for ensuring that sensitive employee information is not inappropriately accessed. It is important to note that DMS does not have rule making authority for enforcing the guidelines detailed in the security guidelines manual. As a result, each agency should formalize appropriate procedures and documentation steps, based on the security guidelines manual, to ensure that their employees who have access to sensitive employee information are not inappropriately viewing and/or sharing such information.</p>	

				<p>Updated/Closed 07/18/2007: The Department's security specialist and Inspector General, in conjunction with State agency and Convergys staff, continue to perform system security audits within the People First system. The audits are conducted on a quarterly basis, and the Department and Convergys hold joint, quarterly security meetings to discuss best practices and better provide for information security and confidentiality.</p> <p>The Department maintains the security guidelines manual, which provides guidance to State agencies for ensuring that sensitive employee information is not inappropriately accessed.</p>	
			<p>Finding 10: An examination of DFS payroll measures, such as the number of monthly electronic fund transfer cancellations, demonstrates that problems with the production of State agency payrolls increased dramatically after the implementation of People First. However, while the number of cancellations continued to substantially exceed pre-People First levels, recent data suggests a decreasing need for agencies to cancel erroneous salary and wage payments.</p> <p>Recommendation: Where feasible, agencies should use People First as the primary production system for all payroll transactions to reduce reliance on workaround systems that increase workload and costs. Additionally, DMS should continue system enhancements and training efforts to allow for the maximization of the payroll functionalities of People First.</p>	<p>Concur: The Department will continue to work with State agency and Convergys staff to make any necessary People First system improvements to increase agencies' use of the System and to decrease agency reliance on the On-Demand Payroll System and the PC (personal computer) Payment System.</p> <p>On November 16, 2006, the Department began visiting agencies and universities that use People First to better understand their agency/university unique issues, supporting structure and training needs, and to provide technical assistance and guidance. Agency visit topics include the agencies' use of the On-Demand Payroll</p>	

				<p>system and the PYRL (payroll) Cancellation system. Results from the visits will enable the Department to adequately determine the training needs necessary to increase agencies' use of the People First System.</p> <p>Updated 07/18/2007: The Department visited twenty agencies and five universities from November 16, 2006, to June 25, 2007, with plans to visit the remaining in Fiscal Year '07-'08. One of the agency visit topics included the agencies' use of the On-Demand Payroll System and the PYRL (payroll) Cancellation System. These visits have provided the Department with a better understanding of agency/university payroll needs.</p> <p>For the first five months of 2007, the number of electronic fund transfer cancellations decreased from 1,530 to 432. In May 2007, cancellations were the lowest since the inception of People First (2004). Additionally, the Department provided Convergys business requirement documents (BRD) that should drastically decrease the number of agency payments canceled. The first BRD will implement a new process for retroactive payments, and it was provided to Convergys on April 12, 2007. The Department provided Convergys a second BRD for the leave payout functionality on May 24, 2007. The BRD included requirements to track leave payouts and validate if an agency attempts to process excessive leave payouts for which the employee is not entitled. These requirements will ensure leave payouts are processed correctly for all People First System users.</p> <p>OIG Position: Currently the Department is in negotiations with Convergys to</p>
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				<p>amend the contract (Amendment 10) to include the BRDs discussed in this response as well as other functions. At this time, it cannot be determined when Amendment 10 will be made a part of the contract. The OIG will continue to monitor this finding and recommendation until such time that Convergys has made the recommended changes to the People First system.</p> <p>Updated 5/28/08: Amendment 10 was officially signed on May 28, 2008. The OIG is in the process of reviewing Amendment 10 to verify that all required changes were included.</p>	
			<p>Finding 11: While most planned components of People First are currently operational and available for agency use, certain key components have not been fully implemented. Consequently, agencies have been required to use workarounds to supplement the absent People First functionality.</p> <p>Recommendation: DMS should continue efforts to complete the implementation of planned People First components in the most expeditious time frame possible, ensuring that the delivered functionalities meet the operational needs of State agency users and properly address privacy concerns. Absent the ability to satisfactorily implement all promised functionalities, DMS should pursue the negotiation of appropriate adjustments in contract terms and conditions.</p>	<p>Concur: The Department will continue, in conjunction with State agency and Convergys staff, to ensure that the functionalities meet the operational needs of our customers (all System users). The Department will continue to provide Convergys with State of Florida business requirements documents that provide a more user-friendly and intuitive approach to the manager and employee self-service concept.</p> <p>The Department will continue to examine all partially operational or inoperable components of the System to ensure the most appropriate roll-out dates and timeframes. Although it is important to implement these components in the most expeditious time frame possible, it is also critically important that the proper planning, system testing, and user training</p>	

				<p>is conducted to ensure successful implementation.</p> <p>On September 18, 2006, the Department embarked on a People First Work Plan that will prioritize all system updates, outstanding deliverables, and enhancements. The Plan will provide specific and detailed descriptions of each item and anticipated completion dates. OPPAGA, Auditor General, and Inspector General Recommendations related to System changes will be included in this document. All prioritization issues and related completion dates, as well as implementation of new releases are approved by the People First Change Review Board. The Plan will be completed by March 1, 2007. The Plan will be continuously updated as issues are brought before the Change Review Board.</p> <p>Updated 07/18/2007: The Department continues to examine all partially operational or inoperable components of the System to ensure the most appropriate roll-out dates and timeframes. For each release, the Department conducts thorough planning, system testing, and user training to ensure successful implementation.</p> <p>The Department finalized the People First Work Plan on January 22, 2007. The Plan is continuously updated as issues are identified. From January 1, 2007, to June 15, 2007, the Department provided Convergys fifty-three business requirement documents that either fix inoperable system components or provide a more user-friendly and intuitive approach for the end-user.</p> <p>OIG Position: Currently the Department is in negotiations with Convergys to amend the contract (Amendment 10) to</p>	
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				<p>include the BRDs discussed in this response as well as other functions. At this time, it cannot be determined when Amendment 10 will be made a part of the contract. The OIG will continue to monitor this finding and recommendation until such time that Convergys has made the recommended changes to the People First system.</p> <p>Updated 5/28/08: Amendment 10 was officially signed on May 28, 2008. The OIG is in the process of reviewing Amendment 10 to verify that all required changes were included.</p>	
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FISCAL YEAR 2009-10

**INSURANCE BENEFITS
ADMINISTRATION**

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

**INSURANCE BENEFITS
ADMINISTRATION**

SCHEDULE I SERIES

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

State Employees Health Insurance Trust Fund (2668) Revenue Estimates

Methodology:

Premiums are estimated for Fiscal Year 2008-09 based on projected enrollment per enrollment category times the appropriate premium. The same methodology is used to project premiums for Fiscal Year 2009-10 holding the premium rates at the latest approved rates effective January 2009.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

Pretax Benefits Trust Fund (2570) Revenue Estimates Methodology:

Payroll tax savings is based on trends of the last two years plus projected premium increases.

Supplemental Insurance premium collections, which is a pass-through (premiums collected are forwarded to the insurance carriers), are estimated for Fiscal Years 2008-09 and 2009-10 at the amount collected in Fiscal Year 2007-08.

Medical and Daycare Reimbursement deposits, (not really revenue) are estimated for Fiscal Years 2008-09 and 2009-10 at the amount collected in Fiscal Year 2007-08.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

State Employees Life Insurance Trust Fund (2667) Revenue Estimates

Methodology:

Basic Employee Life insurance premiums are estimated for Fiscal Years 2008-09 and 2009-10 by increasing the prior years amount by source by an estimated overall payroll salary increase of 2%. Due to the change of contract vendor after the rates were determined by Legislature, the set rates for Calendar Year 2008 create a surplus, which will be used to offset a decreased rate in Calendar Year 2009. A proposed rate increase in employer contributions in January 2010 will equal the vendor's contracted rates.

Basic Retiree Insurance premiums for Fiscal Year 2008-09 and 2009-10 are estimated by increasing the prior fiscal year by the historical trend of 5% due to enrollment increases.

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Optional Life premiums (pass through) are estimated at twelve times the latest known premium of the previous fiscal year.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

State Employees Disability Insurance Trust Fund (2671) Revenue Estimates

Methodology:

Disability Insurance premiums for Fiscal Years 2008-09 and 2009-10 are estimated by multiplying the average premium for the last 6 months of Fiscal Year 2007-08 by 12.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Budget Entity: 72750200 Insurance Benefits Administration
Fund: 2570 Pretax Benefits Trust
Specific Authority: 110.161, F.S.
Purpose of Fees Collected: Employee Benefits Plan

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II .)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1) SECTION I - FEE COLLECTION	(2) ACTUAL FY 2007 - 08	(3) ESTIMATED FY 2008 - 09	(4) REQUEST FY 2009 - 10
Receipts:				
Employee Contributions		24,004,558	23,640,000	23,640,000
Savings		17,137,029	18,000,000	18,000,000
Interest Earnings		1,144,053	1,100,000	1,100,000
Supplemental Plan Premiums		57,585,620	54,000,000	54,000,000
Refunds		708		
Penalties				
Total Fee Collection to Line (1) - Section III		99,871,968	96,740,000	96,740,000

SECTION II - FULL COSTS

Direct Costs:				
Salaries and Benefits		383,383	505,376	511,558
Other Personal Services			2,500	2,500
Expenses		41,916	84,548	84,548
Operating Capital Outlay		5,432	10,000	10,000
Sp.Cat.:Risk Management Insurance		4,908	7,124	7,124
HR Statewide Contract		4,984	4,984	4,984
Contracted Services		363,031	363,031	363,031
Data Processing Services - STO		-	40,000	40,000

Indirect Costs Charged to Trust Fund:				
TR to Health Fund-2668		19,526,384	19,000,000	19,000,000
Reimbursement of Claims		21,774,160	22,640,000	22,640,000
Payment of Premiums		57,376,848	54,000,000	54,000,000
Refunds		351,298		
Employer/Employee Adjustments		819		
TR to 2021-Admin.Assess.Fee		80,523	113,225	113,225
Prior Year Accounts Payable Deleted				
Certified Forward Reversions @ 12/30/2007				
Reserve for Pay Package				-
Total Full Costs to Line (2) - Section III		99,913,686	96,770,788	96,776,970

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	99,871,968	96,740,000	96,740,000
TOTAL SECTION II	(B)	99,913,686	96,770,788	96,776,970
TOTAL - Surplus/Deficit	(C)	(41,718)	(30,788)	(36,970)

EXPLANATION:

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72750200 Insurance Benefits Administration
Fund: 2667 State Employees Life Insurance Trust
Specific Authority: 110.123, F.S.
Purpose of Fees Collected: Employee Benefits Plan

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II .)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Receipts:				
Contributions		37,426,115	36,665,100	36,925,100
Interest Earnings		101,622	120,000	120,000
Proposed Premium Increase				
Miscellaneous		343		
Transfer from General Revenue		1,100,000	-	
Transfer In From Disability Trust Fund		-		
Total Fee Collection to Line (1) - Section III		38,628,080	36,785,100	37,045,100

SECTION II - FULL COSTS

Direct Costs:				
Salaries and Benefits		-	20,647	20,901
Expenses		-	3,484	3,484
Sp.Cat.:Risk Management Insurance		854	1,239	1,239
TR/DMS/HR Svcs/STWD Contract		348	348	348
Data Processing Services - STO		-	8,099	8,099

Indirect Costs Charged to Trust Fund:

Refunds		79,950	-	-
Adj.to Employee/Employer Contrib.		527	-	-
Payment of Premiums		38,993,668	36,500,000	36,000,000
TR to 2021-Admin.Assess.Fee		2,196	16,285	16,285
Certified Forward Reversions @ 12/30/20		-		
Anticipated Reversions			-	-
July Premiums paid in June/Covers Deficit		-	-	-
Reserve for Pay Package			-	-
Total Full Costs to Line (2) - Section III		39,077,543	36,550,102	36,050,356

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	38,628,080	36,785,100	37,045,100
TOTAL SECTION II	(B)	39,077,543	36,550,102	36,050,356
TOTAL - Surplus/Deficit	(C)	(449,463)	234,998	994,744

EXPLANATION:

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72750200 Insurance Benefits Administration
Fund: 2668 State Employees Health Insurance Trust
Specific Authority: 110.123, F.S.
Purpose of Fees Collected: Employee Benefits Plan

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

(1) SECTION I - FEE COLLECTION	(2) ACTUAL FY 2007 - 08	(3) ESTIMATED FY 2008 - 09	(4) REQUEST FY 2009 - 10
Receipts: SEE ATTACHED LISTING			
Total Fee Collection to Line (1) - Section III	1,509,939,483	1,590,755,586	1,857,900,000

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits	1,610,601	1,780,722	1,802,490
Other Personal Services	-	2,500	2,500
Expenses	335,204	495,376	495,376
Operating Capital Outlay	7,772	10,000	10,000
Sp.Cat.:TR to Div.of Admin.Hearings	8,026	24,520	24,520
Sp.Cat.:ASO Contract/Health Ins.	19,758,237	22,500,000	22,500,000
Sp.Cat.:Prescription Drug Claims Ad.	73,864	73,864	336,000
Sp.Cat.: Risk Management Insurance	15,151	21,992	21,992
Sp.Cat.: Contracted Services	528,321	553,321	1,653,321
Contracted Legal Services	49,979	25,000	25,000
Pymt Employer/HSA Custodian	459,760	786,443	786,443
Deferred-Pay Com Contracts	4,174	4,174	4,174
HR Statewide Contract	14,823	14,823	14,823
Data Processing Services-STO	122,923	162,172	102,953

Indirect Costs Charged to Trust Fund:

Payments to Health Maint. Orgs.	718,910,313	815,600,000	914,200,000
TR to Health Claims Bank Account	777,289,344	830,300,000	897,200,000
Pymt of Participant to HSA Custodian	462,418	800,000	800,000
Refunds	3,008,511	-	-
Payment of Premiums(Tricare)	837,460	-	-
Adj. to E/E Contributions	28,739		
Refunds - PAP Payments	1,816		
TR to 2021-Admin.Assess.Fee	471,497	518,486	518,486
TR from 72750200-2570 to 72750200-2668	(19,526,384)	(19,000,000)	(19,000,000)
Property Transfer Out			
Property Depreciation & Disposition			
Reserve for Pay Package			-
Compensated Leave Liability			
6/30/2007 CF B not in Beg Bal	9,773		
Certified Forward Reversions @ 9/30/07	(14,349)	-	
July Premiums paid in June/Covers Deficit		(36,000,000)	36,000,000
Reversions-ASO Health Insurance Expenses		-	
Beginning Equity Difference			

Total Full Costs to Line (2) - Section III	1,504,467,972	1,618,673,393	1,857,498,078
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Basis Used: Accrual

TR to Health Claims Bank Account

SECTION III - SUMMARY

TOTAL SECTION I	(A)	1,509,939,483	1,590,755,586	1,857,900,000
TOTAL SECTION II	(B)	1,504,467,972	1,618,673,393	1,857,498,078
TOTAL - Surplus/Deficit	(C)	5,471,511	(27,917,807)	401,922

EXPLANATION:

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: Management Services **Budget Period: 2009-10**
Program: Insurance Benefits Administration (72750200)
Fund: State Employees Health Insurance Trust (2668)

Specific Authority: 110.123, F.S.
Purpose of Fees Collected: Employee Benefits Plan

(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL FY 2007 - 08	ESTIMATED FY 2008 - 09	REQUEST FY 2009 - 10
Receipts:			
<u>Employee/Employer Contributions</u>	1,439,149,274	1,355,700,000	1,513,500,000
<u>Employee/Employer Contributions-TRICA</u>	3,996,239	-	-
<u>Contributions-Medicare Part D Subsidy</u>	19,208,562	16,400,000	17,000,000
<u>Interest Earnings</u>	9,752,479	9,000,000	9,000,000
<u>Refunds (TPA Refunds & PBM Rebates)</u>	37,802,401	30,300,000	31,600,000
<u>Reimbursements</u>	8,215	-	-
<u>B/A EOG B0209 Decrease DP-STO</u>	-	(44,414)	
<u>Non-Employee Contributions</u>		179,400,000	199,800,000
<u>Prior Year Warrant Cancellations & Misc</u>	22,313		
<u>Cert. Forward Reversions @ 6/30/08</u>			
<u>Proposed Premium Increases</u>			87,000,000
Total Fee Collection to Line (1) - Section III	1,509,939,483	1,590,755,586	1,857,900,000

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72750200 Insurance Benefits Administration
Fund: 2671 State Employees Disability Insurance Trust
Specific Authority: 110.123, F.S.
Purpose of Fees Collected: Employee Benefits Plan

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL	ESTIMATED	REQUEST	
	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10	
Receipts:				
Contributions	1,109,072	754,200	754,200	
Interest Earnings	129,276	132,000	132,000	
Refunds				
Total Fee Collection to Line (1) - Section III	1,238,348	886,200	886,200	

SECTION II - FULL COSTS

Direct Costs:			
Salaries and Benefits	-	27,027	27,357
Other Personal Services			
Expenses	18,268	5,375	5,375
HR Statewide Contract	166	166	166
Sp.Cat.:Risk Management Insurance	427	619	619
TR from 72750200-2671 to 72750200-2667			
Data Processing Services-STO		15,006	15,006
Indirect Costs Charged to Trust Fund:			
Refunds	132,575		
Employee/Employer Adjustments	-	-	-
Payment of Claims	480,984	480,000	480,000
TR to 2021-Admin.Assess.Fee	12,976	2,360	2,360
Post Closing Adj.by Statewide Fin.	-		
TR from 72750200-2671 to 72750200-2	-	-	-
Anticipated Reversions		-	-
Reserve for Pay Package		-	-
Total Full Costs to Line (2) - Section III	645,396	530,553	530,883

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	1,238,348	886,200	886,200
TOTAL SECTION II	(B)	645,396	530,553	530,883
TOTAL - Surplus/Deficit	(C)	592,952	355,647	355,317

EXPLANATION:

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72750200 Insurance Benefits Administration
Fund: 2570 Pretax Benefits

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE - STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Supplemental Plan Premiums	112,590		
TOTALS*	112,590	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72750200 Insurance Benefits Administration
Fund: 2667 State Employee Life Insurance

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Contributions	2,862		
TOTALS*	2,862	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2008 - 09

Department: 72 Management Services
Budget Entity: 72750200 Insurance Benefits Administration
Fund: 2668 State Employee Health Insurance Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2006 - 07	FY 2007 - 08	FY 2008 - 09
Employee/Employer Contributions	28,258,295		
<u>FUNDING SOURCE-NON-STATE</u>			
TOTALS*	28,258,295	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72750200 Insurance Benefits Administration
Fund: 2671 State Employee's Disability Insurance Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Contributions	2,732,992		
TOTALS*	2,732,992	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	PRETAX BENEFITS TRUST
LAS/PBS Fund Number:	INSURANCE BENEFITS ADMINISTRATION (72750200)
	2570

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	2,899,908 (A)		2,899,908
ADD: Other Cash (See Instructions)			0
ADD: Investments	11,628,426 (C)		11,628,426
ADD: Outstanding Accounts Receivable	29,628 (D)		29,628
ADD: <u>2008/2009 Premiums</u>	244,588 (E)		244,588
Total Cash plus Accounts Receivable	14,802,550 (F)		14,802,550
LESS Allowances for Uncollectibles			0
LESS Approved "A" Certified Forwards	100,266 (H)		100,266
Approved "B" Certified Forwards	244,588 (H)		244,588
LESS: Other Accounts Payable (Non-Operating)	6,491,343 (H)	-	6,491,343
LESS: <u>Unearned Revenue</u>	7,853,762 (I)		7,853,762
LESS: Other Accounts Payable			0
Unreserved Fund Balance, 07/01/08	112,590 (K)		112,590**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	STATE EMPLOYEE LIFE INSURANCE TRUST
LAS/PBS Fund Number:	INSURANCE BENEFITS ADMINISTRATION (72750200)
	2667

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	813,856 (A)		813,856
ADD: Other Cash (See Instructions)			0
ADD: Investments	2,647,109 (C)		2,647,109
ADD: Outstanding Accounts Receivable	5,180 (D)	0	5,180
ADD: <u>2008/2009 Premiums</u>	260,000 (E)		260,000
Total Cash plus Accounts Receivable	3,726,146 (F)		3,726,146
LESS Allowances for Uncollectibles			0
LESS Approved "A" Certified Forwards	0 (H)		0
Approved "B" Certified Forwards			0
Approved "FCO" Certified Forwards			0
LESS: Other Accounts Payable	174 (I)		174
LESS: <u>Unearned Revenue</u>	3,723,110 (J)		3,723,110
Unreserved Fund Balance, 07/01/08	2,862 (K)	0	2,862**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	STATE EMPLOYEE HEALTH INSURANCE TRUST
LAS/PBS Fund Number:	INSURANCE BENEFITS ADMINISTRATION (72750200)
	2668

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	33,934,618 (A)		33,934,618
ADD: Cash in Claims Bank Account	3,100,640 (B)		3,100,640
ADD: Investments	180,329,919 (C)		180,329,919
Total Cash and Investments, (DSGI Cash Balance)	217,365,176		217,365,176
ADD: Outstanding Accounts Receivable	15,184,899 (D)	-	15,184,899
ADD: <i>Proposed Premium Increase</i>			-
Total Cash, Investments and Accounts Receivable	232,550,075 (F)	0	232,550,075
LESS Allowances for Uncollectibles	0 (G)		-
LESS Approved "A" Certified Forwards	1,966,064 (H)		1,966,064
Approved "B" Certified Forwards	32,670 (H)		32,670
LESS: Other Accounts Payable (Non_Operating)	69,526,295 (H)		69,526,295
LESS: Other Accounts Payable			-
LESS: <u>Unearned Revenue</u>	132,766,751 (J)		132,766,751
Unreserved Fund Balance, 07/01/08	28,258,295 (K)	0	28,258,295**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SERVICES
Trust Fund Title:	STATE EMPLOYEE DISABILITY INSURANCE TRUST
Budget Entity:	INSURANCE BENEFITS ADMINISTRATION (72750200)
LAS/PBS Fund Number:	2671

	Balance as of 6/30/2008		SWFS* Adjustments		Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	111,516	(A)			
ADD: Other Cash (See Instructions)		(B)			
ADD: Investments	2,717,511	(C)			
ADD: Outstanding Accounts Receivable	7,791	(D)			
Total Cash plus Accounts Receivable	2,836,818	(F)			
LESS Allowances for Uncollectibles		(G)			
LESS Approved "A" Certified Forwards	0	(H)			
Approved "B" Certified Forwards		(H)			
Approved "FCO" Certified Forwards		(H)			
LESS: Other Accounts Payable (Non-Operating)	262	(I)			
LESS: <u>Unearned Revenue</u>	103,564	(J)			
Unreserved Fund Balance, 07/01/08	2,732,992	(K)			**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	720000 MANAGEMENT SERVICES
Trust Fund Title:	Pretax Benefits Trust Fund
LAS/PBS Fund Number:	2570

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08	32,107 (A)
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Add/Subtract:

Compensated Absences Liability Recorded In FLAIR / Not Recorded On Schedule 1C	80,482
---	--------

Property Value in FLAIR Not Recorded On Schedule 1C	
--	--

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008	(C)
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ADJUSTED BEGINNING TRIAL BALANCE:	112,590 (D)
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UNRESERVED FUND BALANCE, SCHEDULE IC	112,590 (E)
---	--------------------

DIFFERENCE:	(0) (F)*
--------------------	-----------------

***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: State Employees Life Insurance Trust Funds
LAS/PBS Fund Number: 2667

BEGINNING TRIAL BALANCE:

667002 Unreserved Fund Balance Per Trial Balance, 07-01-08 (A)

Add/Subtract:

2008/2009 Premium Increase on Schedule 1C only
to avoid deficit cash balance

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008
Increase Accounts Receivables Balance (C)

ADJUSTED BEGINNING TRIAL BALANCE: (D)

UNRESERVED FUND BALANCE, SCHEDULE IC (E)

DIFFERENCE: (F)*

***SHOULD EQUAL ZERO.**

Office of Policy and Budget - July, 2008

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	720000 MANAGEMENT SERVICES
Trust Fund Title:	State Employees Health Insurance Trust Fund
LAS/PBS Fund Number:	2668

BEGINNING TRIAL BALANCE:

668003 Unreserved Fund Balance Per Trial Balance, 07-01-08	28,091,206	(A)
	0	(A)

Add/Subtract:

Property Value Recorded In FLAIR As Assets/Not Recorded On Schedule 1C	(18,126)	(B)
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Certified Forward B On Schedule 1C/Not Subtracted From FLAIR Fund Balance	(32,670)	
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Compensated Absences Liability Recorded In FLAIR/ Not Recorded On Schedule 1C	217,885	
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Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 To Adjust Accounts Receivables Balances		(C)
---	--	-----

ADJUSTED BEGINNING TRIAL BALANCE:	28,258,295	(D)
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UNRESERVED FUND BALANCE, SCHEDULE IC	28,258,295	(E)
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DIFFERENCE:	(0)	(F)*
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***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	<u>720000 MANAGEMENT SERVICES</u>
Trust Fund Title:	<u>State Employees Disability Insurance Trust Fund</u>
LAS/PBS Fund Number:	<u>2671</u>

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08	2,732,992 (A)
---	---------------

Add/Subtract:

Compensated Absences Liability Recorded In FLAIR/ Not Recorded On Schedule IC	0.00
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Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008	(C)
---	-----

	(C)
--	-----

ADJUSTED BEGINNING TRIAL BALANCE:	2,732,992 (D)
--	---------------

UNRESERVED FUND BALANCE, SCHEDULE IC	2,732,992 (E)
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DIFFERENCE:	(0) (F)*
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***SHOULD EQUAL ZERO.**

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: State Group Insurance (DSGI)

Phone Number: (850) 487-9476

(1)	(2)	(3)	(4)	(5)	(6)
REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
			There were no issues or findings to report for DSGI.		



FISCAL YEAR 2009-10

**RETIREMENT BENEFITS
ADMINISTRATION**

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

**RETIREMENT BENEFITS
ADMINISTRATION**

SCHEDULE I SERIES

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

FRS Operating Trust Fund (2510) Revenue Estimates Methodology:

The FRS Operating Trust Fund revenues are based on the appropriation amount plus \$300,000 for cash reserve less the cash amount in the fund at July 1, 20XX.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

Florida Retirement System Trust Fund (2309) Revenue Estimates Methodology:

The revenues are based on the actual revenues in column A01 plus the increase from the previous year.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

FRS Preservation Benefit Plan Trust Fund (2345) Revenue Estimates Methodology:

The revenues are based on the actual revenues in column A01 plus the increase from the previous year.

IFAS Supplemental Retirement Trust Fund (2379) Revenue Estimates

Methodology:

The revenues are based on the actual revenues in column A01 plus the increase from the previous year.

Senior Management Service Optional Annuity Trust Fund (2515) Revenue Estimates Methodology:

The revenues are based on the actual revenues in column A01 plus the increase from the previous year.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

Optional Retirement Program Trust Fund (2517) Revenue Estimates Methodology:

The revenues are based on the actual revenues in column A01 plus the increase from the previous year.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Police/Firemen Premium Tax Trust Fund (2532) Revenue Estimates Methodology:

The revenues are based on the actual revenues in column A01 plus the increase from the previous year.

The estimated interest revenue is based on prior year earnings and the remaining cash balance in the trust fund.

Retiree Health Insurance Subsidy Trust Fund (2583) Revenue Estimates

Methodology:

The revenues are based on the actual revenues in column A01 plus the increase from the previous year.

FRS Contribution Clearing Trust Fund (2705) Revenue Estimates Methodology:

The revenues are based on the actual revenues in column A01 plus the increase from the previous year.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72750300 Retirement Benefits Administration
Fund: 2309 Florida Retirement System Trust
Specific Authority: 121, F.S.
Purpose of Fees Collected: Employee Benefits Plan

Type of Fee or Program: (Check ONE Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL	ESTIMATED	REQUEST
	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Receipts:			
Transfers	20,629,433	21,000,000	21,000,000
Contributions from Employers	90,490,201	100,000,000	110,000,000
Investments Income on Contributions	(5,228,978,759)	5,000,000,000	5,000,000,000
Non-Capital Grant and Donation			
Pension Fund Contributions - State	560,756,038	600,000,000	640,000,000
Pension Fund Contributions - Non-State	2,232,248,404	3,000,000,000	3,700,000,000
Penalties			
Refunds	2,297,078		
Warrant Cancellations			
Total Fee Collection to Line (1) - Section III	(2,322,557,605)	8,721,000,000	9,471,000,000

SECTION II - FULL COSTS

Direct Costs:

Expenses			
Pensions & Benefits			

Indirect Costs Charged to Trust Fund:

TR from 72750300-2309 to 72750300-25	16,650,000	17,000,000	17,100,000
TR from 72750300-2379 to 72750300-23	(17,194,467)		
Administrative Assessment Fee	1,097,805	1,035,769	1,035,769
Refunds	2,645,281	-	-
Members Benefits	5,150,599,203	5,600,000,000	6,100,000,000
Administrative Fees	1,055,101,546	1,400,000,000	1,700,000,000
Transfers to SBA for PEORP	1,166,686,403	1,100,000,000	1,100,000,000
Adjust to CFO Bal for Unrecorded Liability	-		
Total Full Costs to Line (2) - Section III	7,375,585,771	8,118,035,769	8,918,135,769

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	(2,322,557,605)	8,721,000,000	9,471,000,000
TOTAL SECTION II	(B)	7,375,585,771	8,118,035,769	8,918,135,769
TOTAL - Surplus/Deficit	(C)	(9,698,143,376)	602,964,231	552,864,231

EXPLANATION:

Negative balances are offset by cash balances carried forward (See Schedule I)

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72750300 Retirement Benefits Administration
Fund: 2345 FRS Preservation Benefit Plan Trust
Specific Authority: 121.095, F.S.
Purpose of Fees Collected: Employee Benefits Plan

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
<u>SECTION I - FEE COLLECTION</u>		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
<u>Receipts:</u>				
Contributions		59,847	60,000	60,000
Total Fee Collection to Line (1) - Section III		59,847	60,000	60,000

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits				
Other Personal Services				
Expenses				
Operating Capital Outlay				
Pensions & Benefits				

Indirect Costs Charged to Trust Fund:

Distribution Member Benefits (311031)		59,847	60,000	60,000
Total Full Costs to Line (2) - Section III		59,847	60,000	60,000

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	59,847	60,000	60,000
TOTAL SECTION II	(B)	59,847	60,000	60,000
TOTAL - Surplus/Deficit	(C)	-	-	-

EXPLANATION:

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72750300 Retirement Benefits Administration
Fund: 2379 IFAS Supplemental Retirement Trust
Specific Authority: 121.40, F.S.
Purpose of Fees Collected: Employee Benefits Plan

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL	ESTIMATED	REQUEST	
	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10	
Receipts:				
Interest Earnings	2,490		-	
Contributions from Employers	-	-	-	
Total Fee Collection to Line (1) - Section III	2,490	-	-	

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits			
Other Personal Services			
Expenses		-	
Operating Capital Outlay			
SC: Contracted Services	-	-	-

Indirect Costs Charged to Trust Fund:

Pensions & Benefits	-	-	-
Transfer to FRS Trust Fund	17,194,462	-	-
SBA Administrative Fee	5	-	-
Total Full Costs to Line (2) - Section III	17,194,467	-	-

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	2,490	-	-
TOTAL SECTION II	(B)	17,194,467	-	-
TOTAL - Surplus/Deficit	(C)	(17,191,977)	-	-

EXPLANATION:

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72750300 Retirement Benefits Administration
Fund: 2510 Operating Trust
Specific Authority: 121.031, F.S.
Purpose of Fees Collected: Employee Benefits Plan

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL FY 2007 - 08	ESTIMATED FY 2008 - 09	REQUEST FY 2009 - 10
Receipts:			
<u>SEE ATTACHED LISTING</u>			
Total Fee Collection to Line (1) - Section III	132,904	130,000	130,000

SECTION II - FULL COSTS

Direct Costs:

<u>Salaries and Benefits</u>	9,376,547	9,583,594	9,732,556
<u>Other Personal Services</u>	3,490	6,029	6,029
<u>Expenses</u>	2,713,268	3,224,317	3,284,317
<u>Operating Capital Outlay</u>	153,463	222,509	172,509
<u>Acquisition of Motor Vehicle</u>	-		
<u>Sp.Cat.:TR to DOAH</u>	49,162	44,537	44,537
<u>Sp.Cat.:Contracted Services</u>	3,573,598	3,865,468	4,865,468
<u>Sp.Cat.:Overtime</u>	23,031	127,680	127,680
<u>Sp.Cat.:Risk Management Insurance</u>	92,313	61,265	61,265
<u>Contracted Legal Services</u>	76,123	166,536	166,536
<u>HR Statewide Contract</u>	68,887	68,887	68,887
<u>Data Processing Services-STO</u>	139,347	183,603	169,662

Indirect Costs Charged to Trust Fund:

<u>Refunds Non-State</u>			
<u>TR from 72750300-2309 to 72750300-25</u>	(16,650,000)	(17,000,000)	(18,100,000)
<u>Property Value</u>			
<u>6/30/2007 Certified Forward B not in Beg</u>	65,300		
<u>Certified Forward Reversions @9/30/08</u>		-	
<u>Post Closing Adjustments</u>			
<u>B/A EOG B0209 Decrease DP-STO</u>		(10,456)	
<u>Reserve for Pay Package</u>			-

Total Full Costs to Line (2) - Section III	(315,471)	543,969	599,446
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Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	132,904	130,000	130,000
TOTAL SECTION II	(B)	(315,471)	543,969	599,446
TOTAL - Surplus/Deficit	(C)	448,375	(413,969)	(469,446)

EXPLANATION:

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Budget Entity: 72750300 Retirement Benefits Administration
Fund: 2510 Operating Trust

Specific Authority: 121.031, F.S.
Purpose of Fees Collected: Employee Benefits Plan

(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL FY 2007 - 08	ESTIMATED FY 2008 - 09	REQUEST FY 2009 - 10
Receipts:			
<u>Property Transfer In</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<u>Pension Fund Contribution - Non-State</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<u>Interest Earnings</u>	42,854	43,000	43,000
<u>Sales - State</u>	86,509	87,000	87,000
<u>Refunds & Reimbursements</u>	3,541	<input type="text"/>	<input type="text"/>
<u>Certified Forward Reversions @ 12/30/07</u>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total Fee Collection to Line (1) - Section III	132,904	130,000	130,000

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72750300 Retirement Benefits Administration
Fund: 2515 Sr. Management Services Optional Annuity Trust

Specific Authority: 121.055, F.S.
Purpose of Fees Collected: Employee Benefits Plan

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
<u>SECTION I - FEE COLLECTION</u>		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
<u>Receipts:</u>				
Contributions		714,716	715,000	715,000
Transfers		-	-	-
Interest Earnings		1,263	1,263	1,263
Total Fee Collection to Line (1) - Section III		715,979	716,263	716,263

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits				
Other Personal Services				
Expenses				
Operating Capital Outlay				

Indirect Costs Charged to Trust Fund:

Transfers				
Payments to Annuity Companies		711,449	715,000	715,000
Total Full Costs to Line (2) - Section III		711,449	715,000	715,000

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	715,979	716,263	716,263
TOTAL SECTION II	(B)	711,449	715,000	715,000
TOTAL - Surplus/Deficit	(C)	4,530	1,263	1,263

EXPLANATION:

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72750300 Retirement Benefits Administration
Fund: 2517 Optional Retirement Program Trust
Specific Authority: 121.35, F.S.
Purpose of Fees Collected: Employee Benefits Plan

Type of Fee or Program: (Check ONE Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Receipts:				
<u>Contributions from Employers</u>		207,759,862	232,000,000	257,000,000
<u>Interest Earnings</u>		163,630	175,000	175,000
<u>Property Transfer In</u>				
Total Fee Collection to Line (1) - Section III		207,923,492	232,175,000	257,175,000

SECTION II - FULL COSTS

Direct Costs:

<u>Salaries and Benefits</u>		135,747	136,347	138,475
<u>Other Personal Services</u>				
<u>Expenses</u>		11,864	14,133	24,133
<u>Operating Capital Outlay</u>		-	4,000	4,000
<u>Sp.Cat.:Contracted Services</u>				
<u>Sp.Cat.:Risk Management Insurance</u>				
<u>HR Statewide Contract</u>		712	712	712
<u>Data Processing Services - STO</u>			-	

Indirect Costs Charged to Trust Fund:

<u>Payments to Annuity Companies 310181</u>		207,395,269	232,000,000	257,000,000
<u>Transfer to FRS Trust Fund</u>		125	-	
<u>Reserve for Pay Package</u>				-
<u>Property Transfer Out</u>			-	
Total Full Costs to Line (2) - Section III		207,543,717	232,155,192	257,167,320

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	207,923,492	232,175,000	257,175,000
TOTAL SECTION II	(B)	207,543,717	232,155,192	257,167,320
TOTAL - Surplus/Deficit	(C)	379,775	19,808	7,680

EXPLANATION:

Negative balances are offset by cash balances brought forward. See Schedule I

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72750300 Retirement Benefits Administration
Fund: 2532 Municipal Police/Firemen Premium Tax Trust
Specific Authority: 175.041; 175.091; 175.101; 185.03; 185.07; 185.08
Purpose of Fees Collected: Employee Benefits Plan

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION		ACTUAL FY 2007 - 08	ESTIMATED FY 2008 - 09	REQUEST FY 2009 - 10
Receipts:				
Insurance Premium Tax		187,050,745	225,000,000	263,000,000
Interest Earnings		4,125,177	4,300,000	4,300,000
Refunds & Reimbursements		388,941		
Total Fee Collection to Line (1) - Section III		191,564,863	229,300,000	267,300,000

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits	624,437	767,958	779,888
Other Personal Services		100	100
Expenses	60,363	68,939	65,551
Operating Capital Outlay	-	3,500	2,500
Contracted Services	68,303	79,100	389,355
Contracted Legal Services		100	100
HR Statewide Contract	4,687	5,085	5,085
Data Processing Services - STO	-	-	

Indirect Costs Charged to Trust Fund:

TR to Firefighters Supplemental Comp	27,798,313	37,000,000	47,000,000
TR to GR	4,927,778	5,900,000	6,900,000
Aid to Municipalities	133,666,892	158,000,000	183,000,000
S.C. to GR - 7.3%	13,654,704	16,425,000	19,199,000
SBA Administrative Fee	19,818	20,000	20,000
B/A EOG B0122 Approved		696,200	
Certified Forward Reversions @ 9/30/07	(700)	-	
Prior Year A/P not C/F in Beg Bal	(3,043)		
Reserve for Pay Package			-
Total Full Costs to Line (2) - Section III	180,821,552	218,965,982	257,361,579

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	191,564,863	229,300,000	267,300,000
TOTAL SECTION II	(B)	180,821,552	218,965,982	257,361,579
TOTAL - Surplus/Deficit	(C)	10,743,311	10,334,018	9,938,421

EXPLANATION:

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72750300 Retirement Benefits Administration
Fund: 2583 Retirees Health Insurance Subsidy Trust
Specific Authority: 121, F.S.
Purpose of Fees Collected: Employee Benefits Plan

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
<u>SECTION I - FEE COLLECTION</u>		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
<u>Receipts:</u>				
<u>Interest Earnings</u>		7,761,135	7,800,000	7,800,000
<u>Contributions from Employers</u>		334,821,027	367,000,000	400,000,000
Total Fee Collection to Line (1) - Section III		342,582,162	374,800,000	407,800,000

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits		40,530	40,132	40,754
Other Personal Services				
Expenses		11,370	11,370	11,370
Operating Capital Outlay				
Contracted Services		22,600	30,000	30,000
HR Statewide Contract		283	283	283

Indirect Costs Charged to Trust Fund:

Refunds		1,755		
Pensions & Benefits	311031	305,682,298	341,000,000	374,000,000
SBA Administrative Fee		37,478	38,000	38,000
Adjustment for Beg Balance Difference		-		
Reserve for Pay Package			-	-
Total Full Costs to Line (2) - Section III		305,796,314	341,119,785	374,120,407

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	342,582,162	374,800,000	407,800,000
TOTAL SECTION II	(B)	305,796,314	341,119,785	374,120,407
TOTAL - Surplus/Deficit	(C)	36,785,848	33,680,215	33,679,593

EXPLANATION:

Negative balance is offset by cash balance brought forward (See Schedule I).

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72750300 Retirement Benefits Administration
Fund: 2705 FRS Clearing Trust

Specific Authority: 121, F.S.
Purpose of Fees Collected: Employee Benefits Plan

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION		ACTUAL	ESTIMATED	REQUEST
		FY 2007-08	FY 2008-09	FY 2009-10
Receipts:				
Pension Fund Contributions-State		116,758,038	173,000,000	229,000,000
Pension Fund Contributions-Non-State		289,216,947	384,000,000	478,000,000
Total Fee Collection to Line (1) - Section III		405,974,985	557,000,000	707,000,000

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits			
Other Personal Services			
Expenses			
Operating Capital Outlay			

Indirect Costs Charged to Trust Fund:

TR to SBA for Administrative Fees	14,274,000	15,086,000	17,898,000
TR to SBA for PEORP	393,395,825	541,000,000	689,200,000

Total Full Costs to Line (2) - Section III	407,669,825	556,086,000	707,098,000
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Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	405,974,985	557,000,000	707,000,000
TOTAL SECTION II	(B)	407,669,825	556,086,000	707,098,000
TOTAL - Surplus/Deficit	(C)	(1,694,840)	914,000	(98,000)

EXPLANATION:

Negative balances are offset by cash balance carried forward (See Schedule I)

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72750300 Retirement Benefits Administration
Fund: 2309 Florida Retirement System Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Contributions from Employers	124,614,393,108		
TOTALS*	124,614,393,108	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72750300 Retirement Benefits Administration
Fund: 2510 FRS Operating Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE - STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
TR from FRS Trust Fund	1,423,088		
TOTALS*	1,423,088	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72750300 Retirement Benefits Administration
Fund: 2515 Sr. Management Service Opt Annuity Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Contributions	14,005		
TOTALS*	14,005	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72750300 Retirement Benefits Administration
Fund: 2517 Optional Retirement Program Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Contributions from Employers	2,801,698		
<u>FUNDING SOURCE-NON-STATE</u>			
TOTALS*	2,801,698	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72750300 Retirement Benefits Administration
Fund: 2532 Mun. Pol/Fire Premium Tax Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Insurance Premium Tax	77,524,931		
TOTALS*	77,524,931	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72750300 Retirement Benefits Administration
Fund: 2583 Retiree Health Insurance Subsidy Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Contributions from Employers	275,139,201		
<u>FUNDING SOURCE-NON-STATE</u>			
TOTALS*	275,139,201	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72750300 Retirement Benefits Administration
Fund: 2705 FRS Clearing Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Pension Fund Contributions--Non-State	455,362		
TOTALS*	455,362	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SERVICES
Trust Fund Title:	FLORIDA RETIREMENT SYSTEM TRUST
Budget Entity:	RETIREMENT BENEFITS ADMINISTRATION (72750300)
LAS/PBS Fund Number:	2309

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	770,393 (A)	-	770,393
ADD: Cash on Hand	0 (B)	-	0
ADD: Cash with State Board of Administration	269,975,714	-	269,975,714
ADD: Investments	135,862,378,939 (C)	-	135,862,378,939
Total Cash and Investments	136,133,125,046	-	136,133,125,046
ADD: Outstanding Accounts Receivable	5,771,797,179 (D)	-	5,771,797,179
Total Cash, Investments and Accounts Receivable	141,904,922,225 (F)	-	141,904,922,225
LESS Allowances for Uncollectibles	(G)	-	0
LESS Approved "A" Certified Forwards	(H)	-	0
Approved "B" Certified Forwards	(H)	-	0
Approved "FCO" Certified Forwards	(H)	-	0
LESS: Other Accounts Payable	17,290,529,118 (I)	-	17,290,529,118
Unreserved Fund Balance, 07/01/08	124,614,393,108 (K)		124,614,393,108**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

Office of Policy and Budget - July 2008

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SER
Trust Fund Title:	FRS PRESERVATION BENEFITS PLAN TRUST
Budget Entity:	RETIREMENT BENEFITS ADMINISTRATION (72750300)
LAS/PBS Fund Number:	2345

	Balance as of 6/30/2008		SWFS* Adjustments		Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	0	(A)			
ADD: Cash & CD in Claims Bank Account	0	(B)			
ADD: Investments	0	(C)			
Total Cash and Investments	0				
ADD: Outstanding Accounts Receivable	0	(D)			
Total Cash, Investments and Accounts Receivable	0	(F)			
LESS Allowances for Uncollectibles	0	(G)			
LESS Approved "A" Certified Forwards	0	(H)			
Approved "B" Certified Forwards	0	(H)			
Approved "FCO" Certified Forwards	0	(H)			
LESS: Other Accounts Payable	0	(I)			
Unreserved Fund Balance, 07/01/08	0	(K)			**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SERVICES
Trust Fund Title:	IFAS SUPPLEMENTAL TRUST
Budget Entity:	RETIREMENT BENEFITS ADMINISTRATION (72750300)
LAS/PBS Fund Number:	2379

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	0 (A)		0
ADD: Cash with SBA	0 (B)		0
ADD: Investments	0 (C)		0
Total Cash and Investments	0		0
ADD: Outstanding Accounts Receivable	0 (D)	-	0
Total Cash, Investments and Accounts Receivable	0 (F)	0	0
LESS Allowances for Uncollectibles	(G)		0
LESS Approved "A" Certified Forwards	(H)		0
Approved "B" Certified Forwards	(H)		0
Approved "FCO" Certified Forwards	(H)		0
LESS: Other Accounts Payable	0 (I)		0
Unreserved Fund Balance, 07/01/08	0 (K)	0	0 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SER
Trust Fund Title:	FRS OPERATING TRUST
Budget Entity:	RETIREMENT BENEFITS ADMINISTRATION (72750300)
LAS/PBS Fund Number:	2510

	Balance as of 6/30/2008		SWFS* Adjustments		Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	1,874,152	(A)			1,874,152
ADD: Cash on Hand & Cash in Bank	2,000	(B)	0		2,000
ADD: Investments	153,504	(C)			153,504
Total Cash and Investments	2,029,655		0		2,029,655
ADD: Outstanding Accounts Receivable	2,434	(D)			2,434
Total Cash, Investments and Accounts Receivable	2,032,089	(F)	0		2,032,089
LESS Allowances for Uncollectibles		(G)			0
LESS Approved "A" Certified Forwards	590,266	(H)			590,266
Approved "B" Certified Forwards	18,653	(H)			18,653
Approved "FCO" Certified Forwards		(H)			0
LESS: Other Accounts Payable	82	(I)			82
Unreserved Fund Balance, 07/01/08	1,423,088	(K)	0		1,423,088 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	SR MGMT SVC OPT ANNUITY TRUST
LAS/PBS Fund Number:	RETIREMENT BENEFITS ADMINISTRATION (72750300)
	2515

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	7,480 (A)		7,480
ADD: Cash & CD in Claims Bank Account			0
ADD: Investments	47,063 (C)		47,063
Total Cash and Investments	54,542		54,542
ADD: Outstanding Accounts Receivable	6,146 (D)	0	6,146
Total Cash, Investments and Accounts Receivable	60,688 (F)	0	60,688
LESS Allowances for Uncollectibles			0
LESS Approved "A" Certified Forwards			0
Approved "B" Certified Forwards			0
Approved "FCO" Certified Forwards			0
LESS: Other Accounts Payable (Non-Operating)	46,683 (I)	0	46,683
Unreserved Fund Balance, 07/01/08	14,005 (K)	0	14,005 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

Office of Policy and Budget - July 2008

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	OPTIONAL RETIREMENT PROG TRUST
LAS/PBS Fund Number:	RETIREMENT BENEFITS ADMINISTRATION (72750300)
	2517

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	2,826 (A)		
ADD: Other Cash on Hand			
ADD: Investments	2,651,567 (C)		
Total Cash and Investments	2,654,392 (D)		
ADD: Outstanding Accounts Receivables	6,598,960 (C)		
Total Cash, Investments and Accounts Receivable	9,253,352 (F)		
LESS Allowances for Uncollectibles			
LESS Approved "A" Certified Forwards	1,102 (H)		
Approved "B" Certified Forwards			
Approved "FCO" Certified Forwards			
LESS: Other Accounts Payable (Non-Operating)	6,450,552 (I)		
Unreserved Fund Balance, 07/01/08	2,801,698 (K)		**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SERVICES
Trust Fund Title:	MUNICIPAL POLICE/FIREMENT PREMIUM TAX TRUST
Budget Entity:	RETIREMENT BENEFITS ADMINISTRATION (72750300)
LAS/PBS Fund Number:	2532

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	75,855 (A)		
ADD: Cash with State Board of Administration	0 (B)		
ADD: Investments	236,040,723 (C)		
Total Cash and Investments	236,116,579		
ADD: Outstanding Accounts Receivable	9,144,507 (D)		
Total Cash, Investments and Accounts Receivable	245,261,086 (F)		
LESS Allowances for Uncollectibles			
LESS Approved "A" Certified Forwards	60,732 (H)		
Approved "B" Certified Forwards	300 (H)		
Approved "FCO" Certified Forwards			
LESS: Other Accounts Payable	167,675,123 (I)		
Unreserved Fund Balance, 07/01/08	77,524,931 (K)		**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	RETIREE HIS TRUST
LAS/PBS Fund Number:	RETIREMENT BENEFITS ADMINISTRATION (72750300)
	2583

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	183,144 (A)		183,144
ADD: Cash on Hand and with SBA	1,530,263 (B)		1,530,263
ADD: Investments	240,835,182 (C)		240,835,182
Total Cash and Investments	242,548,590		242,548,590
ADD: Outstanding Accounts Receivable	32,603,885 (D)	0	32,603,885
Total Cash, Investments and Accounts Receivable	275,152,475 (F)	0	275,152,475
LESS Allowances for Uncollectibles			0
LESS Approved "A" Certified Forwards			0
Approved "B" Certified Forwards			0
Approved "FCO" Certified Forwards			0
LESS: Other Accounts Payable	13,274 (I)		13,274
Unreserved Fund Balance, 07/01/08	275,139,201 (K)	0	275,139,201 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	<u>720000 MANAGEMENT SERVICES</u>
Trust Fund Title:	<u>Florida Retirement System Trust Fund</u>
LAS/PBS Fund Number:	<u>2309</u>

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08	24,614,393,108 (A)
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Add/Subtract:

FLAIR Unable To Roll Forward Balances Greater Than \$98 Billion Dollars. Manual Entry Will Be Made In FLAIR To Reflect The Correct Balance.	100,000,000,000.00 (B)
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Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 To Increase Accounts Payables & Expenditures	(C)
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ADJUSTED BEGINNING TRIAL BALANCE:	124,614,393,108 (D)
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UNRESERVED FUND BALANCE, SCHEDULE IC	124,614,393,108 (E)
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DIFFERENCE:	(0) (F)*
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***SHOULD EQUAL ZERO.**

Office of Policy and Budget - July, 2008

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: FRS Preservation of Benefits Plan TF
LAS/PBS Fund Number: 2345

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 (A)

Add/Subtract:

Compensated Leave Liability in FLAIR
Not on Schedule 1C (B)

Certified Forward B recored on Schedule 1C
Not Recorded in FLAIR

Other Adjustment(s):

Statewide Post Closing adjustment to Accounts Receivable

(C)

ADJUSTED BEGINNING TRIAL BALANCE: (D)

UNRESERVED FUND BALANCE, SCHEDULE IC (E)

DIFFERENCE: (F)*

***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: Institute of Food Ag Science Supplemental Retirement Trust Fund
LAS/PBS Fund Number: 2379

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 (A)

Add/Subtract:

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 (C)

(C)

ADJUSTED BEGINNING TRIAL BALANCE: (D)

UNRESERVED FUND BALANCE, SCHEDULE IC (E)

DIFFERENCE: (F)*

***SHOULD EQUAL ZERO.**

Office of Policy and Budget - July, 2008

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	<u>720000 MANAGEMENT SERVICES</u>
Trust Fund Title:	<u>Police & Firefighters Premium Tax TF</u>
LAS/PBS Fund Number:	<u>2532</u>

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08	<input type="text" value="77,521,889"/>	(A)
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Add/Subtract:

Accounts Payable Not Certified Forward in FLAIR Not Recorded On Schedule 1C	<input type="text" value="3,043"/>	(B)
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Certified Forward B recored on Schedule 1C Not Recorded in FLAIR	<input type="text" value="0"/>	
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Other Adjustment(s):

Statewide Post Closing adjustment to Accounts Receivable	<input type="text"/>	(C)
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<input type="text"/>	(C)
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ADJUSTED BEGINNING TRIAL BALANCE:	<input type="text" value="77,524,931"/>	(D)
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UNRESERVED FUND BALANCE, SCHEDULE IC	<input type="text" value="77,524,931"/>	(E)
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DIFFERENCE:	<input type="text" value="0"/>	(F)*
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***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	720000 MANAGEMENT SERVICES
Trust Fund Title:	FRS Operating Trust Fund
LAS/PBS Fund Number:	2510

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 1,272,912 (A)

Add/Subtract:

Property Value Recorded In FLAIR As Assets/Not Recorded On Schedule 1C (811,221) (B)

Compensated Absences Liability Recorded In FLAIR/Not Recorded On Schedule 1C 980,049

Accounts Payable not Certified Forward Recorded IN FLAIR/Not Recorded On Schedule 1C

Certified Forward B On Schedule 1C/Not Subtracted From FLAIR Fund Balance (18,653)

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 (C)

ADJUSTED BEGINNING TRIAL BALANCE: 1,423,088 (D)

UNRESERVED FUND BALANCE, SCHEDULE IC 1,423,088 (E)

DIFFERENCE: (0) (F)*

***SHOULD EQUAL ZERO.**

Office of Policy and Budget - July, 2008

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: Senior Management Services Optional Annuity Program
LAS/PBS Fund Number: 2515

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 14,005 (A)

Add/Subtract:

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 0.00 (C)

(C)

ADJUSTED BEGINNING TRIAL BALANCE: 14,005 (D)

UNRESERVED FUND BALANCE, SCHEDULE IC 14,005 (E)

DIFFERENCE: 0 (F)*

***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	720000 MANAGEMENT SERVICES
Trust Fund Title:	Optional Retirement Program Trust Fund
LAS/PBS Fund Number:	2517

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08	2,771,804 (A)
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Add/Subtract:

Compensated Absences Liability Recorded In FLAIR/ Not Recorded On Schedule 1C	29,893
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Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008	0.00 (C)
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	(C)
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ADJUSTED BEGINNING TRIAL BALANCE:	2,801,698 (D)
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UNRESERVED FUND BALANCE, SCHEDULE IC	2,801,698 (E)
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DIFFERENCE:	(0) (F)*
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***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: Retiree Health Insurance Subsidy TF
LAS/PBS Fund Number: 2583

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 275,139,201 (A)

Add/Subtract:

Compensated Leave Liability in FLAIR
Not on Schedule 1C 0.00 (B)

Certified Forward B recored on Schedule 1C
Not Recorded in FLAIR 0

Other Adjustment(s):

Statewide Post Closing adjustment to Accounts Receivable (C)

 (C)

ADJUSTED BEGINNING TRIAL BALANCE: 275,139,201 (D)

UNRESERVED FUND BALANCE, SCHEDULE IC 275,139,201 (E)

DIFFERENCE: (0) (F)*

***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: Florida Retirement System Contribution Clearing Trust Fund
LAS/PBS Fund Number: 2705

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 (4,794,505.34) (A)

Add/Subtract:

0.00 (B)

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 (C)
To Increase Revenue 5,249,867.00

ADJUSTED BEGINNING TRIAL BALANCE: 455,362 (D)

UNRESERVED FUND BALANCE, SCHEDULE IC 455,362 (E)

DIFFERENCE: (0) (F)*

***SHOULD EQUAL ZERO.**

Office of Policy and Budget - July, 2008

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SERVICES
Trust Fund Title:	FLORIDA RETIREMENT SYSTEM CLEARING TRUST
Budget Entity:	RETIREMENT BENEFITS ADMINISTRATION (72750300)
LAS/PBS Fund Number:	2705

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	4,778,887 (A)		4,778,887
ADD: Cash on Hand	2,500,069 (B)		2,500,069
ADD: Cash with State Board of Administration			0
ADD: Investments			0
Total Cash and Investments	7,278,956		7,278,956
ADD: Outstanding Accounts Receivable	38,293,753 (D)	(12,965)	38,280,788
Total Cash, Investments and Accounts Receivable	45,572,709 (F)	-12,965	45,559,744
LESS Allowances for Uncollectibles			0
LESS Approved "A" Certified Forwards			0
Approved "B" Certified Forwards			0
Approved "FCO" Certified Forwards			0
LESS: Other Accounts Payable	50,367,214 (I)	(5,262,832)	45,104,382
Unreserved Fund Balance, 07/01/08	-4,794,505 (K)	5,249,867	455,362 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: Retirement

Phone Number: (850) 487-9476

(1) REPORT NUMBER	(2) PERIOD ENDING	(3) UNIT/AREA	(4) SUMMARY OF FINDINGS AND RECOMMENDATIONS	(5) SUMMARY OF CORRECTIVE ACTION TAKEN	(6) ISSUE CODE
<p>Auditor General Report 2008-172</p> <p>No.</p> <p>Dated: 04/17/08</p>	<p>1/31/2008</p>	<p>Division of Retirement</p>	<p><u>Department of Management Services</u> <u>Division of Retirement</u> <u>Integrated Retirement Information System (IRIS)</u></p> <p>Finding No. 1: Input Controls</p> <p>The Division's IT controls for ensuring the completeness of data received for processing in IRIS needed improvement.</p> <p>Recommendation: The Division should implement controls to ensure that the total number of records sent by DFS in the warrant register file are actually processed in IRIS by verifying control totals.</p>	<p>Concur: A System Investigation Request (SIR) based on this finding was submitted. The SIR requested a control total verification to ensure that the total number of records sent to the Division by DFS was processed when the warrant file is updated in IRIS. The anticipated completion date for this SIR is April 30, 2008.</p> <p>The OIG is scheduled to conduct a follow-up review of the status of implementation of this recommendation in Fiscal Year 2008-09.</p>	
			<p>Finding No. 2: Security Controls</p> <p>Division security controls over the IRIS application, data, and supporting IT environment needed improvement.</p> <p>Recommendation: The Division should strengthen its IT security controls in the areas described above to</p>	<p>Concur: The Division has implemented or will implement the following security</p>	

			<p>provide increased assurance of the confidentiality, integrity, and availability of the IRIS application, data, and supporting IT resources. The Division should also consider utilizing the expertise of the contracted ISM to assist in monitoring the appropriateness of BearingPoint staff's access privileges.</p>	<p>controls to strengthen the confidentiality, integrity, and availability of IRIS:</p> <ul style="list-style-type: none"> • The Division is no longer sharing an administrator account to administer application security in IRIS. Each security administrator has their own account and the former shared account was deactivated. This was completed on March 31, 2008. • The Division will implement an "activity date/time" and "activity user-id" trigger on the security database tables that will allow for the tracking of updates to the security profiles. This is a standard in IRIS and was not implemented in the original security schema. This enhancement will be implemented by May 31, 2008. • The Division will revoke all production roles from IT personnel and assign the generic inquiry role that is available in IRIS. This will be completed by April 30, 2008 • The Division employs a practice requiring supervisors to complete an internal form referred to as the "Employee Notification form" whenever an employee terminates. This practice generally works in a satisfactory manner notifying IT Services of terminated employees. This sets into motion a wide range of activities including removing security access to IRIS and the Divisions physical facilities. This practice extends to non-employees, including BearingPoint. In the two cases cited in the audit, the work process failed to identify terminated employees. More emphasis will be placed on supervisors adhering to the requirement that they complete the necessary forms when employees 	
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				<p>terminate. An additional notification practice was added on March 25, 2008 to help catch any terminated employees missed by this work process. Whenever a personnel action request (PAR) terminating an employee is created, the supervisor will also send an e-mail to IT Services informing them of the termination. Although the Division could not determine all activities performed by the terminated user, the Division is able to review the activity logs and determined that the person did not access the IRIS application.</p> <ul style="list-style-type: none"> • The Division will update its procedure to include a review of active network accounts on the same semi-annual basis currently used for appropriate IRIS access. The anticipated effective date of this procedure is June 30, 2008. • The Division has reviewed the established accounts on its external FTP server and removed accounts that are no longer active. This was completed on March 31, 2008. The Division will update its procedure to review active external FTP accounts on a semi-annual basis. The procedure will be updated by June 30, 2008. • The Division will also utilize the expertise of the contracted ISM to assist in monitoring BearingPoint staff's access privileges. This procedure should be in place by June 30, 2008. <p>The OIG is scheduled to conduct a follow-up review of the status of implementation of this recommendation in Fiscal Year 2008-09.</p>	
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			<p>Finding No. 3: Program Change Controls</p> <p>The Division's program change controls for IRIS needed improvement.</p> <p>Recommendation: The Division should implement controls to establish an appropriate segregation of duties with regard to PL/SQL changes and ensure that appropriate change control documentation is maintained. In addition, the Division, supported by BearingPoint IT services, should develop, update, and periodically review change control policies and procedures to provide increased assurance that procedures remain current.</p>	<p>Concur: The Division and BearingPoint has implemented or will implement the following changes to the change control procedures for IRIS:</p> <ul style="list-style-type: none"> • BearingPoint will update the change control policy with regards to migration of PL/SQL programs. Only members of the Database Administrator group will be able to migrate PL/SQL programs from test into production. Furthermore, should a Database Administrator (DBA), which also functions as a developer, make a change that needs migration, another member of the DBA group will migrate the change into production. This change will be effective by May 31, 2008. • BearingPoint and the Division have instituted process improvements to the SIR Management process to increase accountability and improve documentation. The process now includes identifying system updates made and the staff person who migrated the updates into production. Furthermore, end user acceptance and sign-off are now mandatory prior to updates migrating into production. This process improvement was completed on February 15, 2008. • BearingPoint will enhance the software development plan to include software development procedures for SIRs that only affect PL/SQL programs. This will be completed by May 31, 2008. • BearingPoint will create a set of operational procedures that are 	
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				<p>specific to maintaining the IRIS database. The documentation will be used in conjunction with Oracle Operations Manuals and will include items that are specific to our installation of Oracle. This will be completed by July 31, 2008.</p> <p>The OIG is scheduled to conduct a follow-up review of the status of implementation of this recommendation in Fiscal Year 2008-09.</p>	
			<p>Finding No. 4: Disaster Recovery Plans</p> <p>The Division's disaster recovery plans were not current and had not been approved by management.</p> <p>Recommendation: The Division, supported by BearingPoint IT services, should update and periodically review disaster recovery plans to provide increased assurance that continuity-of-operation provisions remain appropriate.</p>	<p>Concur: In addition to reviewing and updating the Divisions Disaster Recovery Plan once a year, the Division will implement a procedure to obtain signatures from the Division Director and Department CIO to serve as final signoff of the updated plan. Final signoff of the updated Disaster Recovery Plan is expected to be received by April 30, 2008.</p> <p>The OIG is scheduled to conduct a follow-up review of the status of implementation of this recommendation in Fiscal Year 2008-09.</p>	
			<p>Finding No. 5: Software Patches and Updates</p> <p>We noted instances where software patches and antivirus updates had not been applied in a timely manner.</p> <p>Recommendation: The Division should strengthen its software patch management practices and ensure compliance with appropriate Department policies.</p>	<p>Concur: The Division is currently implementing the appropriate controls to ensure compliance with the Department's policies.</p>	

				The OIG is scheduled to conduct a follow-up review of the status of implementation of this recommendation in Fiscal Year 2008-09.
<p>Auditor General Report 2008-141</p> <p>Dated: 03/24/08</p>	<p>6/30/2007</p>	<p>Retirement Insurance (HIS) Health Subsidy</p>	<p><u>Compliance and Internal Controls over Financial Reporting and Federal Awards</u></p> <p>Finding: The investment return assumption (discount rate) of 7.75 percent (long-term rate) used by FDMS in determining the actuarial accrued liability for the Health Insurance Subsidy (HIS) plan, was not commensurate with the nature and mix of current and expected plan investments. Plan investments were invested to yield short-term rates. The use of a short-term, rather than long-term, rate may have resulted in the calculation of a significantly larger estimated actuarial accrued liability.</p> <p>Recommendation: We recommend that FDMS utilize a discount rate consistent with the nature and mix of current and expected plan investments.</p>	<p>Historically, the Retiree Health Insurance Subsidy (HIS) Program has been classified as an other post-employment benefit (OPEB) that did not have specific funding or liability reporting requirements. Statements 43 and 45 from the Governmental Accounting Standards Board (GASB) require the state to account for the long-term liabilities of an OPEB. An OPEB Workgroup was established and is headed by the Department of Financial Services with participation by the Department of Management Services, the Board of Governors, the Governor's Office, and the Auditor General. During the implementation of GASB Statements 43 and 45 it was determined the HIS Program is a pension benefit and not an OPEB. This determination has not been formally presented to the Legislature.</p> <p>Since the Legislature has not been able to address the HIS Program as a pension, the HIS valuation reflects the pension assumptions of the Florida Retirement System Pension Plan. Based upon the</p>

				<p>2007 modeling of the HIS Trust Fund, there will be reserve of 10 or more months for the next five fiscal years. This model is based upon the current level of funding, the average of the actual return over the previous five years, and membership growth trends over the last four years. The monthly contributions received by the HIS Trust Fund exceed the monthly HIS benefit payments. It would be possible to retain a trust fund cash reserve of two months' contributions to cover cash flow and fluctuations and allow the balance to be invested for higher returns to improve program funding. Such a policy would ultimately be decided by the Legislature in consultation with the State Board of Administration and could require legislative changes.</p> <p>As noted in on page I-2 of the July 1, 2006 Health Insurance Subsidy Valuation, the return assumption is based upon the premise that if this program becomes prefunded, its assets would be allocated consistent with FRS investment. As a publicly funded pension plan, the Legislature must decide about the funding of this program. A meeting will be scheduled with Legislative staff to get direction on this program and guidance for the assumptions used in the valuation of this pension plan, similar to that done for the FRS Pension Plan. Future valuations will reflect the decisions by this group.</p> <p>The OIG is scheduled to conduct a follow-up review of the status of implementation of this recommendation in Fiscal Year 2008-09.</p>	

<p>Internal Audit Report No. 2008-211</p> <p>Dated: 05/16/2008</p>	<p>04/2008</p>	<p>Local Retirement System</p>	<p align="center"><u>Advisory Report - Oversight of Local Government Pension Plans</u></p> <p>Finding: Although recommendations to improve operations have been made repeatedly, Bureau and Division management have not taken the corrective action necessary to fully resolve the operational issues.</p> <p>Recommendations: We recommend that the Bureau immediately direct its internal actuary to conduct only a Level Two-type review of each plan's most recent actuarial valuation and a cursory review of the reports from the two preceding years.</p> <p>(2) We also recommend that Bureau management assume responsibility for establishing and maintaining a formal triennial review schedule and for monitoring staff adherence to the schedule. Division management should hold Bureau management accountable for meeting the review schedule and Department management should ensure that the Division receives the resources necessary to accomplish the schedule. Given the backlog of plans and other problems discussed in this report, the Division may want to consider outsourcing the actuarial review function in its entirety.</p> <p>(3) In conjunction with the actions listed above, we recommend that Bureau management establish risk-based criteria to prioritize backlogged plans for review. These criteria should also be used to prioritize future review undertaken as part of the formal triennial review process.</p> <p>(4) We also recommend that the Bureau establish actuarial review standards to be followed by the Bureau's internal actuary and any consulting actuaries.</p> <p>(5) We recommend the Bureau establish internal operating policies and procedures concerning the review and disposition of work performed by any consulting actuary. Given that the consulting actuary follows the Bureau's actuarial review standards, little follow-up review of the consultant's work should be required. The Bureau should establish policies and procedures to</p>	<p>The OIG did not require a response to this report. However, based on the report, the Division was required to develop an action plan for correcting all identified issues. The OIG will conduct a follow-up during Fiscal Year 2008-2009 to insure that the recommendations have been implemented.</p>	
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			<p>timely act to state accept or not state accept a plan's report(s) based on the consultant's work.</p> <p>(6) We further recommend that the Bureau take immediate action to resolve pending matters.</p> <p>(7) In conjunction with this action, we recommend that the Bureau promulgate rules to implement the enforcement provisions of Section 112.63, Florida Statutes.</p> <p>(8) We recommend that the Bureau consult with the Department's Chief Information Officer to identify options for revising the Access database to adequately support Bureau functions. The database should include controls for data accuracy and the capability to track the status of plan reviews.</p> <p>(9) To streamline the review process, we recommend that the Bureau require plans to use standard report formats and to submit reports electronically.</p>		
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FISCAL YEAR 2009-10

**TELECOMMUNICATION
SERVICES**

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

**TELECOMMUNICATION
SERVICES**

SCHEDULE I SERIES

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

Communications Working Capital Trust Fund (2105) Revenue Estimates

Methodology:

Revenue estimate is based on anticipated billing of current customers utilizing the various SUNCOM voice and data telecommunications services provided by the DMS Enterprise Information Technology Services Program. These services include:

- Local Service
- Long Distance
- 800 Service
- VPN Computer Access
- Internet Access
- Video Services
- Wireless Data Services
- Blackberry Service

Each service has a base of customers from state government, local government, and non-profit organizations. An estimated revenue amount is determined for each service based on the anticipated number of customers in each month, the level of anticipated utilization of each service as applicable (if the service is charged on a utilization basis), and the rates charged for each service.

The estimated Interest earnings are based on prior year earnings and remaining cash balance in the trust fund.

Wireless Emergency Telephone System Trust Fund (2344) Revenue Estimates

Methodology:

Revenue estimate is based on anticipated collection of the monthly \$0.50 charged to the bills of all Florida wireless phone customers for wireless 911 service development in Florida. Total estimated monthly customer base multiplied by the \$0.50 charge.

Revenue estimate is based on anticipated collection of the monthly \$0.49 charged to the bills of all Florida non-wireless phone customers for wireless 911 service development in Florida. Total estimated monthly customer base multiplied by the \$0.49 charge.

The estimated Interest earnings are based on prior year earnings and remaining cash balance in the trust fund.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Budget Entity: 72900100 Telecommunications Services
Fund: 2105 Communications Working Capital Trust
Specific Authority: Chapter 282, F.S.
Purpose of Fees Collected: To pay phone bills of vendors and for fund's operations and the Emergency Medical Services (EMS) Grant.

Type of Fee or Program: (Check ONE Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL	ESTIMATED	REQUEST	
	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10	
Receipts:				
SEE ATTACHED LISTING				
Total Fee Collection to Line (1) - Section III	141,094,087	143,025,067	143,670,750	

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits	5,045,912	5,036,754	5,103,704
Other Personal Services	103,011	30,715	30,715
Expenses	739,800	906,490	906,490
Operating Capital Outlay	74,182	96,000	96,000
S.C.: Centrex & Suncom Payments	127,048,079	127,549,588	127,549,588
S.C.: Contracted Services	2,114,910	2,106,533	2,106,533
S.C.: SunCom 3rd Party		-	-
S.C.: Risk Management Insurance	10,179	9,635	9,635
S.C.: HR Stwd Contract	29,098	29,098	29,098
S.C.: Contracted Legal Services			
S.C.: Grant & Aid EMAC	-		
Data Processing Services - STO	1,281,612	1,303,288	1,182,890

Indirect Costs Charged to Trust Fund:

Administrative Assessment Fee	1,445,954	1,319,902	1,319,902
Refunds	18,390	-	-
TR from 72900100-2105 to 72900200-2105 B/A EOG B0209 Decrease DP-STO	5,271	-	-
6/30/2007 CF B not in Beg Bal	4,950	(90,299)	
Certified Forward Reversions @ 9/30/2007	(15,129)		
PY AP not CF deleted	28,160		
Reserve for Pay Package			-
5% Trust Fund Reserve			

Total Full Costs to Line (2) - Section III	137,934,379	138,297,704	138,334,555
---	-------------	-------------	-------------

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	141,094,087	143,025,067	143,670,750
TOTAL SECTION II	(B)	137,934,379	138,297,704	138,334,555
TOTAL - Surplus/Deficit	(C)	3,159,708	4,727,363	5,336,195

EXPLANATION:

Negative balances offset by cash balance brought forward (See Schedule I)

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: Management Services **Budget Period: 2009-10**
Budget Entity: Telecommunications Services (72900100)
Fund: Communications Working Capital Trust (2105)
Specific Authority: Chapter 282, F.S.
Purpose of Fees Collected: To pay phone bills of vendors and for fund's operations and the
Emergency Medical Services (EMS) Grant.

(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL	ESTIMATED	REQUEST
	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Receipts:			
<u>Suncom/Centrex Revenues</u>	130,933,757	131,843,117	132,650,000
<u>Telecomm. Infrastructure Proj. Fees</u>	2,271,848	3,270,000	3,400,000
<u>Wireless Revenues</u>	4,677,048	5,308,100	5,310,000
<u>Blackberry</u>	-	-	-
<u>Interagency Agree.--DOAH-Video Tele</u>	100,000	100,000	100,000
<u>Interagency Agreement-Dept of Health(EMS)</u>		-	-
<u>Alternate Egress</u>	-		-
<u>Property Transfer In</u>			
<u>Interest Earnings</u>	469,898	450,000	460,750
<u>Refunds and Reimbursements</u>	2,423,146	2,052,600	1,750,000
<u>Hurricane Reimbursements from FEMA</u>	5,765	1,250	
<u>Wireless 911 Board Reimbursement</u>	212,625	-	-
<u>Reversions</u>			
Total Fee Collection to Line (1) - Section III	141,094,087	143,025,067	143,670,750

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72900100 Telecommunications Services
Fund: 2344 Wireless Emergency Phone Trust

Specific Authority: Sec 365.172 and 365.173, F.S.

Purpose of Fees Collected: A fee of \$.50 per month is assessed to Florida's wireless telephone subscribers to offset Florida counties' and the service providers' 911 and Emergency 911 capital and operating costs. Fees are deposited into the fund and subsequent distributions are as follows: 44% to counties; 54% to service providers; and an additional 2% to rural counties.

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL	ESTIMATED	REQUEST	
	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10	
Receipts:				
Deposits from Wireless 911 Ser.Providers	85,641,251	78,472,670	81,511,577	
Deposits from Wireline 911 Ser.Providers	42,468,082	56,269,242	58,520,012	
Interest Earnings	4,100,418	2,800,000	1,800,000	
Refunds	32,538	-	-	
Total Fee Collection to Line (1) - Section III	132,242,290	137,541,912	141,831,589	

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits	132,197	457,603	463,687
Expenses	382,539	777,620	777,620
Operating Capital Outlay			8,000
SC: Contracted Services	246,650	161,649	161,649
SC: Contracted Legal Services	39,357	96,000	96,000
S.C.:Risk Management Insurance	450	808	808
S.C.:HR Stwd Contract	971	971	971
Data Processing Services - STO	5,683	4,140	9,426
Aid to Local Governments:			
Wireless 911 Grants to Counties 055614	25,000,000	25,000,000	6,000,000
Non-Wireless 911 Dist.to Counties 055614	53,059,306	59,013,416	56,764,411
Wireless 911 Dist.to Counties 055610	60,945,864	57,403,884	58,482,388
Wireless 911 Dist.to Svc. Provid. 055614	18,857,108	22,930,000	22,514,643

Indirect Costs Charged to Trust Fund:

TR to 2021-Admin.Assess.Fee	57,437	66,850	66,850
Refunds	17		
5% Trsf from 900200-2344		407	
Non-Wireless 911 Distributions Reversion	-		
Certified Forward Reversions@9/30/07	(127,005)	-	

Total Full Costs to Line (2) - Section III 158,600,574 165,913,348 145,346,453

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	132,242,290	137,541,912	141,831,589
TOTAL SECTION II	(B)	158,600,574	165,913,348	145,346,453
TOTAL - Surplus/Deficit	(C)	(26,358,284)	(28,371,436)	(3,514,864)

EXPLANATION:

Negative balances offset by cash balance brought forward (See Schedule I)

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72900100 Telecommunications Services
Fund: 2105 Comm. Working Capital Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Suncom/Centrex Revenues	11,247,487		
TOTALS*	11,247,487	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72900100 Telecommunications Services
Fund: 2344 Wireless Emergency Telephone System

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Deposits from Wireless 911 Svc.Providers	23,950,509		
<u>FUNDING SOURCE-NON-STATE</u>			
TOTALS*	23,950,509	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SERVICES
Trust Fund Title:	COMMUNICATIONS WORKING CAPITAL TRUST
Budget Entity:	TELECOMMUNICATIONS SERVICES (72900100)
LAS/PBS Fund Number:	2105

	Balance as of 6/30/2008		SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	3,362,592	(A)		3,362,592
ADD: Other Cash (See Instructions)		(B)		0
ADD: Investments	10,971,255	(C)		10,971,255
ADD: Outstanding Accounts Receivable	15,398,658	(D)	0	15,398,658
Total Cash plus Accounts Receivable	29,732,506	(F)	0	29,732,506
LESS Allowances for Uncollectibles	0	(G)		0
LESS Approved "A" Certified Forwards	18,447,387	(H)		18,447,387
Approved "B" Certified Forwards	34,151	(H)		34,151
Unearn Revenue	2,418	(H)		2,418
LESS: Other Accounts Payable	1,063	(I)		1,063
Unreserved Fund Balance, 07/01/08	11,247,487	(K)	0	11,247,487 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SERVICES
Trust Fund Title:	WIRELESS EMERGENCY TELEPHONE SYSTEM TRUST
Budget Entity:	TELECOMMUNICATIONS SERVICES (72900100)
LAS/PBS Fund Number:	2344

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	134,059 (A)		134,059
ADD: Other Cash (See Instructions)			0
ADD: Investments	52,665,477 (C)		52,665,477
ADD: Outstanding Accounts Receivable	161,101 (D)	14,735,471	14,896,572
Total Cash plus Accounts Receivable	52,960,637 (F)	14,735,471	67,696,107
LESS Allowances for Uncollectibles			0
LESS Approved "A" Certified Forwards	28,946,214 (H)		28,946,214
Approved "B" Certified Forwards	58,493 (H)		58,493
Approved "FCO" Certified Forwards			0
LESS: Other Accounts Payable	5,420 (I)		5,420
Unreserved Fund Balance, 07/01/08	23,950,509 (K)	14,735,471	38,685,980 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	<u>720000 MANAGEMENT SERVICES</u>
Trust Fund Title:	<u>Communications Working Capital Trust Fund</u>
LAS/PBS Fund Number:	<u>2105</u>

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08	<input type="text" value="9,937,136"/> (A)
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Add/Subtract:

Advances From Other Funds Recorded in FLAIR As A Liability/ Not Recorded On Schedule 1C	<input type="text" value="500,000.00"/> (B)
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Compensated Absences Liability Recorded In FLAIR/ Not Recorded On Schedule 1C	<input type="text" value="844,502"/>
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Certified Forward B recored on Schedule 1C Not Recorded in FLAIR	<input type="text" value="(34,151)"/>
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Accounts Payable not Certified Forward In FLAIR/ Not Recorded On Schedule 1C	<input type="text"/>
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Property Value in FLAIR Not Recorded On Schedule 1C	<input type="text"/>
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Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008	<input type="text"/> (C)
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Decrease Accounts Receivables Balance	<input type="text"/> (C)
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ADJUSTED BEGINNING TRIAL BALANCE:	<input type="text" value="11,247,487"/> (D)
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UNRESERVED FUND BALANCE, SCHEDULE IC	<input type="text" value="11,247,487"/> (E)
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DIFFERENCE:	<input type="text" value="0"/> (F)*
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***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: E911 Emergency Telephone System Trust Fund
LAS/PBS Fund Number: 2344

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 (A)

Add/Subtract:

Accounts Payable Not Certified Forward in FLAIR
Not Recorded On Schedule 1C (B)

Certified Forward B recored on Schedule 1C
Not Recorded in FLAIR (C)

Other Adjustment(s):

Statewide Post Closing adjustment to Accounts Receivable (C)

(C)

ADJUSTED BEGINNING TRIAL BALANCE: (D)

UNRESERVED FUND BALANCE, SCHEDULE IC (E)

DIFFERENCE: (F)*

***SHOULD EQUAL ZERO.**

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: Communications and Information Technology Services

Phone Number: (850) 487-9476

(1)	(2)	(3)	(4)	(5)	(6)
REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
<p>Auditor General Report No. 2007-005</p> <p>Dated: 07/24/2006</p>	<p>03/2006</p>	<p>Division of Communications and Information Technology - Office of Information Security</p>	<p><u>Selected State Agencies' Progress In Assessing System and Network Vulnerabilities</u></p> <p>Finding: The issues discussed in Findings Nos. 2 through 5 indicate a need for improved and more frequent security vulnerability testing and improvements in certain aspects of IT security. The OIS, when established by DMS, will be well-positioned to promote, facilitate, and assist agency actions to enhance information security, including improvements in security vulnerability testing and the other areas discussed in this report.</p> <p>Recommendation: We recommend that DMS, in establishing the OIS, continue to facilitate agency IT risk assessment activities. As a part of developing its strategic plan for IT security, DMS should work in consultation with the agencies to establish provisions, for improved and more frequent security vulnerability testing consistent with NIST guidelines. Additionally, as part of the plan, DMS should assist the agencies in addressing the specific security control issues identified in this report in a manner consistent with NIST guidelines and good IT security practices. The DMS strategic planning process should consider the agencies' needs for guidance, training, and assistance in securing resources for these activities.</p>	<p>Concur: DMS concurs with the "Overall Conclusion and Recommendation." DMS will continue to facilitate agencies' IT risk assessment activities as it establishes the Office of Information Security (OIS.)</p> <p>In developing the strategic plan for information technology security, DMS will coordinate with agencies to address the specific security control issues identified in the audit report. The strategic planning process will consider the agencies' needs for guidance, training, and assistance in securing resources for these issues. As required by Section 282.318(4), Florida Statutes, the strategic plan will be developed and submitted to the Executive Office of the Governor, President of the Senate, and the Speaker of the House by</p>	

				<p>March 1, 2007.</p> <p>DMS' continued facilitation of agencies' IT risk assessment activities will be dependent upon adequate and continued funding from the Legislature. (The Legislature has provided funding for only six-months, beginning in January 2007.) Also, to facilitate agencies' IT risk assessment activities, DMS believes that the newly created OIS should be empowered by statute and rule. The OIS will need this authority to enable compliance in this critical mission sensitive area and to ensure that uniform direction is provided to all agencies. We intend to pursue this authority in the 2007 Legislative Session.</p> <p>Updated 01/23/2007: The Office of Information Security (OIS) was established within the Department of Management Services effective January 1, 2007, and is currently working on staffing the office. As required by Section 282.318(4), Florida Statutes, a strategic plan is being developed to be submitted to the Executive Office of the Governor, President of the Senate, and the Speaker of the House by March 1, 2007. A draft version of the strategic plan has been submitted to the Executive Office of the Governor for review.</p> <p>During the period of January, 2007 through June, 2007, the OIS will work closely with the state agencies to provide them with the guidance, training and assistance in securing resources to address security control issues. To that point, the OIS is working with the Executive Office of the Governor to create policies and secure funding to satisfy the audit findings related to security vulnerabilities.</p>	
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				<p>In order to facilitate this much needed guidance and support, it is imperative that the Legislature continue to provide this current level of funding and support as well as the empowerment by statute and rule to enable compliance in this critical mission sensitive area and to ensure that uniform direction is provided to all agencies. DMS is seeking this statutory changes and rule making authority in 2007, along with continuation funding for the OIS to include an additional two positions for the office. Without these critical components, the OIS will not be able to meet the requirements of the strategic plan in fiscal year 07/08.</p> <p>Updated/Closed 7/1/2007: The Office of Information Security was transferred to the Agency for Enterprise Information Technology Services.</p>	
<p>Auditor General Report No. 2007-182</p> <p>Dated: 05/03/2007</p>	06/2006	Wireless 911 Board	<p><u>Department of Management Services, Wireless Emergency Telephone System Fund</u></p> <p>Finding 1: Florida Single Audit Act</p> <p>DMS and the Board did not always comply with Florida Single Audit Act Requirements.</p> <ul style="list-style-type: none"> • DMS had not completed a Supplement, a State Projects Matrix of Compliance Requirements, or an Annual Catalog of State Financial Assistance Agency Certification. • DMS Financial Management Services had not separately identified State Financial Assistance (SFA) disbursements and non-SFA disbursements in FLAIR. • In award documents that establish relationships with non-State entities, the Board had not communicated appropriate information needed by the entities to comply with the Florida Single Audit Act. <p>Recommendation: We recommend that DMS and the</p>		<p>Concur: DMS and the Wireless 911</p>

			<p>Board ensure compliance with Florida Single Audit Act requirements.</p>	<p>Board will update the Agency Reporting Form for the State Projects Compliance Supplement and submit them to the Department of Financial Services (DFS) by May 18, 2007. In addition, DMS will submit annually to DFS the Annual Catalog of State Financial Assistance Agency Certification.</p> <p>In the future, DMS will also separately identify State Financial Assistance from the other disbursements in the Wireless Emergency Telephone System Trust Fund. Additionally, the rural county grant award letter compliancy language was included in the 2007 Rural County Grant Award Letter and will be included in all future grant award letters.</p> <p>Updated/Closed 11/02/2007: On August 27, 2007, the Department submitted the Agency Certification for the Catalog of State Financial Assistance. The package contained proposed changes to the Agency Reporting Form for the Part IV State Project Compliance supplement.</p> <p>DMS established disbursement object codes to separate the State Financial Assistance (SFA) disbursements from the non-SFA disbursements in FLAIR.</p>	
			<p>Finding 2: Rural County Grant Reporting</p> <p>The Board did not ensure that one rural county timely submitted a final grant report and the required expenditure documentation, contrary to Board procedures.</p> <p>Recommendation: We recommend that the Board continue its efforts to ensure that counties timely submit reports in accordance with Board procedures.</p>	<p>Concur: The Board will continue monitoring the rural county grant expenditures to assure that grant funds are expended in compliance with applicable laws and guidelines. While assuring 911 system operations and performance is the</p>	

				<p>primary concern, timely submissions of the required reports is important and changes are currently being incorporated to the Rule 60DD-1, Florida Administrative Code, Rural County Grant to resolve timing issues.</p> <p>The proposed changes include requiring the final grant expenditure report submittal to coincide with the quarterly report schedule. This will assist to eliminate any confusion on when the final report is due. In addition, the final documentation is to be provided within 90 days of the final report. This will provide the 911 Coordinators time to obtain copies of invoices and payment records from the finance or purchasing offices. This should provide sufficient time to obtain these records even when county budgets and audits are in progress. The anticipated completion date for this process is October 2007.</p> <p>Updated 11/02/2007: The Board continues to monitor the rural county grant expenditures to assure that grant funds are expended in compliance with applicable laws and guidelines. The Board has continued its efforts to obtain the information promptly. Technical staff was added to assist in the timely collection of this information.</p> <p>The Board is currently promulgating an update to Rule 60DD-1, Florida Administrative Code, Rural County Grant Program. Per Board Counsel, the rule should be effective by January 2008. The proposed rule includes changes to the final grant expenditure report process. The change will match the final grant expenditure report to the current quarterly schedule and then within 90 days after the final report all expenditure and</p>	
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				<p>corresponding invoice documentation must be submitted.</p> <p>Update 9/9/2008: Rule 60DD-1, Florida Administrative Code is being replaced by Rule 60FF-5. The Joint Administrative Procedures Committee (JAPC) provided the Department with a letter requesting specific changes to the Rule on August 19, 2008. The proposed Rule should be completed by December 2008.</p> <p>OIG Position: We recommend that this finding remain open until the promulgation of Rule 60FF-5 is complete.</p>	
			<p>Finding 3: Board Minutes and Notification of Public Meetings</p> <p>The Board did not always prepare minutes for Committee meetings and provide public notice of Board meetings, contrary to the provisions of law.</p> <p>Recommendation: We recommend that reasonable public notice of all Board meetings be given as required by Section 120.525(1), Florida Statutes, and as outlined in the Government-in-the-Sunshine Manual. We also recommend that the Board take action to ensure that minutes of all meetings are prepared and maintained.</p>	<p>Concur: The Board concurs that reasonable public notice will be given to all future Board meetings as required by Section 120.525(1), Florida Statutes, as outlined in the Government-in-the-Sunshine manuals. The Board also concurs that all future minutes of meetings and/or workshops will be prepared and maintained.</p> <p>Updated/Closed 11/02/2007: As required by Section 120.525(1), Florida Statutes, the Board noticed all 2007 calendar year Board and Rural County Grant meetings more than 7 days before the event. The Board noticed the 18 meetings in the following editions of the Florida Administrative Weekly's:</p> <ul style="list-style-type: none"> • December 15, 2006 • January 19, 2007 • February 16, 2007, and • August 10, 2007. 	

<p>Auditor General Report 2008-176</p> <p>Dated: 05/12/08</p>	<p>6/30/2007</p>	<p>Wireless 911 Board</p>	<p align="center"><u>Department of Management Services</u> <u>Wireless Emergency Telephone System Fund</u></p> <p>Finding No. 1: Revenue Recognition</p> <p>Contrary to generally accepted accounting principles, DMS and the Board did not record in the State's accounting system, the Florida Accounting Information Resource Subsystem (FLAIR), a receivable for provider fees billed at fiscal year end.</p> <p>Recommendation: We recommend that DMS and the Board record wireless fee revenue on the modified accrual basis of accounting in accordance with generally accepted accounting principles. Specifically, an account receivable should be established in the Wireless Fund for any provider fee revenue collectible within 60 days after fiscal year end.</p>	<p>Concur: The financial statements for the Florida E911 Board are prepared on the modified accrual basis of accounting. The accounts receivable for June 30, 2008 will be recorded by September 15, 2008 with information received from Law, Redd, Crona and Munroe, the E911 Board's independent CPA firm. A post closing adjustment will be submitted to the Department of Financial Services for this entry by September 15, 2008.</p> <p>The OIG is scheduled to conduct a follow-up review of the status of implementation of this recommendation in Fiscal Year 2008-09.</p>	
			<p>Finding No. 2: Budget Administration – Authorized Positions</p> <p>Board procedures were not sufficient to ensure that salaries and benefits were calculated and allocated appropriately based on actual time worked.</p> <p>Recommendation: We recommend that DMS and the Board strengthen procedures over the calculations of amounts to be transferred from the Wireless Fund to the Communications Working Capital Trust Fund and ensure reimbursement for the amounts transferred in error.</p>	<p>Concur: The Department on behalf of the Florida E911 Board implemented a procedure to ensure that DMS staff presents all invoices for payment to the Board, or the Board Chair, for review and approval prior to any amounts being transferred from the Wireless Fund to the Communications Working Capital Trust Fund. The Board has issued the invoice</p>	

				<p>for reimbursement of salaries and benefits transferred in error. A copy of the invoice was provided to Auditor General Staff in the exit interview for their records.</p> <p>The OIG is scheduled to conduct a follow-up review of the status of implementation of this recommendation in Fiscal Year 2008-09.</p>	
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FISCAL YEAR 2009-10

WIRELESS SERVICES

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

WIRELESS SERVICES

SCHEDULE I SERIES

5 Percent Trust Fund Reserve Calculation

Law Enforcement Radio Trust Fund (2432)

Total Recurring Revenue for Fiscal Year 08/09:	\$ 26,542,542
Less Operating Transfer to DMS STW Contract:	4,008
Less Non-Operating Transfer to Administrative TF:	90,976
Less Service Charge to General Revenue 7.3%:	<u>1,427,999</u>
 Total Revenue Subject to 5% Reserve Calculation	 \$ 28,064,990
 Multiplied by 5%	 <u>X</u> <u>5%</u>
 Total 5% Reserve for 72900200 Law Enforcement Radio Trust Fund	 \$ 1,403,250

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

Communications Working Capital Trust Fund (2105) Revenue Estimates

Methodology:

Revenue estimate is based on anticipated billing of current customers utilizing the various SUNCOM voice and data telecommunications services provided by the DMS Enterprise Information Technology Services Program. These services include:

- Local Service
- Long Distance
- 800 Service
- VPN Computer Access
- Internet Access
- Video Services
- Wireless Data Services
- Blackberry Service

Each service has a base of customers from state government, local government, and non-profit organizations. An estimated revenue amount is determined for each service based on the anticipated number of customers in each month, the level of anticipated utilization of each service as applicable (if the service is charged on a utilization basis), and the rates charged for each service.

The estimated Interest earnings are based on prior year earnings and remaining cash balance in the trust fund.

Law Enforcement Radio System Trust Fund (2432) Revenue Estimates

Methodology:

Revenue estimate is based on anticipated collection of the \$1.00 surcharge applied to vehicle registrations in Florida, which is collected by the Department of Highway Safety and Motor Vehicles and forwarded to DMS. DMS in turn uses the revenue to pay on a quarterly basis the vendor developing and operating the Statewide Law Enforcement Radio System. Total estimated vehicle registrations multiplied by the \$1.00 surcharge.

A surcharge of \$3 must be paid for all criminal offenses listed in s318.17. Revenue estimates are \$5.5 to \$6.7 million annually, for five years. Estimate provided by Florida Association of Clerks of Court.

The estimated Interest earnings are based on prior year earnings and remaining cash balance in the trust fund.

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Wireless Services (72900200) Grants and Donations Trust Fund (2339) Revenue Estimates Methodology:

The revenue estimate is based on what the Program has received in federal grants for projects related to the standardization, compatibility, and expansion of state and local law enforcement and first responder communication systems.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period:** 2009-10
Program: 72900200 Wireless Services
Fund: 2105 Comm. Working Capital Trust
Specific Authority: Chapter 282, F.S.
Purpose of Fees Collected: To pay phone bills of vendors & for fund's operations and the Emergency Medical Services (EMS) Grant

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 08	FY 2008 - 09	FY 2009 - 10

Receipts:

<u>Interagency Agreement-Dept of Health(EMS)</u>		86,139	207,631	207,631

Total Fee Collection to Line (1) - Section III		86,139	207,631	207,631

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits		77,955	191,709	193,687
Other Personal Services				
Expenses		12,332	14,513	14,513
Contracted Services				
<u>S.C.: Risk Management Insurance</u>		251	537	537
<u>HR Statewide Contract</u>		872	872	872

Indirect Costs Charged to Trust Fund:

TR from 72900100-2105 to 72900200-2105		(5,271)	-	-
Property Transfer IN		-	-	-
Prior Year Accounts Receivable Deleted		-	-	-
Reserve for Pay Package				
Total Full Costs to Line (2) - Section III		86,139	207,631	209,609

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	86,139	207,631	207,631
TOTAL SECTION II	(B)	86,139	207,631	209,609
TOTAL - Surplus/Deficit	(C)	-	-	(1,978)

EXPLANATION:

Negative balances offset by cash balance brought forward (See Schedule I)

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72900200 Wireless Services
Fund: 2339 Grants & Donations Trust
Specific Authority:
Purpose of Fees Collected: To perform duties as required per various federal, state, and local government grants.

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Receipts:				
Transfer from DCA-Federal Grant		11,098,442	-	
Transfer from FDLE				
Refunds Reimbursements		5,539		
Sales of Goods & Services-Training				
Interest Earnings				
Total Fee Collection to Line (1) - Section III		11,103,981	-	-

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits				
Other Personal Services				
Sustain/Mon Ctr Security Tool (Admin Funds)			-	
Security Planning Sessions (Admin Funds)			-	
Domestic Security (Back of the Bill)		8,906,123	-	
Donestic Security (Admin Funds)			-	
Florida Interoperability Network (BOB)			-	
Indirect Costs Charged to Trust Fund:				
TR to 2021-Admin.Assess.Fee				
7% Service Charge to G. R.				
Certified Forward Reversions @ 12/30/20		-		
Prior Year Accounts Receivable Deleted		-		
Total Full Costs to Line (2) - Section III		8,906,123	-	-

Basis Used: _____

SECTION III - SUMMARY

TOTAL SECTION I	(A)	11,103,981	-	-
TOTAL SECTION II	(B)	8,906,123	-	-
TOTAL - Surplus/Deficit	(C)	2,197,858	-	-

EXPLANATION:

Negative balances offset by cash balance brought forward (See Schedule I)

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72900200 Wireless Services
Fund: 2432 Law Enforcement Radio System Trust
Specific Authority: Chapter 282, F.S.
Purpose of Fees Collected: A \$1 fee is collected from boat & auto registrations to provide for the construction & operation of the statewide 800 MHz LERS

Type of Fee or Program: (Check ONE Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Receipts:				
From Boat/Veh. Registrations-DHSMV		19,011,633	19,191,192	19,383,104
Tower Rental Fees		32,815	32,815	32,815
800MHZ Rebanding Reimb-Nextel		-	-	-
Interest Earnings		588,688	550,000	550,000
Reimbursements		872	-	-
Traffic Infraction Penalties		4,737,284	6,768,000	6,768,000
Homeland Security Reimbursement		-	-	-
Third Party Subscriptions		-	-	-
Total Fee Collection to Line (1) - Section III		24,371,292.00	26,542,007	26,733,919

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits	823,872	1,104,715	1,116,119
Other Personal Services			20,000
Expenses	112,933	431,413	431,413
Operating Capital Outlay	3,781	22,000	22,000
SC: Acquisition of Motor Vehicles	-	-	60,342
SC: Contracted Services	-	6,768,000	6,768,000
Risk Management Insurance	1,148	683	1,334
Contracted Legal Services	10,000	20,000	20,000
SW Law Enf Radio Contract Payment	18,393,600	18,220,000	18,220,000
TR to DMS-Human Res. Svcs.	4,008	4,008	4,588
Data Processing Services - STO		17,217	2,009

Indirect Costs Charged to Trust Fund:

TR to GR - 7% Service Charge	1,705,159	1,427,999	1,427,999
TR to 2021-Admin. Assess. Fee	107,112	90,976	90,976
Cert. Forward Reversions @ 9/30/07	(7,693)	-	
B/A EOG B0209 Decrease DP-STO	-	(11,406)	
5% Trust Fund Reserve			1,403,250
Reserve for Pay Package			-
TR Cash Balance to 72900400-2432			
Total Full Costs to Line (2) - Section III	21,153,920	28,095,605	29,588,030

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	24,371,292	26,542,007	26,733,919
TOTAL SECTION II	(B)	21,153,920	28,095,605	29,588,030
TOTAL - Surplus/Deficit	(C)	3,217,372	(1,553,598)	(2,854,111)

EXPLANATION:

Negative balances offset by cash balance brought forward (See Schedule I)

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72900200 Wireless Services
Fund: 2105 Communications Working Capital Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Interagency Agreement-Dept of Health(EM\$	0		
TOTALS*	-	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72900200 Wireless Services
Fund: 2339 Grants & Donations

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Transfer from DCA-Federal Grant	2,197,858		
TOTALS*	2,197,858	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SERVICES
Trust Fund Title:	COMMUNICATIONS WORKING CAPITAL TRUST
Budget Entity:	WIRELESS SERVICES (72900200)
LAS/PBS Fund Number:	2105

	Balance as of 6/30/2008		SWFS* Adjustments		Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	560	(A)			
ADD: Other Cash (See Instructions)		(B)			
ADD: Investments		(C)			
ADD: Outstanding Accounts Receivable	0	(D)			
Total Cash plus Accounts Receivable	560	(F)			
LESS Allowances for Uncollectibles		(G)			
LESS Approved "A" Certified Forwards	560	(H)			
Approved "B" Certified Forwards		(H)			
Approved "FCO" Certified Forwards		(H)			
LESS: Other Accounts Payable		(I)			
Unreserved Fund Balance, 07/01/08	0	(K)			**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	GRANTS AND DONATIONS TRUST
LAS/PBS Fund Number:	WIRELESS SERVICES (72900200)
	2339

	Balance as of 6/30/2008		SWFS* Adjustments		Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	4,006,515	(A)			
ADD: Other Cash (See Instructions)		(B)			
ADD: Investments		(C)			
ADD: Outstanding Accounts Receivable	0	(D)			
Total Cash plus Accounts Receivable	4,006,515	(F)			
LESS Allowances for Uncollectibles		(G)			
LESS Approved "A" Certified Forwards	1,808,658	(H)			
Approved "B" Certified Forwards		(H)			
Approved "FCO" Certified Forwards		(H)			
LESS: Other Accounts Payable		(I)			
Unreserved Fund Balance, 07/01/08	2,197,858	(K)			**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SERVICES
Trust Fund Title:	LAW ENFORCEMENT RADIO SYSTEM TRUST
Budget Entity:	WIRELESS SERVICES (72900200)
LAS/PBS Fund Number:	2432

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	919,061 (A)		
ADD: Other Cash (See Instructions)			
ADD: Investments	12,431,255 (C)		
ADD: Outstanding Accounts Receivable	599,890 (D)		
Total Cash plus Accounts Receivable	13,950,206 (F)		
LESS Allowances for Uncollectibles			
LESS Approved "A" Certified Forwards	5,313,023 (H)		
Approved "B" Certified Forwards	0 (H)		
Approved "FCO" Certified Forwards			
LESS: Other Accounts Payable	486,351 (I)		
Unreserved Fund Balance, 07/01/08	8,150,831 (K)		**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: Communications Working Capital Trust Fund
LAS/PBS Fund Number: 2105

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 9,937,136 (A)

Add/Subtract:

Advances From Other Funds Recorded in FLAIR As A Liability/
 Not Recorded On Schedule 1C 500,000.00 (B)

Compensated Absences Liability Recorded In FLAIR/
 Not Recorded On Schedule 1C 844,502

Certified Forward B recored on Schedule 1C
 Not Recorded in FLAIR (34,151)

Accounts Payable not Certified Forward In FLAIR/
 Not Recorded On Schedule 1C

Property Value in FLAIR
 Not Recorded On Schedule 1C

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 (C)

Decrease Accounts Receivables Balance (C)

ADJUSTED BEGINNING TRIAL BALANCE: 11,247,487 (D)

UNRESERVED FUND BALANCE, SCHEDULE IC 11,247,487 (E)

DIFFERENCE: 0 (F)*

***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2008 - 2009

Department Title:	<u>720000 MANAGEMENT SERVICES</u>
Trust Fund Title:	<u>Technology Grants & Donations Trust Fund</u>
LAS/PBS Fund Number:	<u>2339</u>

BEGINNING TRIAL BALANCE:

339070 Unreserved Fund Balance Per Trial Balance, 07-01-08	<input type="text" value="682,612.56"/>	(A)
339105 Unreserved Fund Balance Per Trial Balance, 07-01-08	<input type="text" value="12,307.27"/>	(A)

Add/Subtract:

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008	<input type="text" value="(680,500.00)"/>	(C)
Decrease Accounts Receivables Balance	<input type="text"/>	(C)

ADJUSTED BEGINNING TRIAL BALANCE:	<input type="text" value="14,420"/>	(D)
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UNRESERVED FUND BALANCE, SCHEDULE IC	<input type="text" value="14,420"/>	(E)
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DIFFERENCE:	<input type="text" value="(0)"/>	(F)*
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***SHOULD EQUAL ZERO.**

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	<u>720000 MANAGEMENT SERVICES</u>
Trust Fund Title:	<u>State Agency Law Enforcement Radio System Trust Fund</u>
LAS/PBS Fund Number:	<u>2432</u>

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08	<input type="text" value="8,150,649"/> (A)
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Add/Subtract:

Accounts Payable Not Certified Forward in FLAIR Not Recorded On Schedule 1C	<input type="text" value="182"/> (B)
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Certified Forward B recored on Schedule 1C Not Recorded in FLAIR	<input type="text" value="0"/>
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Other Adjustment(s):

Statewide Post Closing adjustment to Accounts Receivable	<input type="text"/> (C)
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<input type="text"/> (C)

ADJUSTED BEGINNING TRIAL BALANCE:	<input type="text" value="8,150,831"/> (D)
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UNRESERVED FUND BALANCE, SCHEDULE IC	<input type="text" value="8,150,831"/> (E)
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DIFFERENCE:	<input type="text" value="0"/> (F)*
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***SHOULD EQUAL ZERO.**

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: Communications and Information Technology Services

Phone Number: (850) 487-9476

(1)	(2)	(3)	(4)	(5)	(6)
REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
<p>Auditor General Report No. 2007-005</p> <p>Dated: 07/24/2006</p>	<p>03/2006</p>	<p>Division of Communications and Information Technology - Office of Information Security</p>	<p><u>Selected State Agencies' Progress In Assessing System and Network Vulnerabilities</u></p> <p>Finding: The issues discussed in Findings Nos. 2 through 5 indicate a need for improved and more frequent security vulnerability testing and improvements in certain aspects of IT security. The OIS, when established by DMS, will be well-positioned to promote, facilitate, and assist agency actions to enhance information security, including improvements in security vulnerability testing and the other areas discussed in this report.</p> <p>Recommendation: We recommend that DMS, in establishing the OIS, continue to facilitate agency IT risk assessment activities. As a part of developing its strategic plan for IT security, DMS should work in consultation with the agencies to establish provisions, for improved and more frequent security vulnerability testing consistent with NIST guidelines. Additionally, as part of the plan, DMS should assist the agencies in addressing the specific security control issues identified in this report in a manner consistent with NIST guidelines and good IT security practices. The DMS strategic planning process should consider the agencies' needs for guidance, training, and assistance in securing resources for these activities.</p>	<p>Concur: DMS concurs with the "Overall Conclusion and Recommendation." DMS will continue to facilitate agencies' IT risk assessment activities as it establishes the Office of Information Security (OIS.)</p> <p>In developing the strategic plan for information technology security, DMS will coordinate with agencies to address the specific security control issues identified in the audit report. The strategic planning process will consider the agencies' needs for guidance, training, and assistance in securing resources for these issues. As required by Section 282.318(4), Florida Statutes, the strategic plan will be developed and submitted to the Executive Office of the Governor, President of the Senate, and the Speaker of the House by</p>	

				<p>March 1, 2007.</p> <p>DMS' continued facilitation of agencies' IT risk assessment activities will be dependent upon adequate and continued funding from the Legislature. (The Legislature has provided funding for only six-months, beginning in January 2007.) Also, to facilitate agencies' IT risk assessment activities, DMS believes that the newly created OIS should be empowered by statute and rule. The OIS will need this authority to enable compliance in this critical mission sensitive area and to ensure that uniform direction is provided to all agencies. We intend to pursue this authority in the 2007 Legislative Session.</p> <p>Updated 01/23/2007: The Office of Information Security (OIS) was established within the Department of Management Services effective January 1, 2007, and is currently working on staffing the office. As required by Section 282.318(4), Florida Statutes, a strategic plan is being developed to be submitted to the Executive Office of the Governor, President of the Senate, and the Speaker of the House by March 1, 2007. A draft version of the strategic plan has been submitted to the Executive Office of the Governor for review.</p> <p>During the period of January, 2007 through June, 2007, the OIS will work closely with the state agencies to provide them with the guidance, training and assistance in securing resources to address security control issues. To that point, the OIS is working with the Executive Office of the Governor to create policies and secure funding to satisfy the audit findings related to security vulnerabilities.</p>	
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				<p>In order to facilitate this much needed guidance and support, it is imperative that the Legislature continue to provide this current level of funding and support as well as the empowerment by statute and rule to enable compliance in this critical mission sensitive area and to ensure that uniform direction is provided to all agencies. DMS is seeking this statutory changes and rule making authority in 2007, along with continuation funding for the OIS to include an additional two positions for the office. Without these critical components, the OIS will not be able to meet the requirements of the strategic plan in fiscal year 07/08.</p> <p>Updated/Closed 7/1/2007: The Office of Information Security was transferred to the Agency for Enterprise Information Technology Services.</p>	
<p>Auditor General Report No. 2007-182</p> <p>Dated: 05/03/2007</p>	06/2006	Wireless 911 Board	<p><u>Department of Management Services, Wireless Emergency Telephone System Fund</u></p> <p>Finding 1: Florida Single Audit Act</p> <p>DMS and the Board did not always comply with Florida Single Audit Act Requirements.</p> <ul style="list-style-type: none"> • DMS had not completed a Supplement, a State Projects Matrix of Compliance Requirements, or an Annual Catalog of State Financial Assistance Agency Certification. • DMS Financial Management Services had not separately identified State Financial Assistance (SFA) disbursements and non-SFA disbursements in FLAIR. • In award documents that establish relationships with non-State entities, the Board had not communicated appropriate information needed by the entities to comply with the Florida Single Audit Act. <p>Recommendation: We recommend that DMS and the</p>		<p>Concur: DMS and the Wireless 911</p>

			<p>Board ensure compliance with Florida Single Audit Act requirements.</p>	<p>Board will update the Agency Reporting Form for the State Projects Compliance Supplement and submit them to the Department of Financial Services (DFS) by May 18, 2007. In addition, DMS will submit annually to DFS the Annual Catalog of State Financial Assistance Agency Certification.</p> <p>In the future, DMS will also separately identify State Financial Assistance from the other disbursements in the Wireless Emergency Telephone System Trust Fund. Additionally, the rural county grant award letter compliancy language was included in the 2007 Rural County Grant Award Letter and will be included in all future grant award letters.</p> <p>Updated/Closed 11/02/2007: On August 27, 2007, the Department submitted the Agency Certification for the Catalog of State Financial Assistance. The package contained proposed changes to the Agency Reporting Form for the Part IV State Project Compliance supplement.</p> <p>DMS established disbursement object codes to separate the State Financial Assistance (SFA) disbursements from the non-SFA disbursements in FLAIR.</p>	
			<p>Finding 2: Rural County Grant Reporting</p> <p>The Board did not ensure that one rural county timely submitted a final grant report and the required expenditure documentation, contrary to Board procedures.</p> <p>Recommendation: We recommend that the Board continue its efforts to ensure that counties timely submit reports in accordance with Board procedures.</p>	<p>Concur: The Board will continue monitoring the rural county grant expenditures to assure that grant funds are expended in compliance with applicable laws and guidelines. While assuring 911 system operations and performance is the</p>	

				<p>primary concern, timely submissions of the required reports is important and changes are currently being incorporated to the Rule 60DD-1, Florida Administrative Code, Rural County Grant to resolve timing issues.</p> <p>The proposed changes include requiring the final grant expenditure report submittal to coincide with the quarterly report schedule. This will assist to eliminate any confusion on when the final report is due. In addition, the final documentation is to be provided within 90 days of the final report. This will provide the 911 Coordinators time to obtain copies of invoices and payment records from the finance or purchasing offices. This should provide sufficient time to obtain these records even when county budgets and audits are in progress. The anticipated completion date for this process is October 2007.</p> <p>Updated 11/02/2007: The Board continues to monitor the rural county grant expenditures to assure that grant funds are expended in compliance with applicable laws and guidelines. The Board has continued its efforts to obtain the information promptly. Technical staff was added to assist in the timely collection of this information.</p> <p>The Board is currently promulgating an update to Rule 60DD-1, Florida Administrative Code, Rural County Grant Program. Per Board Counsel, the rule should be effective by January 2008. The proposed rule includes changes to the final grant expenditure report process. The change will match the final grant expenditure report to the current quarterly schedule and then within 90 days after the final report all expenditure and</p>	
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				<p>corresponding invoice documentation must be submitted.</p> <p>Update 9/9/2008: Rule 60DD-1, Florida Administrative Code is being replaced by Rule 60FF-5. The Joint Administrative Procedures Committee (JAPC) provided the Department with a letter requesting specific changes to the Rule on August 19, 2008. The proposed Rule should be completed by December 2008.</p> <p>OIG Position: We recommend that this finding remain open until the promulgation of Rule 60FF-5 is complete.</p>	
			<p>Finding 3: Board Minutes and Notification of Public Meetings</p> <p>The Board did not always prepare minutes for Committee meetings and provide public notice of Board meetings, contrary to the provisions of law.</p> <p>Recommendation: We recommend that reasonable public notice of all Board meetings be given as required by Section 120.525(1), Florida Statutes, and as outlined in the Government-in-the-Sunshine Manual. We also recommend that the Board take action to ensure that minutes of all meetings are prepared and maintained.</p>	<p>Concur: The Board concurs that reasonable public notice will be given to all future Board meetings as required by Section 120.525(1), Florida Statutes, as outlined in the Government-in-the-Sunshine manuals. The Board also concurs that all future minutes of meetings and/or workshops will be prepared and maintained.</p> <p>Updated/Closed 11/02/2007: As required by Section 120.525(1), Florida Statutes, the Board noticed all 2007 calendar year Board and Rural County Grant meetings more than 7 days before the event. The Board noticed the 18 meetings in the following editions of the Florida Administrative Weekly's:</p> <ul style="list-style-type: none"> • December 15, 2006 • January 19, 2007 • February 16, 2007, and • August 10, 2007. 	

<p>Auditor General Report 2008-176</p> <p>Dated: 05/12/08</p> <p>No.</p>	<p>6/30/2007</p>	<p>Wireless 911 Board</p>	<p align="center"><u>Department of Management Services</u> <u>Wireless Emergency Telephone System Fund</u></p> <p>Finding No. 1: Revenue Recognition</p> <p>Contrary to generally accepted accounting principles, DMS and the Board did not record in the State's accounting system, the Florida Accounting Information Resource Subsystem (FLAIR), a receivable for provider fees billed at fiscal year end.</p> <p>Recommendation: We recommend that DMS and the Board record wireless fee revenue on the modified accrual basis of accounting in accordance with generally accepted accounting principles. Specifically, an account receivable should be established in the Wireless Fund for any provider fee revenue collectible within 60 days after fiscal year end.</p>	<p>Concur: The financial statements for the Florida E911 Board are prepared on the modified accrual basis of accounting. The accounts receivable for June 30, 2008 will be recorded by September 15, 2008 with information received from Law, Redd, Crona and Munroe, the E911 Board's independent CPA firm. A post closing adjustment will be submitted to the Department of Financial Services for this entry by September 15, 2008.</p> <p>The OIG is scheduled to conduct a follow-up review of the status of implementation of this recommendation in Fiscal Year 2008-09.</p>	
			<p>Finding No. 2: Budget Administration – Authorized Positions</p> <p>Board procedures were not sufficient to ensure that salaries and benefits were calculated and allocated appropriately based on actual time worked.</p> <p>Recommendation: We recommend that DMS and the Board strengthen procedures over the calculations of amounts to be transferred from the Wireless Fund to the Communications Working Capital Trust Fund and ensure reimbursement for the amounts transferred in error.</p>	<p>Concur: The Department on behalf of the Florida E911 Board implemented a procedure to ensure that DMS staff presents all invoices for payment to the Board, or the Board Chair, for review and approval prior to any amounts being transferred from the Wireless Fund to the Communications Working Capital Trust Fund. The Board has issued the invoice</p>	

				<p>for reimbursement of salaries and benefits transferred in error. A copy of the invoice was provided to Auditor General Staff in the exit interview for their records.</p> <p>The OIG is scheduled to conduct a follow-up review of the status of implementation of this recommendation in Fiscal Year 2008-09.</p>	
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FISCAL YEAR 2009-10

**SOUTHWOOD SHARED
RESOURCE CENTER**

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

**SOUTHWOOD SHARED
RESOURCE CENTER**

SCHEDULE I SERIES

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

Working Capital Trust Fund (2792) Revenue Estimates Methodology:

Revenue estimate is based on anticipated billing of current customers utilizing the various data processing and applications management services provided by the DMS Enterprise Information Technology Services Program. These services include:

- Mainframe Platform Services: IBM and Unisys data processing.
- Open Platform Services: UNIX/Oracle data processing.
- Windows Platform Services: Windows NT data processing.
- Storage Management: Mainframe, UNIX/Oracle, and Windows data storage.
- Data Center Equipment Hosting/Colocation
- Applications Management
- Services Desk
- Disaster Recovery
- Local Area Network (LAN) Services
- Miscellaneous Services: Electronic Data Interchange, Ipayments
- Subscription Services: Outlook Web Access (OWA), POP Mail, Load Balancing, Universal Access

Each service has a base of customers from state and local government. An estimated revenue amount is determined for each service based on the anticipated number of customers in each month, the level of anticipated utilization of each service as applicable (if the service is charged on a utilization basis) , and the rates charged for each service.

The estimated Interest earnings are based on prior year earnings and remaining cash balance in the trust fund.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72900300 Southwood Shared Resource Center
Fund: 2339 Grants & Donations Trust (2339)
Specific Authority:
Purpose of Fees Collected: To perform duties as required per various federal, state, and local government grants.

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Receipts:				
Transfer from FDLE-Federal Grant		1,053,644	-	
U.S. Grant		-		
Interest Earnings		207		
Total Fee Collection to Line (1) - Section III		1,053,850	-	-

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits		-	-	
Other Personal Services				
Expenses				
Domestic Security		697,539		
Risk Management Insurance				
Contracted Services		-	-	
Cont Hard of Crit Infrastr at SRC & EOC		-	-	

Indirect Costs Charged to Trust Fund:

Pass-thru TR of Fed Grant to Dept of Cor		-		
Pass-thru TR of Fed Grant to FDLE		-	-	
Service Charge to GR		3		
Reversions			-	
Cert. Forward Reversions @ 12/30/07		-		
Prior Year Accounts Receivable Deleted		-		

Total Full Costs to Line (2) - Section III		697,542	-	-
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Basis Used: _____

SECTION III - SUMMARY

TOTAL SECTION I	(A)	1,053,850	-	-
TOTAL SECTION II	(B)	697,542	-	-
TOTAL - Surplus/Deficit	(C)	356,308	-	-

EXPLANATION:

Negative balances offset by cash balance brought forward (See Schedule I)

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72900300 Southwood Shared Resource Center
Fund: 2792 EDP Working Capital Trust
Specific Authority: Section 216.272, F.S.
Purpose of Fees Collected: Provide funds sufficient to cover the operation of the Technology Resource Center (TRC)

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Receipts:				
SEE ATTACHED LISTING				
Total Fee Collection to Line (1) - Section III		13,190,647	11,685,000	12,585,000

SECTION II - FULL COSTS

Direct Costs:				
Salaries and Benefits		2,825,071	2,847,852	2,500,909
Other Personal Services		275,112	485,620	454,389
Expenses		2,176,278	2,116,162	1,902,925
Operating Capital Outlay		466,507	228,564	228,564
Contracted Services		3,978,437	4,097,703	4,056,003
Risk Management Insurance		11,121	7,862	7,862
Apps Mgmt Contract for Data Center		84,513	480,000	420,000
DP Contracts for Data Center		1,268,218	1,662,457	1,662,457
Deferred-Pay Com Contracts		688,582	314,479	400,536
Disaster Recovery Systems		-		-
HR SVCS/STW Contract		17,658	17,658	15,519
Data Processing - STO			1,000	1,000

Indirect Costs Charged to Trust Fund:

Administrative Assessment Fee		558,956	298,717	298,717
Refunds		-		
Allowance for Uncollectibles				
Estimated CY Reversions			-	
Compensated Leave Liability-6302007		(101,636)		
Prior Year Accounts Payable Not CF		-		
Installment Purchase Liability-6302007		(527,052)		
6302007 CF B's not in Compt Beg Bal		103,817		
Certified Forward Reversions @ 9/30/07		(151,091)	-	
Property Transfer Out				
Reserve for Pay Package				-
Total Full Costs to Line (2) - Section III		11,674,491	12,558,074	11,948,881

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	13,190,647	11,685,000	12,585,000
TOTAL SECTION II	(B)	11,674,491	12,558,074	11,948,881
TOTAL - Surplus/Deficit	(C)	1,516,156	(873,074)	636,119

EXPLANATION:

Negative balances offset by cash balance brought forward (See Schedule I)

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: Management Services **Budget Period: 2009-10**
Program: Information Services (72900300)
Fund: EDP Working Capital Trust (2792)

Specific Authority: Section 216.272, F.S.
Purpose of Fees Collected: Provide funds sufficient to cover the operation of the Technology Resource Center (TRC)

(1)	(2)	(3)	(4)
<u>SECTION I - FEE COLLECTION</u>	ACTUAL	ESTIMATED	REQUEST
	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
<u>Receipts:</u>			
<u>Sale of Data Processing Services-EITS</u>	13,065,969	11,500,000	12,400,000
<u>Sales of Additional Services</u>	-	-	-
<u>Interest Earnings</u>	95,210	85,000	85,000
<u>Refunds & Reimbursements</u>	29,468	-	-
<u>Sale of Disaster Recovery Services</u>	-	100,000	100,000
<u>Sale of Disaster Recovery Services-Bgt Amend.</u>	-	-	-
<u>Property Transfer in</u>	-	-	-
<u>Transfer in from FDLE</u>	-	-	-
Total Fee Collection to Line (1) - Section III	13,190,647	11,685,000	12,585,000

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 -10

Department: 72 Management Services
Budget Entity: 72900300 Southwood Shared Resource Cent
Fund: 2339 Grants & Donations

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Transfer from Purchasing O/S Grts & Don TF	[]	[]	[]
Federal Grant - DCA	370,729	[]	[]
[]	[]	[]	[]
[]	[]	[]	[]
[]	[]	[]	[]
[]	[]	[]	[]
[]	[]	[]	[]
[]	[]	[]	[]
[]	[]	[]	[]
[]	[]	[]	[]
TOTALS*	370,729	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72900300 Southwood Shared Resource Cent
Fund: 2792 EDP Working Capital Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Sale of Data Processing Services	3,842,648		
<u>FUNDING SOURCE-NON-STATE</u>			
TOTALS*	3,842,648	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SERVICES
Trust Fund Title:	GRANTS AND DONATIONS TRUST
Budget Entity:	SOUTHWOOD SHARED RESOURCE CENTER (72900300)
LAS/PBS Fund Number:	2339

	Balance as of 6/30/2008		SWFS* Adjustments		Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	370,761	(A)			370,761
ADD: Other Cash (See Instructions)		(B)			0
ADD: Investments	0	(C)			0
ADD: Outstanding Accounts Receivable	0	(D)	0		0
Total Cash plus Accounts Receivable	370,761	(F)	0		370,761
LESS Allowances for Uncollectibles		(G)			0
LESS Approved "A" Certified Forwards	32	(H)			32
Approved "B" Certified Forwards	0	(H)			0
LESS: Other Accounts Payable		(H)			0
LESS: Other Accounts Payable (Non-Operating)	0	(I)			0
Unreserved Fund Balance, 07/01/08	370,729	(K)	0		370,729 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Department Title:	Budget Period: 2009 - 2010
Trust Fund Title:	MANAGEMENT SERVICES
Budget Entity:	EDP WORKING CAPITAL TRUST
LAS/PBS Fund Number:	SOUTHWOOD SHARED RESOURCE CENTER (72900300)
	2792

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	585,060 (A)	0	585,060
ADD: Other Cash (See Instructions)	0 (B)	0	0
ADD: Investments	2,726,203 (C)	0	2,726,203
ADD: Outstanding Accounts Receivable	1,173,058 (D)	0	1,173,058
Total Cash plus Accounts Receivable	4,484,321 (F)	0	4,484,321
LESS Allowances for Uncollectibles	0 (G)	0	0
LESS Approved "A" Certified Forwards	479,647 (H)	0	479,647
Approved "B" Certified Forwards	161,385 (H)	0	161,385
Approved "FCO" Certified Forwards	0 (H)	0	0
LESS: Unearn Revenue	367	0	367
LESS: Other Accounts Payable (Non-Operating)	274 (I)	0	274
Unreserved Fund Balance, 07/01/08	3,842,648 (K)	0	3,842,648 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	720000 MANAGEMENT SERVICES
Trust Fund Title:	EDP Working Capital Trust Fund
LAS/PBS Fund Number:	2792

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 2,725,671 (A)

Add/Subtract:

Property Value Recorded In FLAIR As Assets/Not Recorded On
Schedule 1C. General Ledger Code 53900 Overstated and General
Ledger Code 53600 Understated (B)
637,360

Advances From Other Funds Recorded in FLAIR As A Liability/
Not Recorded On Schedule 1C 1,477,625

Compensated Absences Liability Recorded In FLAIR/
Not Recorded On Schedule 1C 438,097

Certified Forward Bs Included On Schedule 1C/
Not Included In FLAIR Retained Earnings Unreserved (161,385)

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 (C)
Increase Accounts Receivables Balance (C)

ADJUSTED BEGINNING TRIAL BALANCE: 3,842,648 (D)

UNRESERVED FUND BALANCE, SCHEDULE IC 3,842,648 (E)

DIFFERENCE: (0) (F)*

***SHOULD EQUAL ZERO.**

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: Southwood Shared Resource Center

Phone Number: (850) 487-9476

(1) REPORT NUMBER	(2) PERIOD ENDING	(3) UNIT/AREA	(4) SUMMARY OF FINDINGS AND RECOMMENDATIONS	(5) SUMMARY OF CORRECTIVE ACTION TAKEN	(6) ISSUE CODE
<p>Auditor General Report 2007-073</p> <p>No.</p> <p>Dated: 12/19/2006</p>	<p>06/30/2006</p>	<p>Southwood Shared Resource Center</p>	<p><u>Unemployment Insurance Program, Agency for Workforce Innovation, Department of Revenue and Department of Management Service Information Technology Audit</u></p> <p>Finding 1: Service Level Agreement</p> <p>The Agency (Agency for Workforce Innovation) did not complete a Service Level Agreement with DMS for the 2005-06 fiscal year for information technology (IT) services supporting the UC System.</p> <p>Recommendation: In the future, for IT services being provided to the Agency by external entities, such as other State agencies or private contractors, the Agency should ensure that the expectations of the Agency and the IT service provider are clearly documented in written Service Level Agreements and that the Agreements are established in a timely manner upon the inception of the service. For example, if the Agency continues to use the services of DMS for supporting the UC System beyond June 30, 2007, the Agency and DMS should timely renew or extend their Service Level Agreement, as appropriate, upon expiration of the current Agreement.</p>	<p>Concur: AWI and DMS signed a Service Level Agreement (SLA) in August for the current fiscal year 2006-2007. The current SLA will be extended with AWI, or a new SLA will be negotiated, for fiscal year 2007-08, if necessary.</p> <p>Updated/Closed 06/19/2007: The current SLA is valid through June 2007. On May 24, 2007, the Department and AWI agreed to extend the SLA through October 2007 at which time UC-Tax is scheduled to discontinue use of the mainframe. At that time, the Department and AWI anticipate entering into a new SLA.</p>	
			<p>Finding 2: The Agency did not maintain adequate policies and procedures or other guidance to support the decision making process for the methodology used in the annual calculation of employers' experience-based tax rates. Neither was there sufficient systems</p>		

			<p>documentation of the calculation process.</p> <p>Recommendation: The Agency, DOR, and DMS should ensure that, as key decisions are made in the application of governing law in the tax rate calculation methodology, the basis for their decisions is clearly documented through written policy, procedure, or other guidance, especially where aspects of the calculation are not explicitly defined in the law. In addition, the aforementioned agencies should establish and maintain current, comprehensive systems documentation for the UI tax rate calculation.</p>	<p>Concur: With the transfer of application development and support staff back to AWI in January 2006, AWI assumed primary responsibility for policy, procedure and system documentation. DMS will continue to support AWI to timely identify and provide the documentation which AWI determines necessary.</p> <p>Updated/Closed 06/19/2007: The Department continues to support AWI as necessary. As of the date of this report, AWI has not requested the Department's assistance with documentation of the UI system.</p>	
			<p>Finding 6: Improvements were needed in various general IT controls over the UC System.</p> <ul style="list-style-type: none"> • The Agency and DMS had not established proper access configurations to ensure an appropriate segregation of duties, nor implemented controls for monitoring and reviewing certain access privileges. Specifically, users in the production control group had not been properly granted access privileges that were appropriate for their job duties. <p>Recommendation: The Agency and DMS should enhance controls in the areas noted above to provide increased assurance of the integrity of its UC System and data.</p>	<p>Concur: DMS will work with AWI to determine whether the Production Control Group's access can be altered without disrupting system processes. Any necessary changes will need to be tested and verified in order that the changes do not disrupt the production system. DMS will continue to support AWI to timely identify and implement the changes which AWI determines appropriate.</p> <p>Updated/Closed 06/19/2007: Effective March 27, 2007, the Production Control Group's access to the UC system was changed to provide the appropriate</p>	

				segregation of duties. The Production Control Group no longer has any 'alter' access and only has 'update' access to one dataset profile.	
			<p>Finding 7: Improvements were needed in certain security controls protecting the UC System, in addition to the matters noted in Finding Nos. 5 and 6.</p> <p>Recommendation: The Agency, DOR, and DMS should implement appropriate controls to correct the above-described security issues.</p>	<p>Concur: DMS will continue to support AWI to timely identify and implement the security controls which AWI determines appropriate.</p> <p>Updated/Closed 06/19/2007: The Department continues to work with AWI to identify and implement security controls that are determined to be appropriate.</p>	
<p>Auditor General Report No. 2008-037</p> <p>Dated: 11/21/2007</p>	06/30/2007	Southwood Shared Resource Center	<p><u>Agency for Workforce Innovation, Department of Revenue, and Department of Management Services - Unemployment Insurance Program</u></p> <p>Finding 2: Improvements were needed regarding access controls.</p> <ul style="list-style-type: none"> The Agency (Agency for Workforce Innovation) and DMS had not established proper access configurations to ensure an appropriate segregation of duties, nor implemented controls for monitoring and reviewing certain access privileges. Some individuals within the production control group, programmers, systems staff, and Operation and Network Services, including contracted employees, had been granted access privileges that were not required to perform their job duties. <p>Recommendation: The Agency and DMS should strengthen system access privileges to ensure an appropriate segregation of duties and monitor and review the ongoing appropriateness of access privileges to promote the integrity of the UC System and data. The Agency should also develop a formal access authorization process, including written evidence of</p>	<p>Concur: DMS will work with AWI to strengthen the current policy on access privileges to ensure the appropriate segregation of duties and access privileges are granted to technical staff.</p> <p>Updated/Closed 05/20/2008: As reported</p>	

			<p>access requests and authorizations, production of access monitoring reports, and periodic review of user access privileges and access violations. Additionally, the Agency should ensure that the RACF security architecture does not inappropriately give access privileges to users who do not require access to accomplish their job responsibilities and that the access privileges of terminated employees are removed in a timely manner. Furthermore, the Agency should ensure that dataset violations are monitored, investigated, and corrected in a timely manner.</p>	<p>in the Auditor General's report, access control privileges for the production control and system control staff was corrected (July 25, 2007) prior to the issuance of the report. In addition, the Department met with AWI on several occasions. As a way to help AWI strengthen and monitor the system access privileges, the Department provided information on security access administration tools that can be used to monitor access privileges. Based on feedback from AWI, it seems that AWI will be purchasing the necessary licenses to use the security access administration tools.</p>	
			<p>Finding 3: Security Controls</p> <p>Improvements were needed in certain security controls protecting the UC System, in addition to the matters noted in Finding No. 2.</p> <p>Recommendation: The Agency and DMS should implement appropriate controls to correct the identified security issues.</p>	<p>Concur: DMS is currently implementing the appropriate controls to correct the identified security issues.</p> <p>Updated/Closed 05/20/2008: On March 21, 2008, the recommended security controls were fully implemented.</p>	
<p>Internal Audit Report No. 2007-52</p> <p>Dated: 04/18/2008</p>	6/30/2007	Southwood Shared Resource Center	<p><u>Operational Review of the Technology Resource Center</u></p> <p>Finding 1: Unused floor space could be converted into additional data center capacity at an estimated cost of about \$1.4 million. At full occupancy, the additional capacity could increase revenues by about \$600,000, annually.</p> <p>Recommendation: (1) We recommend that the Department prepare a business case analysis/study which demonstrates the benefits of converting the Center's existing unused floor space into additional data</p>	<p>The Division concurred with recommendation 1, and stated that they will submit a Legislative Budget Request issue in the next cycle to procure funding</p>	

			<p>center capacity. Any analysis/study should include anticipated timeframes for reaching full capacity. (2) Alternatively, we recommend, that should the build-out not be considered feasible, the Department consider leasing the unused floor space.</p>	<p>for the additional infrastructure needed. As for recommendation 2, they disagreed with leasing out the additional raised floor space.</p> <p>Updated/Closed 7/1/2008: Effective July 1, 2008, Senate Bill 1892, enrolled by the 2008 Legislature, The Technology Resource Center was established as the Southwood Shared Resource Center (SSRC.) The SSRC will be administratively housed within the Department thereby removing all control of the SSRC from the Department. Accordingly, no follow-up will be conducted by the OIG unless requested by the SSRC Board.</p>	
			<p>Finding 2: The Center’s operational performance could be enhanced by making minor improvements to the facility’s infrastructure and operations. By making these improvements, estimated to cost about \$278,000, the Center’s reliability would be enhanced and its current Tier I rating could be increased to a Tier III rating. Increasing the tier rating would assure the Center’s customers they are receiving high-quality support for critical processing operations.</p> <p>Recommendation: We recommend that the Department complete the improvements necessary to attain a certified Tier III data center rating.</p>	<p>Concur: he Division agreed with the recommendation and stated that they anticipate completing the recommendations for the Tier III rating by the end of the fiscal year or end of first quarter of the Fiscal Year 2008-09 at the latest.</p> <p>Updated/Closed 7/1/2008: Effective July 1, 2008, Senate Bill 1892, enrolled by the 2008 Legislature, The Technology Resource Center was established as the Southwood Shared Resource Center (SSRC.) The SSRC will be administratively housed within the Department thereby removing all control of the SSRC from the Department.</p>	

				Accordingly, no follow-up will be conducted by the OIG unless requested by the SSRC Board.	
			<p>Finding 3: The Department could save about \$232,000, annually by replacing the Center's 14 contract employees with state employees. The use of state employees would also reduce the potential security risks associated with the use of contract employees.</p> <p>Recommendation: We recommend that the Department request that the Legislature authorize 14 FTE positions in the Career Service Plan to replace the Center's contracted staff. This will significantly reduce the annual recurring costs to the Department while enhancing security.</p>	<p>Concur: The Division concurred with the recommendation and stated they will submit a Legislative Budget Request during the next budget cycle.</p> <p>Updated/Closed 7/1/2008: Effective July 1, 2008, Senate Bill 1892, enrolled by the 2008 Legislature, The Technology Resource Center was established as the Southwood Shared Resource Center (SSRC.) The SSRC will be administratively housed within the Department thereby removing all control of the SSRC from the Department. Accordingly, no follow-up will be conducted by the OIG unless requested by the SSRC Board.</p>	
			<p>Finding 4: Strengthening the contract terms contained in Master Agreements and Service Level Agreements would improve the Center's ability to plan for future capacity and better protect CITS business interest.</p> <p>Recommendation: We recommend that CITS strengthen the Master Agreements by including language for a minimum initial service length and terms regarding contract renewals. (6) We also recommend that the Center track and monitor service availability on a continuous basis.</p>	<p>Concur: The Division concurred with both recommendations. They stated that they will work to implement stronger language in the Master Agreements and SLA's to address the issues. In Addition, the Division stated that they have gone back to January 2007 and tracked the availability for each month to date.</p> <p>Updated/Closed 7/1/2008: Effective July 1, 2008, Senate Bill 1892, enrolled by the 2008 Legislature, The Technology</p>	

				Resource Center was established as the Southwood Shared Resource Center (SSRC.) The SSRC will be administratively housed within the Department thereby removing all control of the SSRC from the Department. Accordingly, no follow-up will be conducted by the OIG unless requested by the SSRC Board.	
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FISCAL YEAR 2009-10

**PUBLIC EMPLOYEES
RELATIONS
COMMISSION**

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

**PUBLIC EMPLOYEES
RELATIONS
COMMISSION**

SCHEDULE I SERIES

5 Percent Trust Fund Reserve Calculation

Public Employees Relations Commission Trust Fund (2558)

Total Recurring Revenue for Fiscal Year 08/09:	\$ 1,598,468
Less Operating Transfer to DMS STW Contract:	6,024
Less Non-Operating Transfer to Administrative TF:	31,154
Less Service Charge to General Revenue 7.3%:	<u>2,044</u>
Total Revenue Subject to 5% Reserve Calculation	\$ 1,637,690
Multiplied by 5%	<u>X</u> <u>5%</u>
Total 5% Reserve for 72920100 PERC Trust Fund	\$ 81,885

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

Public Employees Relations Commission (72920100) PERC Trust Fund (2558) Revenue Estimates Methodology:

Reimbursements collected for publications, subscriptions, copies of records and documents and election costs are estimated on the fees collected in the prior fiscal year with no year to year growth.

Local Government Half-Cent Sales Tax Clearing Trust Fund fees are transferred pursuant to statute for the share of costs of operations by local governments. Future year projections are based on appropriations and transfers received in prior years.

The estimated Interest earnings are based on prior year earnings and remaining cash balance in the trust fund.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72920100 Public Employees Relations Commission
Fund: 2558 PERC Trust
Specific Authority: 212.2(6)(d)(3)
Purpose of Fees Collected: To help defray the cost of providing publications, subscriptions, and copies of records and documents.

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
<u>SECTION I - FEE COLLECTION</u>	ACTUAL	ESTIMATED	REQUEST	
	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10	
Receipts:				
Interest Earnings	27,655	28,000	28,000	
Refunds/Reimbursements	17,422	-	-	
Local Government half-cent Sales Tax	1,512,990	1,570,468	1,570,468	
Total Fee Collection to Line (1) - Section III	1,558,067	1,598,468	1,598,468	

SECTION II - FULL COSTS

Direct Costs:				
Salaries and Benefits	1,210,437	1,277,671	1,291,351	
Other Personal Services	34,007	55,863	55,863	
Expenses	324,011	391,452	358,952	
Operating Capital Outlay	4,622	5,721	5,721	
S.C.: Contracted Services			32,500	
S.C.: Risk Management Insurance	8,808	14,952	14,952	
S.C.: HR Outsourcing Contract	6,024	6,024	6,024	
Data Processing Services-STO	10,205	17,498	17,498	

Indirect Costs Charged to Trust Fund:

Transfer to 2021-Admin Assess Fee Refunds	47,452	31,154	31,154	
7.3% Service Charge to GR	1,997	2,044	2,044	
Certified Forward Reversions @ 9/30/07	(7,415)	-		
Adj. to Line A for Comp Leave Liability	(45,026)			
Reserve for Pay Package			-	
5% Trust Fund Reserve			81,885	
Total Full Costs to Line (2) - Section III	1,595,419	1,802,379	1,897,944	

Basis Used: Accrual

SECTION III - SUMMARY

TOTAL SECTION I	(A)	1,558,067	1,598,468	1,598,468
TOTAL SECTION II	(B)	1,595,419	1,802,379	1,897,944
TOTAL - Surplus/Deficit	(C)	(37,352)	(203,911)	(299,476)

EXPLANATION:

Negative balances offset by cash balance brought forward (See Schedule I)

SCHEDULE 1B: DETAIL OF UNRESERVED FUND BALANCES

Budget Period: 2009 - 10

Department: 72 Management Services
Budget Entity: 72920100 Public Employees Relations Commission
Fund: 2558 Public Employees Relations Commission Trust

(1)	(2)	(3)	(4)
	ACTUAL	ESTIMATED	REQUEST
<u>FUNDING SOURCE-STATE</u>	FY 2007 - 08	FY 2008 - 09	FY 2009 - 10
Local Government Half-Cent Sales Tax	645,153		
TOTALS*	645,153	-	-

***Must agree to amounts on Schedule I, Section IV, Line I.**

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SERVICES
Trust Fund Title:	PUBLIC EMPLOYEES RELATIONS COMMISSION TRUST
Budget Entity:	PUBLIC EMPLOYEES RELATIONS COMMISSION TRUST (72920100)
LAS/PBS Fund Number:	2558

	Balance as of 6/30/2008		SWFS* Adjustments		Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	153,413	(A)			153,413
ADD: Other Cash (See Instructions)		(B)			
ADD: Investments	502,737	(C)			502,737
ADD: Outstanding Accounts Receivable	1,467	(D)	2,843		4,310
Total Cash plus Accounts Receivable	657,617	(F)			660,460
LESS Allowances for Uncollectibles		(G)			
LESS Approved "A" Certified Forwards	14,706	(H)			14,706
Approved "B" Certified Forwards	195	(H)			195
LESS: Other Accounts Payable (Nonoperating)	405	(H)			405
LESS: Other Accounts Payable (Nonoperating)		(I)			
Unreserved Fund Balance, 07/01/08	642,310	(K)			645,153 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title: 720000 MANAGEMENT SERVICES
Trust Fund Title: Public Employees Relations Commission TF
LAS/PBS Fund Number: 2558

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08 422,956 (A)

Add/Subtract:

(B)

Certified Forward B recorded on Schedule 1C
 Not Recorded in FLAIR (195)

Compensated Absences Liability recorded In FLAIR As A Liability/
 Not Recorded On Schedule 1C 219,549

Other Adjustment(s):

Statewide Post Closing Adjustment @ June 30, 2008 (C)

ADJUSTED BEGINNING TRIAL BALANCE: 642,310 (D)

UNRESERVED FUND BALANCE, SCHEDULE IC 642,310 (E)

DIFFERENCE: (0) (F)*

***SHOULD EQUAL ZERO.**

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: Public Employees Relations Commission
(PERC)

Phone Number: (850) 487-9476

(1)	(2)	(3)	(4)	(5)	(6)
REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
			There are no issues or findings to report for PERC.		



FISCAL YEAR 2009-10

**FLORIDA COMMISSION
ON HUMAN RELATIONS**

**EXHIBITS OR
SCHEDULES**



FISCAL YEAR 2009-10

**FLORIDA COMMISSION
ON HUMAN RELATIONS**

SCHEDULE I SERIES

5 Percent Trust Fund Reserve Calculation

Comm on Human Relations Operating Trust Fund (2510)

Total Recurring Revenue for Fiscal Year 08/09:	\$	30,000
Multiplied by 5%	X	<u>5%</u>
Total 5% Reserve for 72950100 CHR Operating Trust Fund	\$	1,500

REVENUE ESTIMATING METHODOLOGY NARRATIVE

Revenue estimate calculations for Fiscal Years 2008-09 and 2009-10 are based on the following methodology:

CHR (72950100) Operating Trust Fund (2510) Revenue Estimates Methodology:

U.S. grant revenues are estimated based on contracts with the Federal Housing and Urban Development (HUD) Agency and the Equal Employment Opportunity Commission (EEOC).

REGISTRATIONS

Registration revenues were based on legislation passed during the 2000 legislative session, the Florida Legislature amended Section 760.29(e), Florida Statutes to provide that facilities or communities claiming an exemption to the Fair Housing Act as it pertains to familial status could register with the Florida Commission on Human Relations. The registration fee is \$20 annually. Revenues projected are based on the previous year's performance.

The estimated Interest earnings are based on prior year earnings and remaining cash balance in the trust fund.

ADJUSTMENT NARRATIVE

- **Cert Forward Reversions at 12/30/07:**
Certified forward payables were deducted in calculating the CFO beginning balance, subsequent reversions of these funds in December would need to be included as an increase to the fund in order to accurately reflect the available Unreserved Fund Balance for the fund.
- **Compensated Leave Liability:**
Compensated leave liability was deducted in calculating the CFO beginning balance; therefore this amount has to be subtracted in order to get to the Unreserved Fund Balance for the fund per the Schedule IC. The Schedule IC does not reflect this liability.
- **Adjustment to CFO Beginning Balance:**
The CFO Beginning Balance does not include general ledger codes 171XX, 37100, 37900 and 39800. DMS has assets and liabilities in these general ledger codes that affect the unreserved fund balance, therefore an adjustment has to be made to reflect this.
- **Adj to FCO for Actual Expend vs. Budget:**
FCO expenditures in Column A01 only reflect the appropriations having a category year of "06". FCO expenditures for previous years were expended and must be taken into account in Column A01.
- **FCO Expenditures not Included on Sched I:**
FCO certified forward balance on Schedule 1C is not reflected in the FLAIR retained earning amount because the expenditures have not been incurred. For budgetary purposes, the Schedule 1 must take into account the entire amount of unexpended FCO appropriation.
- **SWFS Post Closing Adj. at 6/30/2007:**
The adjustment is necessary to record prior year FLAIR adjustments required by the Department of Financial Services.
- **Prior Year Accounts Receivable Deleted:**
Prior year accounts receivable was included in the CFO beginning balance but this receivables was deleted in the current year. The deletion of these receivables has a negative impact on the fund balance.
- **Cert Forward B at 6/30/07 Paid:**
Certified Forward B that was paid during Fiscal Year 2007-08 is not included on the Schedule 1 and not considered an obligation in the CFO Beginning Balance. The adjustment records this as an expenditure to the fund balance.

ADJUSTMENT NARRATIVE

- **Prior Year Accounts Payable Deleted:**
Prior year accounts payable was included in the CFO beginning balance but this payable was deleted in the current year. The deletion of these payable has a positive impact on the fund balance.
- **Prior Year Accounts Payable, Not CF:**
The adjustment is an increase in fund balance as a result of payables not certified forward. Payables that are not forward decreases recorded obligations and have a positive impact on the fund balance.
- **Transfer to Liability Account:**
Agency funds can not reflect expenditures or revenues in FLAIR and must have a zero fund balance.
- **Cert Forward Disallowed at 6/30/07:**
Certified Forward A's disallowed by OPB are included in the CFO Beginning Balance. It is not included on the Schedule 1 in the current year as a reduction in expenditures
- **Estimated CY Reversions:**
Adjustment made to Column A02 for the estimated reversion to avoid a deficit unreserved fund balance.
- **Cert Forward Reversions at 9/30/08:**
Adjustment was made in A02 for the Actual 9/30/08 Certified Reversions.

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72950100 Commission on Human Relations
Fund: 2339 Grants & Donations Trust

Specific Authority: _____
Purpose of Fees Collected: _____

Type of Fee or Program: (Check **ONE** Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION	ACTUAL	ESTIMATED	REQUEST	
	FY 2007 - 2008	FY 2008 - 2009	FY 2009 - 2010	
Receipts:				
HUD Registration	-			
HUD Grant	-			
EEOC Grant	-			
Interest Earnings	1,363			
12 Month Old Warrant	322			
Refunds				
Total Fee Collection to Line (1) - Section III	1,685	-	-	

SECTION II - FULL COSTS

Direct Costs:				
Salaries and Benefits	-			
Other Personal Services	-			
Expenses	-			
Transfer to Admin Hearings	-			
Contracted Services	-			
Risk Management Insurance	-			
HR Statewide Contract	-			
Data Processing STO	-			
Indirect Costs Charged to Trust Fund:				
Transfer to 729501-2510	186,231	-		
Adjustments to Close Fund	(556)			
CF Reversions @ 9/30/07	(7,756)	-		
Reserve for Pay Package				-
Total Full Costs to Line (2) - Section III	177,920	-	-	

Basis Used: _____

SECTION III - SUMMARY

TOTAL SECTION I	(A)	1,685	-	-
TOTAL SECTION II	(B)	177,920	-	-
TOTAL - Surplus/Deficit	(C)	(176,234)	-	-

EXPLANATION:

See 2510 for Request FY 2007-08 Information

SCHEDULE 1A: DETAIL OF FEE COLLECTION AND RELATED PROGRAM COSTS

Department: 72 Management Services **Budget Period: 2009-10**
Program: 72950100 Commission on Human Relations
Fund: 2510 Operating Trust
Specific Authority: 2006-79, Laws of Florida
Purpose of Fees Collected: _____

Type of Fee or Program: (Check ONE Box and answer questions as indicated.)

<input type="checkbox"/>	Regulatory services or oversight to businesses or professions (Complete Sections I, II, and III and attach Examination of Regulatory Fees Form - Part I and II.)
<input checked="" type="checkbox"/>	Non-regulatory fees authorized to cover full cost of conducting a specific program or service. (Complete Sections I, II, and III only.)

	(1)	(2)	(3)	(4)
SECTION I - FEE COLLECTION		ACTUAL	ESTIMATED	REQUEST
		FY 2007 - 2008	FY 2008 - 2009	FY 2009 - 2010
Receipts:				
HUD Registration		29,405	30,000	30,000
HUD Grant		687,170	830,000	900,000
EEOC Grant		696,285	724,700	800,000
Interest Earnings		7,655	8,000	8,000
Other Grant - Rintels Charitable Foundat		15,000		
Refunds & Reimbursements		11,600		
Total Fee Collection to Line (1) - Section III		1,447,115	1,592,700	1,738,000

SECTION II - FULL COSTS

Direct Costs:

Salaries and Benefits		725,365	845,987	859,171
Other Personal Services		147,496	77,040	77,040
Expenses		188,290	134,184	134,184
Operating Capital Outlay		2,553		
Transfer to Admin Hearings		282,326	220,399	220,399
Contracted Services		109,786	36,000	36,000
Risk Management Insurance		14,620	6,339	6,339
HR Statewide Contract		5,574	5,574	5,574
Data Processing STO		25,489	143,896	143,896

Indirect Costs Charged to Trust Fund:

Admin Assessment Fee		108,184	105,181	105,181
Service Charge to G/R - 7.3%		4,277	2,684	2,684
Transfer from 729501-2339		(186,231)	-	-
5% Trust Fund Reserve				1,500
Reserve for Pay Package				-
Total Full Costs to Line (2) - Section III		1,427,729	1,577,284	1,591,968

Basis Used: _____

SECTION III - SUMMARY

TOTAL SECTION I	(A)	1,447,115	1,592,700	1,738,000
TOTAL SECTION II	(B)	1,427,729	1,577,284	1,591,968
TOTAL - Surplus/Deficit	(C)	19,386	15,416	146,032

EXPLANATION:

See 2339 for Actual FY 2005-06 and Estimated FY 2006-07 Information

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SER
Trust Fund Title:	GRANTS AND DONATIONS TRUST
Budget Entity:	COMMISSION ON HUMAN RELATIONS (72950100)
LAS/PBS Fund Number:	2339

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	0 (A)		
ADD: Other Cash (See Instructions)			
ADD: Investments	0 (C)		
ADD: Outstanding Accounts Receivable	0 (D)		
Total Cash plus Accounts Receivable	0 (F)		
LESS Allowances for Uncollectibles			
LESS Approved "A" Certified Forwards	0 (H)		
Approved "B" Certified Forwards	0 (H)		
LESS: Other Accounts Payable(Non-Operating)	0 (I)		
LESS: Other Accounts Payable Other			
Unreserved Fund Balance, 07/01/08	0 (K)		**

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

SCHEDULE IC: RECONCILIATION OF UNRESERVED FUND BALANCE

Budget Period: 2009 - 2010

Department Title:	MANAGEMENT SER
Trust Fund Title:	OPERATING TRUST FUND
Budget Entity:	COMMISSION ON HUMAN RELATIONS (72950100)
LAS/PBS Fund Number:	2510

	Balance as of 6/30/2008	SWFS* Adjustments	Adjusted Balance
Chief Financial Officer's (CFO) Cash Balance	12,099 (A)		12,099
ADD: Other Cash (See Instructions)			0
ADD: Investments	264 (C)		264
ADD: Outstanding Accounts Receivable	158 (D)	25,300	25,458
Total Cash plus Accounts Receivable	12,521 (F)	25,300	37,821
LESS Allowances for Uncollectibles			0
LESS Approved "A" Certified Forwards	16,943 (H)		16,943
Approved "B" Certified Forwards			0
LESS: Other Accounts Payable(Non-Operating)	1,493 (H)		1,493
LESS: Other Accounts Payable Other			0
Unreserved Fund Balance, 07/01/08	-5,914 (K)	25,300	19,386 **

Notes:

*SWFS = Statewide Financial Statement

** This amount should agree with Line I, Section IV of the Schedule I for the most recent completed fiscal year and Line A for the following year.

RECONCILIATION: BEGINNING TRIAL BALANCE TO SCHEDULE I and IC

Budget Period: 2009 - 2010

Department Title:	<u>720000 MANAGEMENT SERVICES</u>
Trust Fund Title:	<u>Commission of Human Relations Operating TF</u>
LAS/PBS Fund Number:	<u>2510</u>

BEGINNING TRIAL BALANCE:

Unreserved Fund Balance Per Trial Balance, 07-01-08	<input type="text" value="(10,007)"/>	(A)
---	---------------------------------------	-----

Add/Subtract:

Compensated Leave Liability in FLAIR Not on Schedule 1C	<input type="text" value="4,093.01"/>	(B)
--	---------------------------------------	-----

Certified Forward B recored on Schedule 1C Not Recorded in FLAIR	<input type="text" value="0"/>	
---	--------------------------------	--

Other Adjustment(s):

Statewide Post Closing adjustment to Accounts Receivable	<input type="text" value="25,300.00"/>	(C)
--	--	-----

<input type="text"/>	(C)
----------------------	-----

ADJUSTED BEGINNING TRIAL BALANCE:	<input type="text" value="19,386"/>	(D)
--	-------------------------------------	-----

UNRESERVED FUND BALANCE, SCHEDULE IC	<input type="text" value="19,386"/>	(E)
---	-------------------------------------	-----

DIFFERENCE:	<input type="text" value="(0)"/>	(F)*
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***SHOULD EQUAL ZERO.**

SCHEDULE IX: MAJOR AUDIT FINDINGS AND RECOMMENDATIONS

Budget Period: 2009-2010

Department: Management Services

Chief Internal Auditor: John W. Davis

Budget Entity: Commission on Human Relations (FCHR)

Phone Number: (850) 487-9476

(1)	(2)	(3)	(4)	(5)	(6)
REPORT NUMBER	PERIOD ENDING	UNIT/AREA	SUMMARY OF FINDINGS AND RECOMMENDATIONS	SUMMARY OF CORRECTIVE ACTION TAKEN	ISSUE CODE
			There are no issues or findings to report for FCHR.		

LBR Technical Review Checklist

Department\Budget Entity (Service): Department of Management Services \ Exec Dir, Leasing, Facilities, Build Constr, Aircraft
 Agency Budget Officer / OPB Analyst Name: Debra Forbess / Gino Betta

A "Y" indicates "YES" and is acceptable, an "N/J" indicates "NO/Justification Provided" - these require further explanation/justification (additional sheets can be used as necessary), and "TIPS" are other areas to consider.

Action	Program or Service (Budget Entity Codes)				
	72010100	72010300	72400100	72400200	72600100

1. GENERAL

1.1 Are Columns A01, A02, A04, A05, A10, A11, A36, IA1, IV1, IV3 and NV1 set to TRANSFER CONTROL for DISPLAY status and MANAGEMENT CONTROL for UPDATE status for both the Budget and Trust Fund columns? Are Columns A06, A07, A08 and A09 for Fixed Capital Outlay set to TRANSFER CONTROL for DISPLAY status only? (CSDI)	Yes	Yes	Yes	Yes	Yes
1.2 Is Column A03 set to TRANSFER CONTROL for DISPLAY and UPDATE status for both the Budget and Trust Fund columns? (CSDI)	Yes	Yes	Yes	Yes	Yes

AUDITS:

1.3 Has Column A03 been copied to Column A12? Run the Exhibit B Audit Comparison Report to verify. (EXBR, EXBA)	Yes	Yes	Yes	Yes	Yes
1.4 Has security been set correctly? (CSDR, CSA)	Yes	Yes	Yes	Yes	Yes
TIP The agency should prepare the budget request for submission in this order: 1) Lock columns as described above; 2) copy Column A03 to Column A12; and 3) set Column A12 column security to ALL for DISPLAY status and MANAGEMENT CONTROL for UPDATE status.					

2. EXHIBIT A (EADR, EXA)

2.1 Is the budget entity authority and description consistent with the agency's LRPP and does it conform to the directives provided on page 53 of the LBR Instructions?	Yes	Yes	Yes	Yes	Yes
2.2 Are the statewide issues generated systematically (estimated expenditures, nonrecurring expenditures, etc.) included?	Yes	Yes	Yes	Yes	Yes
2.3 Are the issue codes and titles consistent with <i>Section 3</i> of the LBR Instructions (pages 15 through 25)? Do they clearly describe the issue?	Yes	Yes	Yes	Yes	Yes
2.4 Have the coding guidelines in <i>Section 3</i> of the LBR Instructions (pages 15 through 25) been followed?	Yes	Yes	Yes	Yes	Yes

3. EXHIBIT B (EADR, EXB)

3.1 Is it apparent that there is a fund shift and were the issues entered into LAS/PBS correctly? Check D-3A funding shift issue 340XXX0 - a unique deduct and unique add back issue should be used to ensure fund shifts display correctly on the LBR exhibits.	Yes	Yes	Yes	Yes	Yes
--	-----	-----	-----	-----	-----

Action		Program or Service (Budget Entity Codes)				
		72010100	72010300	72400100	72400200	72600100
AUDITS:						
3.2	Negative Appropriation Category Audit for Agency Request (Columns A03 and A04): Are all appropriation categories positive by budget entity at the FSI level? Are all nonrecurring amounts less than requested amounts? (NACR, NAC - Report should print "No Negative Appropriation Categories Found")	Yes	Yes	Yes	Yes	Yes
3.3	Current Year Estimated Verification Comparison Report: Is Column A02 equal to Column B02? (EXBR, EXBC - Report should print "Records Selected Net To Zero")	Yes	Yes	Yes	Yes	Yes
TIP	Generally look for and be able to fully explain significant differences between A02 and A03.					
TIP	Exhibit B - A02 equal to B02: Compares Current Year Estimated column to a backup of A02. This audit is necessary to ensure that the historical detail records have not been adjusted. Records selected should net to zero.					
TIP	Requests for appropriations which require advance payment authority must use the sub-title "Grants and Aids". For advance payment authority to local units of government, the Aid to Local Government appropriation category (05XXXX) should be used. For advance payment authority to non-profit organizations or other units of state government, the Special Categories appropriation category (10XXXX) should be used.					
4. EXHIBIT D (EADR, EXD)						
4.1	Is the program component objective statement consistent with the agency LRPP, and does it conform to the directives provided on page 56 of the LBR Instructions?	Yes	Yes	Yes	Yes	Yes
4.2	Is the program component code and title used correct?	Yes	Yes	Yes	Yes	Yes
TIP	Fund shifts or transfers of services or activities between program components will be displayed on an Exhibit D whereas it may not be visible on an Exhibit A.					
5. EXHIBIT D-1 (ED1R, EXD1)						
5.1	Are all object of expenditures positive amounts? (This is a manual check.)	Yes	Yes	Yes	Yes	Yes
AUDITS:						
5.2	Do the fund totals agree with the object category totals within each appropriation category? (ED1R, XD1A - Report should print "No Differences Found For This Report")	Yes	Yes	Yes	Yes	Yes
5.3	FLAIR Expenditure/Appropriation Ledger Comparison Report: Is Column A01 less than Column G07? (EXBR, EXBB - Negative differences need to be corrected in Column A01.)	Yes	Yes	Yes	Yes	Yes
5.4	A01/State Accounts Disbursements and Carry Forward Comparison Report: Does Column A01 equal Column G08? (EXBR, EXBD - Differences need to be corrected in Column A01.)	Yes	Yes	Yes	Yes	Yes
TIP	If objects are negative amounts, the agency must make adjustments to Column A01 to correct the object amounts. In addition, the fund totals must be adjusted to reflect the adjustment made to the object data.					

Action		Program or Service (Budget Entity Codes)				
		72010100	72010300	72400100	72400200	72600100
TIP	If fund totals and object totals do not agree or negative object amounts exist, the agency must adjust Column A01.					
TIP	Exhibit B - A01 less than G07: This audit is to ensure that the disbursements and carry/certifications forward in A01 are less than FY 2007-08 approved budget. Amounts should be positive.					
TIP	If G08 is not equal to A01, check the following: 1) the initial FLAIR disbursements or carry forward data load was corrected appropriately in A01; 2) the disbursement data from departmental FLAIR was reconciled to State Accounts; and 3) the FLAIR disbursements did not change after Column G08 was created.					
6. EXHIBIT D-3 (ED3R, ED3) (Not required in the LBR - for analytical purposes only.)						
6.1	Are issues appropriately aligned with appropriation categories?	Yes	Yes	Yes	Yes	Yes
TIP	Exhibit D-3 is no longer required in the budget submission but may be needed for this particular appropriation category/issue sort. Exhibit D-3 is also a useful report when identifying negative appropriation category problems.					
7. EXHIBIT D-3A (EADR, ED3A)						
7.1	Are the issue titles correct and do they clearly identify the issue? (See pages 15 through 29 of the LBR Instructions).	Yes	Yes	Yes	Yes	Yes
7.2	Does the issue narrative adequately explain the agency's request and is the explanation consistent with the LRPP? (See page 62 of the LBR Instructions.)	Yes	Yes	Yes	Yes	Yes
7.3	Does the narrative for Information Technology (IT) issue follow the additional narrative requirements described on pages 63 and 64 of the LBR Instructions?	Yes	Yes	Yes	Yes	Yes
7.4	Are all issues with an IT component identified with a "Y" in the "IT COMPONENT?" field? If the issue contains an IT component, has that component been identified and documented?	Yes	Yes	Yes	Yes	Yes
7.5	Does the issue narrative explain any variances from the Standard Expense, Operating Capital Outlay (OCO), and Human Resource Services Assessments package? Is the nonrecurring portion in the nonrecurring column? (See pages E-4 and E-5 of the LBR Instructions).	Yes	Yes	Yes	Yes	Yes
7.6	Does the salary rate request amount accurately reflect any new requests and are the amounts proportionate to the Salaries and Benefits request? Note: Salary rate should always be annualized.	Yes	Yes	Yes	Yes	Yes
7.7	Does the issue narrative thoroughly explain/justify all Salaries and Benefits amounts entered into the Other Salary Amounts transactions (OADA/C)? Amounts entered into OAD are reflected in the Position Detail of Salaries and Benefits section of the Exhibit D-3A.	Yes	Yes	Yes	Yes	Yes
7.8	Does the issue narrative include the Consensus Estimating Conference forecast, where appropriate?	N/A	N/A	N/A	N/A	N/A
7.9	Does the issue narrative reference the specific county(ies) where applicable?	N/A	N/A	N/A	N/A	N/A

Action		Program or Service (Budget Entity Codes)				
		72010100	72010300	72400100	72400200	72600100
7.10	Do the 160XXX0 issues reflect budget amendments that have been approved (or in the process of being approved) and that have a recurring impact (including Lump Sums)? Have the approved budget amendments been entered in Column A18 as instructed in Memo #09-002?	N/A	N/A	N/A	N/A	N/A
7.11	When appropriate are there any 160XXX0 issues included to delete positions placed in reserve in the OPB Position and Rate Ledger (e.g. unfunded grants)? Note: Lump sum appropriations not yet allocated should <u>not</u> be deleted. (PLRR, PLMO)	N/A	N/A	N/A	N/A	N/A
7.12	Does the issue narrative include plans to satisfy additional space requirements when requesting additional positions?	Yes	Yes	Yes	Yes	Yes
7.13	Has the agency included a 160XXX0 issue and 210XXXX and 260XXX0 issues as required for lump sum distributions?	N/A	N/A	N/A	N/A	N/A
7.14	Do the amounts reflect appropriate FSI assignments?	Yes	Yes	Yes	Yes	Yes
7.15	Do the issues relating to <i>salary and benefits</i> have an "A" in the fifth position of the issue code (XXXXAXX) and are they self-contained (not combined with other issues)? (See page 24 and 80 of the LBR Instructions.)	N/A	N/A	N/A	N/A	N/A
7.16	Do the issues relating to <i>Information Technology (IT)</i> have a "C" in the sixth position of the issue code (36XXXXCX) and are the correct issue codes used (361XXC0, 362XXC0 or 363XXC0)?	Yes	Yes	Yes	Yes	Yes
7.17	Are the issues relating to <i>major audit findings and recommendations</i> properly coded (4A0XXX0, 4B0XXX0)?	N/A	N/A	N/A	N/A	N/A
AUDIT:						
7.18	Are all FSI's equal to '1', '2', '3', or '9'? There should be no FSI's equal to '0'. (EADR, FSIA - Report should print "No Records Selected For Reporting")	Yes	Yes	Yes	Yes	Yes
TIP	Salaries and Benefits amounts entered using the OADA/C transactions must be thoroughly justified in the D-3A issue narrative. Agencies can run OADA/OADR from STAM to identify the amounts entered into OAD and ensure these entries have been thoroughly explained in the D-3A issue narrative.					
TIP	The issue narrative must completely and thoroughly explain and justify each D-3A issue. Agencies must ensure it provides the information necessary for the OPB and legislative analysts to have a complete understanding of the issue submitted. Thoroughly review pages 61 through 64 of the LBR Instructions.					
TIP	Check BAPS to verify status of budget amendments. Check for reapprovals not picked up in the General Appropriations Act. Verify that Lump Sum appropriations in Column A02 do not appear in Column A03. Review budget amendments to verify that 160XXX0 issue amounts correspond accurately and net to zero for General Revenue funds.					

Action		Program or Service (Budget Entity Codes)				
		72010100	72010300	72400100	72400200	72600100
TIP	If an agency is receiving federal funds from another agency the FSI should = 9 (Transfer - Recipient of Federal Funds). The agency that originally receives the funds directly from the federal agency should use FSI = 3 (Federal Funds).					
TIP	If an appropriation made in the FY 2008-09 General Appropriations Act duplicates an appropriation made in substantive legislation, the agency must create a unique deduct nonrecurring issue to eliminate the duplicated appropriation. Normally this is taken care of through line item veto.					
8. SCHEDULE I & RELATED DOCUMENTS (SC1R, SC1 - Budget Entity Level or SC1R, SC1D - Department Level)						
8.1	Has a separate department level Schedule I and supporting documents package been submitted by the agency?	Yes	Yes	Yes	Yes	Yes
8.2	Has a Schedule I been completed in LAS/PBS for each operating trust fund?	Yes	Yes	Yes	Yes	Yes
8.3	Have the appropriate Schedule I supporting documents been included for the trust funds (Schedule IA, Schedule IB, Schedule IC, and Reconciliation to Trial Balance)?	Yes	Yes	Yes	Yes	Yes
8.4	Have the Examination of Regulatory Fees Part I and Part II forms been included for the applicable regulatory programs?	N/A	N/A	N/A	N/A	N/A
8.5	Have the required detailed narratives been provided (5% trust fund reserve narrative; method for computing the distribution of cost for general management and administrative services narrative; adjustments narrative; revenue estimating methodology narrative)?	Yes	Yes	Yes	Yes	Yes
8.6	Has the Inter-Agency Transfers Reported on Schedule I form been included as applicable for transfers totaling \$100,000 or more for the fiscal year?	Yes	Yes	Yes	Yes	Yes
8.7	If the agency is scheduled for the annual trust fund review this year, have the Schedule ID and applicable draft legislation been included for recreation, modification or termination of existing trust funds?	N/A	N/A	N/A	N/A	N/A
8.8	If the agency is scheduled for the annual trust fund review this year, have the necessary trust funds been requested for creation pursuant to <i>section 215.32(2)(b), Florida Statutes</i> - including the Schedule ID and applicable legislation?	N/A	N/A	N/A	N/A	N/A
8.9	Are the revenue codes correct? In the case of federal revenues, has the agency appropriately identified direct versus indirect receipts (object codes 000700, 000799, 001510 and 001599)?	Yes	Yes	Yes	Yes	Yes
8.10	Are the statutory authority references correct?	Yes	Yes	Yes	Yes	Yes
8.11	Are the General Revenue Service Charge percentage rates used for each revenue source correct? (Refer to Section 215.20, F.S. for appropriate general revenue service charge percentage rates.)	Yes	Yes	Yes	Yes	Yes
8.12	Is this an accurate representation of revenues based on the most recent Consensus Estimating Conference forecasts?	Yes	Yes	Yes	Yes	Yes

Action		Program or Service (Budget Entity Codes)				
		72010100	72010300	72400100	72400200	72600100
8.13	If there is no Consensus Estimating Conference forecast available, do the revenue estimates appear to be reasonable?	Yes	Yes	Yes	Yes	Yes
8.14	Are the federal funds revenues reported in Section I broken out by individual grant? Are the correct CFDA codes used?	Yes	Yes	Yes	Yes	Yes
8.15	Are anticipated grants included and based on the state fiscal year (rather than federal fiscal year)?	N/A	N/A	N/A	N/A	N/A
8.16	Are the Schedule I revenues consistent with the FSI's reported in the Exhibit D-3A?	Yes	Yes	Yes	Yes	Yes
8.17	If applicable, are nonrecurring revenues entered into Column A04?	Yes	Yes	Yes	Yes	Yes
8.18	Has the agency certified the revenue estimates in columns A02 and A03 to be the latest and most accurate available?	Yes	Yes	Yes	Yes	Yes
8.19	Is a 5% trust fund reserve reflected in Section II? If not, is sufficient justification provided for exemption? Are the additional narrative requirements provided?	Yes	Yes	Yes	Yes	Yes
8.20	Are appropriate service charge nonoperating amounts included in Section II?	Yes	Yes	Yes	Yes	Yes
8.21	Are nonoperating expenditures to other budget entities/departments cross-referenced accurately?	Yes	Yes	Yes	Yes	Yes
8.22	Do transfers balance between funds (within the agency as well as between agencies)? (See also 8.6 for required transfer confirmation of amounts totaling \$100,000 or more.)	Yes	Yes	Yes	Yes	Yes
8.23	Are nonoperating expenditures recorded in Section II and adjustments recorded in Section III?	Yes	Yes	Yes	Yes	Yes
8.24	Are prior year September operating reversions appropriately shown in column A01?	Yes	Yes	Yes	Yes	Yes
8.25	Are current year September operating reversions appropriately shown in column A02?	Yes	Yes	Yes	Yes	Yes
8.26	Does the Schedule IC properly reflect the unreserved fund balance for each trust fund as defined by the LBR Instructions, and is it reconciled to the agency accounting records?	Yes	Yes	Yes	Yes	Yes
8.27	Does Column A01 of the Schedule I accurately represent the actual prior year accounting data as reflected in the agency accounting records, and is it provided in sufficient detail for analysis?	Yes	Yes	Yes	Yes	Yes
8.28	Does Line I of Column A01 (Schedule I) equal Line K of the Schedule IC?	Yes	Yes	Yes	Yes	Yes
AUDITS:						
8.29	Is Line I a positive number? (If not, the agency must adjust the budget request to eliminate the deficit).	Yes	Yes	Yes	Yes	Yes

Action		Program or Service (Budget Entity Codes)				
		72010100	72010300	72400100	72400200	72600100
8.30	Is the June 30 Adjusted Unreserved Fund Balance (Line I) equal to the July 1 Unreserved Fund Balance (Line A) of the following year? (SC1R, SC1A - Report should print "No Discrepancies Exist For This Report")	Yes	Yes	Yes	Yes	Yes
8.31	Has a Department Level Reconciliation been provided for each trust fund and does Line A of the Schedule I equal the CFO amount? If not, the agency must correct Line A. (SC1R, DEPT)	Yes	Yes	Yes	Yes	Yes
TIP	The Schedule I is the most reliable source of data concerning the trust funds. It is very important that this schedule is as accurate as possible!					
TIP	Determine if the agency is scheduled for trust fund review. (See page 119 of the LBR Instructions.)					
TIP	Review the unreserved fund balances and compare revenue totals to expenditure totals to determine and understand the trust fund status.					
TIP	Typically nonoperating expenditures and revenues should not be a negative number. Any negative numbers must be fully justified.					
9. SCHEDULE II (PSCR, SC2)						
AUDIT:						
9.1	Is the pay grade minimum for salary rate utilized for positions in segments 2 and 3? (BRAR, BRAA - Report should print "No Records Selected For This Request") Note: Amounts other than the pay grade minimum should be fully justified in the D-3A issue narrative. (See <i>Base Rate Audit</i> on page 150 of the LBR Instructions.)	Yes	Yes	Yes	Yes	Yes
10. SCHEDULE III (PSCR, SC3)						
10.1	Is the appropriate lapse amount applied in Segment 3? (See page 82 of the LBR Instructions.)	Yes	Yes	Yes	Yes	Yes
10.2	Are amounts in <i>Other Salary Amount</i> appropriate and fully justified? (See page 89 of the LBR Instructions for appropriate use of the OAD transaction.) Use OADI or OADR to identify agency other salary amounts requested.	Yes	Yes	Yes	Yes	Yes
11. SCHEDULE IV (EADR, SC4)						
11.1	Are the correct Information Technology (IT) issue codes used?	Yes	Yes	Yes	Yes	Yes
TIP	If IT issues are not coded correctly (with "C" in 6th position), they will not appear in the Schedule IV.					
12. SCHEDULE VIIIA (EADR, SC8A)						
12.1	Is there only one #1 priority, one #2 priority, one #3 priority, etc. reported on the Schedule VIII-A? Are the priority narrative explanations adequate?	Yes	Yes	Yes	Yes	Yes
13. SCHEDULE VIIIB-1						
13.1	This schedule is not required in the October 15, 2008 LBR submittal.					

Action		Program or Service (Budget Entity Codes)				
		72010100	72010300	72400100	72400200	72600100
14. SCHEDULE VIII B-2 (EADR, S8B2)						
14.1	Do the reductions comply with the instructions provided on pages 95 and 96 of the LBR Instructions regarding a 10% reduction in recurring General Revenue and Trust Funds?	Yes	Yes	Yes	Yes	Yes
15. SCHEDULE XI (LAS/PBS Web - see page 102 of the LBR Instructions for detailed instructions)						
15.1	Has the Schedule XI one page summary been e-mailed to OPB? Agencies are required to generate this spreadsheet via the LAS/PBS Web. (Note: Pursuant to section 216.023(4) (b), Florida Statutes, the Legislature can reduce the funding level for any agency that does not provide this information.)	Yes	Yes	Yes	Yes	Yes
AUDITS INCLUDED IN THE SCHEDULE XI REPORT:						
15.2	Does the FY 2007-08 Actual (prior year) Expenditures in Column A36 reconcile to Column A01? (GENR, ACT1)	Yes	Yes	Yes	Yes	Yes
15.3	None of the executive direction, administrative support and information technology statewide activities (ACT0010 thru ACT0490) have output standards (Record Type 5)? (Audit #1 should print "No Activities Found")	Yes	Yes	Yes	Yes	Yes
15.4	Does the Fixed Capital Outlay (FCO) statewide activity (ACT0210) only contain 08XXXX or 14XXXX appropriation categories? (Audit #2 should print "No Operating Categories Found")	Yes	Yes	Yes	Yes	Yes
15.5	Has the agency provided the necessary demand (Record Type 5) for all activities which <u>should</u> appear in Section II? (Note: Audit #3 will identify those activities that do NOT have a Record Type '5' and have not been identified as a 'Pass Through' activity. These activities will be displayed in Section III with the 'Payment of Pensions, Benefits and Claims' activity and 'Other' activities. Verify if these activities should be displayed in Section III. If not, an output standard would need to be added for that activity and the Schedule XI submitted again.) Activities in this section have been duly footnoted.	No	No	No	No	No
15.6	Does Section I (Final Budget for Agency) and Section III (Total Budget for Agency) equal? (Audit #4 should print "No Discrepancies Found") Discrepancy has been duly footnoted.	No	No	No	No	No
TIP	If Section I and Section III have a small difference, it may be due to rounding and therefore will be acceptable.					
16. MANUALLY PREPARED EXHIBITS & SCHEDULES						
16.1	Do exhibits and schedules comply with LBR Instructions (pages 103 through 147 of the LBR Instructions), and are they accurate and complete?	Yes	Yes	Yes	Yes	Yes
16.2	Are appropriation category totals comparable to Exhibit B, where applicable?	Yes	Yes	Yes	Yes	Yes
16.3	Are agency organization charts (Schedule X) provided and at the appropriate level of detail?	Yes	Yes	Yes	Yes	Yes

Action	Program or Service (Budget Entity Codes)				
	72010100	72010300	72400100	72400200	72600100

AUDITS - GENERAL INFORMATION

TIP	Review <i>Section 6: Audits</i> of the LBR Instructions for a list of audits and their descriptions.	
TIP	Reorganizations may cause audit errors. Agencies must indicate that these errors are due to an agency reorganization to justify the audit error.	

17. CAPITAL IMPROVEMENTS PROGRAM (CIP)

17.1	Are the CIP-2, CIP-3, CIP-A and CIP-B forms included?	Yes	Yes	Yes	Yes	Yes
17.2	Are the CIP-4 and CIP-5 forms submitted when applicable (see CIP Instructions)?	Yes	Yes	Yes	Yes	Yes
17.3	Do all CIP forms comply with CIP Instructions where applicable (see CIP Instructions)?	Yes	Yes	Yes	Yes	Yes
17.4	Does the agency request include 5 year projections (Columns A03, A06, A07, A08 and A09)?	Yes	Yes	Yes	Yes	Yes
17.5	Are the appropriate counties identified in the narrative?	Yes	Yes	Yes	Yes	Yes
TIP	Requests for Fixed Capital Outlay appropriations which are Grants and Aids to Local Governments and Non-Profit Organizations must use the Grants and Aids to Local Governments and Non-Profit Organizations - Fixed Capital Outlay major appropriation category (140XXX) and include the sub-title "Grants and Aids". These appropriations utilize a CIP-B form as justification.					

LBR Technical Review Checklist

Department\Budget Entity (Service): Department of Management Services \ Fed Property, Motor Vehicle, Purchasing, OSD, HRM

Agency Budget Officer / OPB Analyst Name: Debra Forbess / Gino Betta

A "Y" indicates "YES" and is acceptable, an "N/J" indicates "NO/Justification Provided" - these require further explanation/justification (additional sheets can be used as necessary), and "TIPS" are other areas to consider.

Action	Program or Service (Budget Entity Codes)				
	72600200	72600300	72600400	72600500	72750100

1. GENERAL

1.1 Are Columns A01, A02, A04, A05, A10, A11, A36, IA1, IV1, IV3 and NV1 set to TRANSFER CONTROL for DISPLAY status and MANAGEMENT CONTROL for UPDATE status for both the Budget and Trust Fund columns? Are Columns A06, A07, A08 and A09 for Fixed Capital Outlay set to TRANSFER CONTROL for DISPLAY status only? (CSDI)	Yes	Yes	Yes	Yes	Yes
1.2 Is Column A03 set to TRANSFER CONTROL for DISPLAY and UPDATE status for both the Budget and Trust Fund columns? (CSDI)	Yes	Yes	Yes	Yes	Yes

AUDITS:

1.3 Has Column A03 been copied to Column A12? Run the Exhibit B Audit Comparison Report to verify. (EXBR, EXBA)	Yes	Yes	Yes	Yes	Yes
1.4 Has security been set correctly? (CSDR, CSA)	Yes	Yes	Yes	Yes	Yes
TIP The agency should prepare the budget request for submission in this order: 1) Lock columns as described above; 2) copy Column A03 to Column A12; and 3) set Column A12 column security to ALL for DISPLAY status and MANAGEMENT CONTROL for UPDATE status.					

2. EXHIBIT A (EADR, EXA)

2.1 Is the budget entity authority and description consistent with the agency's LRPP and does it conform to the directives provided on page 53 of the LBR Instructions?	Yes	Yes	Yes	Yes	Yes
2.2 Are the statewide issues generated systematically (estimated expenditures, nonrecurring expenditures, etc.) included?	Yes	Yes	Yes	Yes	Yes
2.3 Are the issue codes and titles consistent with <i>Section 3</i> of the LBR Instructions (pages 15 through 25)? Do they clearly describe the issue?	Yes	Yes	Yes	Yes	Yes
2.4 Have the coding guidelines in <i>Section 3</i> of the LBR Instructions (pages 15 through 25) been followed?	Yes	Yes	Yes	Yes	Yes

3. EXHIBIT B (EADR, EXB)

3.1 Is it apparent that there is a fund shift and were the issues entered into LAS/PBS correctly? Check D-3A funding shift issue 340XXX0 - a unique deduct and unique add back issue should be used to ensure fund shifts display correctly on the LBR exhibits.	Yes	Yes	Yes	Yes	Yes
--	-----	-----	-----	-----	-----

Action		Program or Service (Budget Entity Codes)				
		72600200	72600300	72600400	72600500	72750100
AUDITS:						
3.2	Negative Appropriation Category Audit for Agency Request (Columns A03 and A04): Are all appropriation categories positive by budget entity at the FSI level? Are all nonrecurring amounts less than requested amounts? (NACR, NAC - Report should print "No Negative Appropriation Categories Found")	Yes	Yes	Yes	Yes	Yes
3.3	Current Year Estimated Verification Comparison Report: Is Column A02 equal to Column B02? (EXBR, EXBC - Report should print "Records Selected Net To Zero")	Yes	Yes	Yes	Yes	Yes
TIP	Generally look for and be able to fully explain significant differences between A02 and A03.					
TIP	Exhibit B - A02 equal to B02: Compares Current Year Estimated column to a backup of A02. This audit is necessary to ensure that the historical detail records have not been adjusted. Records selected should net to zero.					
TIP	Requests for appropriations which require advance payment authority must use the sub-title "Grants and Aids". For advance payment authority to local units of government, the Aid to Local Government appropriation category (05XXXX) should be used. For advance payment authority to non-profit organizations or other units of state government, the Special Categories appropriation category (10XXXX) should be used.					
4. EXHIBIT D (EADR, EXD)						
4.1	Is the program component objective statement consistent with the agency LRPP, and does it conform to the directives provided on page 56 of the LBR Instructions?	Yes	Yes	Yes	Yes	Yes
4.2	Is the program component code and title used correct?	Yes	Yes	Yes	Yes	Yes
TIP	Fund shifts or transfers of services or activities between program components will be displayed on an Exhibit D whereas it may not be visible on an Exhibit A.					
5. EXHIBIT D-1 (ED1R, EXD1)						
5.1	Are all object of expenditures positive amounts? (This is a manual check.)	Yes	Yes	Yes	Yes	Yes
AUDITS:						
5.2	Do the fund totals agree with the object category totals within each appropriation category? (ED1R, XD1A - Report should print "No Differences Found For This Report")	Yes	Yes	Yes	Yes	Yes
5.3	FLAIR Expenditure/Appropriation Ledger Comparison Report: Is Column A01 less than Column G07? (EXBR, EXBB - Negative differences need to be corrected in Column A01.)	Yes	Yes	Yes	Yes	Yes
5.4	A01/State Accounts Disbursements and Carry Forward Comparison Report: Does Column A01 equal Column G08? (EXBR, EXBD - Differences need to be corrected in Column A01.)	Yes	Yes	Yes	Yes	Yes
TIP	If objects are negative amounts, the agency must make adjustments to Column A01 to correct the object amounts. In addition, the fund totals must be adjusted to reflect the adjustment made to the object data.					

Action		Program or Service (Budget Entity Codes)				
		72600200	72600300	72600400	72600500	72750100
TIP	If fund totals and object totals do not agree or negative object amounts exist, the agency must adjust Column A01.					
TIP	Exhibit B - A01 less than G07: This audit is to ensure that the disbursements and carry/certifications forward in A01 are less than FY 2007-08 approved budget. Amounts should be positive.					
TIP	If G08 is not equal to A01, check the following: 1) the initial FLAIR disbursements or carry forward data load was corrected appropriately in A01; 2) the disbursement data from departmental FLAIR was reconciled to State Accounts; and 3) the FLAIR disbursements did not change after Column G08 was created.					
6. EXHIBIT D-3 (ED3R, ED3) (Not required in the LBR - for analytical purposes only.)						
6.1	Are issues appropriately aligned with appropriation categories?	Yes	Yes	Yes	Yes	Yes
TIP	Exhibit D-3 is no longer required in the budget submission but may be needed for this particular appropriation category/issue sort. Exhibit D-3 is also a useful report when identifying negative appropriation category problems.					
7. EXHIBIT D-3A (EADR, ED3A)						
7.1	Are the issue titles correct and do they clearly identify the issue? (See pages 15 through 29 of the LBR Instructions).	Yes	Yes	Yes	Yes	Yes
7.2	Does the issue narrative adequately explain the agency's request and is the explanation consistent with the LRPP? (See page 62 of the LBR Instructions.)	Yes	Yes	Yes	Yes	Yes
7.3	Does the narrative for Information Technology (IT) issue follow the additional narrative requirements described on pages 63 and 64 of the LBR Instructions?	Yes	Yes	Yes	Yes	Yes
7.4	Are all issues with an IT component identified with a "Y" in the "IT COMPONENT?" field? If the issue contains an IT component, has that component been identified and documented?	Yes	Yes	Yes	Yes	Yes
7.5	Does the issue narrative explain any variances from the Standard Expense, Operating Capital Outlay (OCO), and Human Resource Services Assessments package? Is the nonrecurring portion in the nonrecurring column? (See pages E-4 and E-5 of the LBR Instructions).	Yes	Yes	Yes	Yes	Yes
7.6	Does the salary rate request amount accurately reflect any new requests and are the amounts proportionate to the Salaries and Benefits request? Note: Salary rate should always be annualized.	Yes	Yes	Yes	Yes	Yes
7.7	Does the issue narrative thoroughly explain/justify all Salaries and Benefits amounts entered into the Other Salary Amounts transactions (OADA/C)? Amounts entered into OAD are reflected in the Position Detail of Salaries and Benefits section of the Exhibit D-3A.	Yes	Yes	Yes	Yes	Yes
7.8	Does the issue narrative include the Consensus Estimating Conference forecast, where appropriate?	N/A	N/A	N/A	N/A	N/A
7.9	Does the issue narrative reference the specific county(ies) where applicable?	N/A	N/A	N/A	N/A	N/A

Action		Program or Service (Budget Entity Codes)				
		72600200	72600300	72600400	72600500	72750100
7.10	Do the 160XXX0 issues reflect budget amendments that have been approved (or in the process of being approved) and that have a recurring impact (including Lump Sums)? Have the approved budget amendments been entered in Column A18 as instructed in Memo #09-002?	N/A	N/A	N/A	N/A	N/A
7.11	When appropriate are there any 160XXX0 issues included to delete positions placed in reserve in the OPB Position and Rate Ledger (e.g. unfunded grants)? Note: Lump sum appropriations not yet allocated should <u>not</u> be deleted. (PLRR, PLMO)	N/A	N/A	N/A	N/A	N/A
7.12	Does the issue narrative include plans to satisfy additional space requirements when requesting additional positions?	Yes	Yes	Yes	Yes	Yes
7.13	Has the agency included a 160XXX0 issue and 210XXXX and 260XXX0 issues as required for lump sum distributions?	N/A	N/A	N/A	N/A	N/A
7.14	Do the amounts reflect appropriate FSI assignments?	Yes	Yes	Yes	Yes	Yes
7.15	Do the issues relating to <i>salary and benefits</i> have an "A" in the fifth position of the issue code (XXXXAXX) and are they self-contained (not combined with other issues)? (See page 24 and 80 of the LBR Instructions.)	N/A	N/A	N/A	N/A	N/A
7.16	Do the issues relating to <i>Information Technology (IT)</i> have a "C" in the sixth position of the issue code (36XXXXCX) and are the correct issue codes used (361XXC0, 362XXC0 or 363XXC0)?	Yes	Yes	Yes	Yes	Yes
7.17	Are the issues relating to <i>major audit findings and recommendations</i> properly coded (4A0XXX0, 4B0XXX0)?	N/A	N/A	N/A	N/A	N/A
AUDIT:						
7.18	Are all FSI's equal to '1', '2', '3', or '9'? There should be no FSI's equal to '0'. (EADR, FSIA - Report should print "No Records Selected For Reporting")	Yes	Yes	Yes	Yes	Yes
TIP	Salaries and Benefits amounts entered using the OADA/C transactions must be thoroughly justified in the D-3A issue narrative. Agencies can run OADA/OADR from STAM to identify the amounts entered into OAD and ensure these entries have been thoroughly explained in the D-3A issue narrative.					
TIP	The issue narrative must completely and thoroughly explain and justify each D-3A issue. Agencies must ensure it provides the information necessary for the OPB and legislative analysts to have a complete understanding of the issue submitted. Thoroughly review pages 61 through 64 of the LBR Instructions.					
TIP	Check BAPS to verify status of budget amendments. Check for reapprovals not picked up in the General Appropriations Act. Verify that Lump Sum appropriations in Column A02 do not appear in Column A03. Review budget amendments to verify that 160XXX0 issue amounts correspond accurately and net to zero for General Revenue funds.					

Action		Program or Service (Budget Entity Codes)				
		72600200	72600300	72600400	72600500	72750100
TIP	If an agency is receiving federal funds from another agency the FSI should = 9 (Transfer - Recipient of Federal Funds). The agency that originally receives the funds directly from the federal agency should use FSI = 3 (Federal Funds).					
TIP	If an appropriation made in the FY 2008-09 General Appropriations Act duplicates an appropriation made in substantive legislation, the agency must create a unique deduct nonrecurring issue to eliminate the duplicated appropriation. Normally this is taken care of through line item veto.					
8. SCHEDULE I & RELATED DOCUMENTS (SC1R, SC1 - Budget Entity Level or SC1R, SC1D - Department Level)						
8.1	Has a separate department level Schedule I and supporting documents package been submitted by the agency?	Yes	Yes	Yes	Yes	Yes
8.2	Has a Schedule I been completed in LAS/PBS for each operating trust fund?	Yes	Yes	Yes	Yes	Yes
8.3	Have the appropriate Schedule I supporting documents been included for the trust funds (Schedule IA, Schedule IB, Schedule IC, and Reconciliation to Trial Balance)?	Yes	Yes	Yes	Yes	Yes
8.4	Have the Examination of Regulatory Fees Part I and Part II forms been included for the applicable regulatory programs?	N/A	N/A	N/A	N/A	N/A
8.5	Have the required detailed narratives been provided (5% trust fund reserve narrative; method for computing the distribution of cost for general management and administrative services narrative; adjustments narrative; revenue estimating methodology narrative)?	Yes	Yes	Yes	Yes	Yes
8.6	Has the Inter-Agency Transfers Reported on Schedule I form been included as applicable for transfers totaling \$100,000 or more for the fiscal year?	Yes	Yes	Yes	Yes	Yes
8.7	If the agency is scheduled for the annual trust fund review this year, have the Schedule ID and applicable draft legislation been included for recreation, modification or termination of existing trust funds?	N/A	N/A	N/A	N/A	N/A
8.8	If the agency is scheduled for the annual trust fund review this year, have the necessary trust funds been requested for creation pursuant to <i>section 215.32(2)(b), Florida Statutes</i> - including the Schedule ID and applicable legislation?	N/A	N/A	N/A	N/A	N/A
8.9	Are the revenue codes correct? In the case of federal revenues, has the agency appropriately identified direct versus indirect receipts (object codes 000700, 000799, 001510 and 001599)?	Yes	Yes	Yes	Yes	Yes
8.10	Are the statutory authority references correct?	Yes	Yes	Yes	Yes	Yes
8.11	Are the General Revenue Service Charge percentage rates used for each revenue source correct? (Refer to Section 215.20, F.S. for appropriate general revenue service charge percentage rates.)	Yes	Yes	Yes	Yes	Yes
8.12	Is this an accurate representation of revenues based on the most recent Consensus Estimating Conference forecasts?	Yes	Yes	Yes	Yes	Yes

Action		Program or Service (Budget Entity Codes)				
		72600200	72600300	72600400	72600500	72750100
8.13	If there is no Consensus Estimating Conference forecast available, do the revenue estimates appear to be reasonable?	Yes	Yes	Yes	Yes	Yes
8.14	Are the federal funds revenues reported in Section I broken out by individual grant? Are the correct CFDA codes used?	Yes	Yes	Yes	Yes	Yes
8.15	Are anticipated grants included and based on the state fiscal year (rather than federal fiscal year)?	N/A	N/A	N/A	N/A	N/A
8.16	Are the Schedule I revenues consistent with the FSI's reported in the Exhibit D-3A?	Yes	Yes	Yes	Yes	Yes
8.17	If applicable, are nonrecurring revenues entered into Column A04?	Yes	Yes	Yes	Yes	Yes
8.18	Has the agency certified the revenue estimates in columns A02 and A03 to be the latest and most accurate available?	Yes	Yes	Yes	Yes	Yes
8.19	Is a 5% trust fund reserve reflected in Section II? If not, is sufficient justification provided for exemption? Are the additional narrative requirements provided?	Yes	Yes	Yes	Yes	Yes
8.20	Are appropriate service charge nonoperating amounts included in Section II?	Yes	Yes	Yes	Yes	Yes
8.21	Are nonoperating expenditures to other budget entities/departments cross-referenced accurately?	Yes	Yes	Yes	Yes	Yes
8.22	Do transfers balance between funds (within the agency as well as between agencies)? (See also 8.6 for required transfer confirmation of amounts totaling \$100,000 or more.)	Yes	Yes	Yes	Yes	Yes
8.23	Are nonoperating expenditures recorded in Section II and adjustments recorded in Section III?	Yes	Yes	Yes	Yes	Yes
8.24	Are prior year September operating reversions appropriately shown in column A01?	Yes	Yes	Yes	Yes	Yes
8.25	Are current year September operating reversions appropriately shown in column A02?	Yes	Yes	Yes	Yes	Yes
8.26	Does the Schedule IC properly reflect the unreserved fund balance for each trust fund as defined by the LBR Instructions, and is it reconciled to the agency accounting records?	Yes	Yes	Yes	Yes	Yes
8.27	Does Column A01 of the Schedule I accurately represent the actual prior year accounting data as reflected in the agency accounting records, and is it provided in sufficient detail for analysis?	Yes	Yes	Yes	Yes	Yes
8.28	Does Line I of Column A01 (Schedule I) equal Line K of the Schedule IC?	Yes	Yes	Yes	Yes	Yes
AUDITS:						
8.29	Is Line I a positive number? (If not, the agency must adjust the budget request to eliminate the deficit).	Yes	Yes	Yes	Yes	Yes

Action		Program or Service (Budget Entity Codes)				
		72600200	72600300	72600400	72600500	72750100
8.30	Is the June 30 Adjusted Unreserved Fund Balance (Line I) equal to the July 1 Unreserved Fund Balance (Line A) of the following year? (SC1R, SC1A - Report should print "No Discrepancies Exist For This Report")	Yes	Yes	Yes	Yes	Yes
8.31	Has a Department Level Reconciliation been provided for each trust fund and does Line A of the Schedule I equal the CFO amount? If not, the agency must correct Line A. (SC1R, DEPT)	Yes	Yes	Yes	Yes	Yes
TIP	The Schedule I is the most reliable source of data concerning the trust funds. It is very important that this schedule is as accurate as possible!					
TIP	Determine if the agency is scheduled for trust fund review. (See page 119 of the LBR Instructions.)					
TIP	Review the unreserved fund balances and compare revenue totals to expenditure totals to determine and understand the trust fund status.					
TIP	Typically nonoperating expenditures and revenues should not be a negative number. Any negative numbers must be fully justified.					
9. SCHEDULE II (PSCR, SC2)						
AUDIT:						
9.1	Is the pay grade minimum for salary rate utilized for positions in segments 2 and 3? (BRAR, BRAA - Report should print "No Records Selected For This Request") Note: Amounts other than the pay grade minimum should be fully justified in the D-3A issue narrative. (See <i>Base Rate Audit</i> on page 150 of the LBR Instructions.)	Yes	Yes	Yes	Yes	Yes
10. SCHEDULE III (PSCR, SC3)						
10.1	Is the appropriate lapse amount applied in Segment 3? (See page 82 of the LBR Instructions.)	Yes	Yes	Yes	Yes	Yes
10.2	Are amounts in <i>Other Salary Amount</i> appropriate and fully justified? (See page 89 of the LBR Instructions for appropriate use of the OAD transaction.) Use OADI or OADR to identify agency other salary amounts requested.	Yes	Yes	Yes	Yes	Yes
11. SCHEDULE IV (EADR, SC4)						
11.1	Are the correct Information Technology (IT) issue codes used?	Yes	Yes	Yes	Yes	Yes
TIP	If IT issues are not coded correctly (with "C" in 6th position), they will not appear in the Schedule IV.					
12. SCHEDULE VIIIA (EADR, SC8A)						
12.1	Is there only one #1 priority, one #2 priority, one #3 priority, etc. reported on the Schedule VIII-A? Are the priority narrative explanations adequate?	Yes	Yes	Yes	Yes	Yes
13. SCHEDULE VIIB-1						
13.1	This schedule is not required in the October 15, 2008 LBR submittal.					

Program or Service (Budget Entity Codes)				
72600200	72600300	72600400	72600500	72750100

Action

14. SCHEDULE VIII B-2 (EADR, S8B2)

14.1	Do the reductions comply with the instructions provided on pages 95 and 96 of the LBR Instructions regarding a 10% reduction in recurring General Revenue and Trust Funds?	Yes	Yes	Yes	Yes	Yes
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15. SCHEDULE XI (LAS/PBS Web - see page 102 of the LBR Instructions for detailed instructions)

15.1	Has the Schedule XI one page summary been e-mailed to OPB? Agencies are required to generate this spreadsheet via the LAS/PBS Web. (Note: Pursuant to section 216.023(4) (b), Florida Statutes, the Legislature can reduce the funding level for any agency that does not provide this information.)	Yes	Yes	Yes	Yes	Yes
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AUDITS INCLUDED IN THE SCHEDULE XI REPORT:

15.2	Does the FY 2007-08 Actual (prior year) Expenditures in Column A36 reconcile to Column A01? (GENR, ACT1)	Yes	Yes	Yes	Yes	Yes
15.3	None of the executive direction, administrative support and information technology statewide activities (ACT0010 thru ACT0490) have output standards (Record Type 5)? (Audit #1 should print "No Activities Found")	Yes	Yes	Yes	Yes	Yes
15.4	Does the Fixed Capital Outlay (FCO) statewide activity (ACT0210) only contain 08XXXX or 14XXXX appropriation categories? (Audit #2 should print "No Operating Categories Found")	Yes	Yes	Yes	Yes	Yes
15.5	Has the agency provided the necessary demand (Record Type 5) for all activities which <u>should</u> appear in Section II? (Note: Audit #3 will identify those activities that do NOT have a Record Type '5' and have not been identified as a 'Pass Through' activity. These activities will be displayed in Section III with the 'Payment of Pensions, Benefits and Claims' activity and 'Other' activities. Verify if these activities should be displayed in Section III. If not, an output standard would need to be added for that activity and the Schedule XI submitted again.) Activities in this section have been duly footnoted.	No	No	No	No	No
15.6	Does Section I (Final Budget for Agency) and Section III (Total Budget for Agency) equal? (Audit #4 should print "No Discrepancies Found") Discrepancy has been duly footnoted.	No	No	No	No	No

TIP If Section I and Section III have a small difference, it may be due to rounding and therefore will be acceptable.

16. MANUALLY PREPARED EXHIBITS & SCHEDULES

16.1	Do exhibits and schedules comply with LBR Instructions (pages 103 through 147 of the LBR Instructions), and are they accurate and complete?	Yes	Yes	Yes	Yes	Yes
16.2	Are appropriation category totals comparable to Exhibit B, where applicable?	Yes	Yes	Yes	Yes	Yes
16.3	Are agency organization charts (Schedule X) provided and at the appropriate level of detail?	Yes	Yes	Yes	Yes	Yes

Program or Service (Budget Entity Codes)				
72600200	72600300	72600400	72600500	72750100

Action

AUDITS - GENERAL INFORMATION

TIP	Review <i>Section 6: Audits</i> of the LBR Instructions for a list of audits and their descriptions.	
TIP	Reorganizations may cause audit errors. Agencies must indicate that these errors are due to an agency reorganization to justify the audit error.	

17. CAPITAL IMPROVEMENTS PROGRAM (CIP)

17.1	Are the CIP-2, CIP-3, CIP-A and CIP-B forms included?	Yes	Yes	Yes	Yes	Yes
17.2	Are the CIP-4 and CIP-5 forms submitted when applicable (see CIP Instructions)?	Yes	Yes	Yes	Yes	Yes
17.3	Do all CIP forms comply with CIP Instructions where applicable (see CIP Instructions)?	Yes	Yes	Yes	Yes	Yes
17.4	Does the agency request include 5 year projections (Columns A03, A06, A07, A08 and A09)?	Yes	Yes	Yes	Yes	Yes
17.5	Are the appropriate counties identified in the narrative?	Yes	Yes	Yes	Yes	Yes
TIP	Requests for Fixed Capital Outlay appropriations which are Grants and Aids to Local Governments and Non-Profit Organizations must use the Grants and Aids to Local Governments and Non-Profit Organizations - Fixed Capital Outlay major appropriation category (140XXX) and include the sub-title "Grants and Aids". These appropriations utilize a CIP-B form as justification.					

LBR Technical Review Checklist

Department\Budget Entity (Service): Department of Management Services \ DSGI, Retirement, Telecommunications, Wireless, SSRC

Agency Budget Officer / OPB Analyst Name: Debra Forbess / Gino Betta

A "Y" indicates "YES" and is acceptable, an "N/J" indicates "NO/Justification Provided" - these require further explanation/justification (additional sheets can be used as necessary), and "TIPS" are other areas to consider.

Action	Program or Service (Budget Entity Codes)				
	72750200	72750300	72900100	72900200	72900300

1. GENERAL

1.1 Are Columns A01, A02, A04, A05, A10, A11, A36, IA1, IV1, IV3 and NV1 set to TRANSFER CONTROL for DISPLAY status and MANAGEMENT CONTROL for UPDATE status for both the Budget and Trust Fund columns? Are Columns A06, A07, A08 and A09 for Fixed Capital Outlay set to TRANSFER CONTROL for DISPLAY status only? (CSDI)	Yes	Yes	Yes	Yes	Yes
1.2 Is Column A03 set to TRANSFER CONTROL for DISPLAY and UPDATE status for both the Budget and Trust Fund columns? (CSDI)	Yes	Yes	Yes	Yes	Yes

AUDITS:

1.3 Has Column A03 been copied to Column A12? Run the Exhibit B Audit Comparison Report to verify. (EXBR, EXBA)	Yes	Yes	Yes	Yes	Yes
1.4 Has security been set correctly? (CSDR, CSA)	Yes	Yes	Yes	Yes	Yes
TIP The agency should prepare the budget request for submission in this order: 1) Lock columns as described above; 2) copy Column A03 to Column A12; and 3) set Column A12 column security to ALL for DISPLAY status and MANAGEMENT CONTROL for UPDATE status.					

2. EXHIBIT A (EADR, EXA)

2.1 Is the budget entity authority and description consistent with the agency's LRPP and does it conform to the directives provided on page 53 of the LBR Instructions?	Yes	Yes	Yes	Yes	Yes
2.2 Are the statewide issues generated systematically (estimated expenditures, nonrecurring expenditures, etc.) included?	Yes	Yes	Yes	Yes	Yes
2.3 Are the issue codes and titles consistent with <i>Section 3</i> of the LBR Instructions (pages 15 through 25)? Do they clearly describe the issue?	Yes	Yes	Yes	Yes	Yes
2.4 Have the coding guidelines in <i>Section 3</i> of the LBR Instructions (pages 15 through 25) been followed?	Yes	Yes	Yes	Yes	Yes

3. EXHIBIT B (EADR, EXB)

3.1 Is it apparent that there is a fund shift and were the issues entered into LAS/PBS correctly? Check D-3A funding shift issue 340XXX0 - a unique deduct and unique add back issue should be used to ensure fund shifts display correctly on the LBR exhibits.	Yes	Yes	Yes	Yes	Yes
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Action		Program or Service (Budget Entity Codes)				
		72750200	72750300	72900100	72900200	72900300
AUDITS:						
3.2	Negative Appropriation Category Audit for Agency Request (Columns A03 and A04): Are all appropriation categories positive by budget entity at the FSI level? Are all nonrecurring amounts less than requested amounts? (NACR, NAC - Report should print "No Negative Appropriation Categories Found")	Yes	Yes	Yes	Yes	Yes
3.3	Current Year Estimated Verification Comparison Report: Is Column A02 equal to Column B02? (EXBR, EXBC - Report should print "Records Selected Net To Zero")	Yes	Yes	Yes	Yes	Yes
TIP	Generally look for and be able to fully explain significant differences between A02 and A03.					
TIP	Exhibit B - A02 equal to B02: Compares Current Year Estimated column to a backup of A02. This audit is necessary to ensure that the historical detail records have not been adjusted. Records selected should net to zero.					
TIP	Requests for appropriations which require advance payment authority must use the sub-title "Grants and Aids". For advance payment authority to local units of government, the Aid to Local Government appropriation category (05XXXX) should be used. For advance payment authority to non-profit organizations or other units of state government, the Special Categories appropriation category (10XXXX) should be used.					
4. EXHIBIT D (EADR, EXD)						
4.1	Is the program component objective statement consistent with the agency LRPP, and does it conform to the directives provided on page 56 of the LBR Instructions?	Yes	Yes	Yes	Yes	Yes
4.2	Is the program component code and title used correct?	Yes	Yes	Yes	Yes	Yes
TIP	Fund shifts or transfers of services or activities between program components will be displayed on an Exhibit D whereas it may not be visible on an Exhibit A.					
5. EXHIBIT D-1 (ED1R, EXD1)						
5.1	Are all object of expenditures positive amounts? (This is a manual check.)	Yes	Yes	Yes	Yes	Yes
AUDITS:						
5.2	Do the fund totals agree with the object category totals within each appropriation category? (ED1R, XD1A - Report should print "No Differences Found For This Report")	Yes	Yes	Yes	Yes	Yes
5.3	FLAIR Expenditure/Appropriation Ledger Comparison Report: Is Column A01 less than Column G07? (EXBR, EXBB - Negative differences need to be corrected in Column A01.)	Yes	Yes	Yes	Yes	Yes
5.4	A01/State Accounts Disbursements and Carry Forward Comparison Report: Does Column A01 equal Column G08? (EXBR, EXBD - Differences need to be corrected in Column A01.)	Yes	Yes	Yes	Yes	Yes
TIP	If objects are negative amounts, the agency must make adjustments to Column A01 to correct the object amounts. In addition, the fund totals must be adjusted to reflect the adjustment made to the object data.					

Action		Program or Service (Budget Entity Codes)				
		72750200	72750300	72900100	72900200	72900300
TIP	If fund totals and object totals do not agree or negative object amounts exist, the agency must adjust Column A01.					
TIP	Exhibit B - A01 less than G07: This audit is to ensure that the disbursements and carry/certifications forward in A01 are less than FY 2007-08 approved budget. Amounts should be positive.					
TIP	If G08 is not equal to A01, check the following: 1) the initial FLAIR disbursements or carry forward data load was corrected appropriately in A01; 2) the disbursement data from departmental FLAIR was reconciled to State Accounts; and 3) the FLAIR disbursements did not change after Column G08 was created.					
6. EXHIBIT D-3 (ED3R, ED3) (Not required in the LBR - for analytical purposes only.)						
6.1	Are issues appropriately aligned with appropriation categories?	Yes	Yes	Yes	Yes	Yes
TIP	Exhibit D-3 is no longer required in the budget submission but may be needed for this particular appropriation category/issue sort. Exhibit D-3 is also a useful report when identifying negative appropriation category problems.					
7. EXHIBIT D-3A (EADR, ED3A)						
7.1	Are the issue titles correct and do they clearly identify the issue? (See pages 15 through 29 of the LBR Instructions).	Yes	Yes	Yes	Yes	Yes
7.2	Does the issue narrative adequately explain the agency's request and is the explanation consistent with the LRPP? (See page 62 of the LBR Instructions.)	Yes	Yes	Yes	Yes	Yes
7.3	Does the narrative for Information Technology (IT) issue follow the additional narrative requirements described on pages 63 and 64 of the LBR Instructions?	Yes	Yes	Yes	Yes	Yes
7.4	Are all issues with an IT component identified with a "Y" in the "IT COMPONENT?" field? If the issue contains an IT component, has that component been identified and documented?	Yes	Yes	Yes	Yes	Yes
7.5	Does the issue narrative explain any variances from the Standard Expense, Operating Capital Outlay (OCO), and Human Resource Services Assessments package? Is the nonrecurring portion in the nonrecurring column? (See pages E-4 and E-5 of the LBR Instructions).	Yes	Yes	Yes	Yes	Yes
7.6	Does the salary rate request amount accurately reflect any new requests and are the amounts proportionate to the Salaries and Benefits request? Note: Salary rate should always be annualized.	Yes	Yes	Yes	Yes	Yes
7.7	Does the issue narrative thoroughly explain/justify all Salaries and Benefits amounts entered into the Other Salary Amounts transactions (OADA/C)? Amounts entered into OAD are reflected in the Position Detail of Salaries and Benefits section of the Exhibit D-3A.	Yes	Yes	Yes	Yes	Yes
7.8	Does the issue narrative include the Consensus Estimating Conference forecast, where appropriate?	N/A	N/A	N/A	N/A	N/A
7.9	Does the issue narrative reference the specific county(ies) where applicable?	N/A	N/A	N/A	N/A	N/A

Action		Program or Service (Budget Entity Codes)				
		72750200	72750300	72900100	72900200	72900300
7.10	Do the 160XXX0 issues reflect budget amendments that have been approved (or in the process of being approved) and that have a recurring impact (including Lump Sums)? Have the approved budget amendments been entered in Column A18 as instructed in Memo #09-002?	N/A	N/A	N/A	N/A	N/A
7.11	When appropriate are there any 160XXX0 issues included to delete positions placed in reserve in the OPB Position and Rate Ledger (e.g. unfunded grants)? Note: Lump sum appropriations not yet allocated should <u>not</u> be deleted. (PLRR, PLMO)	N/A	N/A	N/A	N/A	N/A
7.12	Does the issue narrative include plans to satisfy additional space requirements when requesting additional positions?	Yes	Yes	Yes	Yes	Yes
7.13	Has the agency included a 160XXX0 issue and 210XXXX and 260XXX0 issues as required for lump sum distributions?	N/A	N/A	N/A	N/A	N/A
7.14	Do the amounts reflect appropriate FSI assignments?	Yes	Yes	Yes	Yes	Yes
7.15	Do the issues relating to <i>salary and benefits</i> have an "A" in the fifth position of the issue code (XXXXAXX) and are they self-contained (not combined with other issues)? (See page 24 and 80 of the LBR Instructions.)	N/A	N/A	N/A	N/A	N/A
7.16	Do the issues relating to <i>Information Technology (IT)</i> have a "C" in the sixth position of the issue code (36XXXXCX) and are the correct issue codes used (361XXC0, 362XXC0 or 363XXC0)?	Yes	Yes	Yes	Yes	Yes
7.17	Are the issues relating to <i>major audit findings and recommendations</i> properly coded (4A0XXX0, 4B0XXX0)?	N/A	N/A	N/A	N/A	N/A
AUDIT:						
7.18	Are all FSI's equal to '1', '2', '3', or '9'? There should be no FSI's equal to '0'. (EADR, FSIA - Report should print "No Records Selected For Reporting")	Yes	Yes	Yes	Yes	Yes
TIP	Salaries and Benefits amounts entered using the OADA/C transactions must be thoroughly justified in the D-3A issue narrative. Agencies can run OADA/OADR from STAM to identify the amounts entered into OAD and ensure these entries have been thoroughly explained in the D-3A issue narrative.					
TIP	The issue narrative must completely and thoroughly explain and justify each D-3A issue. Agencies must ensure it provides the information necessary for the OPB and legislative analysts to have a complete understanding of the issue submitted. Thoroughly review pages 61 through 64 of the LBR Instructions.					
TIP	Check BAPS to verify status of budget amendments. Check for reapprovals not picked up in the General Appropriations Act. Verify that Lump Sum appropriations in Column A02 do not appear in Column A03. Review budget amendments to verify that 160XXX0 issue amounts correspond accurately and net to zero for General Revenue funds.					

Program or Service (Budget Entity Codes)				
72750200	72750300	72900100	72900200	72900300

Action					
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- TIP If an agency is receiving federal funds from another agency the FSI should = 9 (Transfer - Recipient of Federal Funds). The agency that originally receives the funds directly from the federal agency should use FSI = 3 (Federal Funds).
- TIP If an appropriation made in the FY 2008-09 General Appropriations Act duplicates an appropriation made in substantive legislation, the agency must create a unique deduct nonrecurring issue to eliminate the duplicated appropriation. Normally this is taken care of through line item veto.

8. SCHEDULE I & RELATED DOCUMENTS (SC1R, SC1 - Budget Entity Level or SC1R, SC1D - Department Level)

8.1	Has a separate department level Schedule I and supporting documents package been submitted by the agency?	Yes	Yes	Yes	Yes	Yes
8.2	Has a Schedule I been completed in LAS/PBS for each operating trust fund?	Yes	Yes	Yes	Yes	Yes
8.3	Have the appropriate Schedule I supporting documents been included for the trust funds (Schedule IA, Schedule IB, Schedule IC, and Reconciliation to Trial Balance)?	Yes	Yes	Yes	Yes	Yes
8.4	Have the Examination of Regulatory Fees Part I and Part II forms been included for the applicable regulatory programs?	N/A	N/A	N/A	N/A	N/A
8.5	Have the required detailed narratives been provided (5% trust fund reserve narrative; method for computing the distribution of cost for general management and administrative services narrative; adjustments narrative; revenue estimating methodology narrative)?	Yes	Yes	Yes	Yes	Yes
8.6	Has the Inter-Agency Transfers Reported on Schedule I form been included as applicable for transfers totaling \$100,000 or more for the fiscal year?	Yes	Yes	Yes	Yes	Yes
8.7	If the agency is scheduled for the annual trust fund review this year, have the Schedule ID and applicable draft legislation been included for recreation, modification or termination of existing trust funds?	N/A	N/A	N/A	N/A	N/A
8.8	If the agency is scheduled for the annual trust fund review this year, have the necessary trust funds been requested for creation pursuant to <i>section 215.32(2)(b), Florida Statutes</i> - including the Schedule ID and applicable legislation?	N/A	N/A	N/A	N/A	N/A
8.9	Are the revenue codes correct? In the case of federal revenues, has the agency appropriately identified direct versus indirect receipts (object codes 000700, 000799, 001510 and 001599)?	Yes	Yes	Yes	Yes	Yes
8.10	Are the statutory authority references correct?	Yes	Yes	Yes	Yes	Yes
8.11	Are the General Revenue Service Charge percentage rates used for each revenue source correct? (Refer to Section 215.20, F.S. for appropriate general revenue service charge percentage rates.)	Yes	Yes	Yes	Yes	Yes
8.12	Is this an accurate representation of revenues based on the most recent Consensus Estimating Conference forecasts?	Yes	Yes	Yes	Yes	Yes

Action		Program or Service (Budget Entity Codes)				
		72750200	72750300	72900100	72900200	72900300
8.13	If there is no Consensus Estimating Conference forecast available, do the revenue estimates appear to be reasonable?	Yes	Yes	Yes	Yes	Yes
8.14	Are the federal funds revenues reported in Section I broken out by individual grant? Are the correct CFDA codes used?	Yes	Yes	Yes	Yes	Yes
8.15	Are anticipated grants included and based on the state fiscal year (rather than federal fiscal year)?	N/A	N/A	N/A	N/A	N/A
8.16	Are the Schedule I revenues consistent with the FSI's reported in the Exhibit D-3A?	Yes	Yes	Yes	Yes	Yes
8.17	If applicable, are nonrecurring revenues entered into Column A04?	Yes	Yes	Yes	Yes	Yes
8.18	Has the agency certified the revenue estimates in columns A02 and A03 to be the latest and most accurate available?	Yes	Yes	Yes	Yes	Yes
8.19	Is a 5% trust fund reserve reflected in Section II? If not, is sufficient justification provided for exemption? Are the additional narrative requirements provided?	Yes	Yes	Yes	Yes	Yes
8.20	Are appropriate service charge nonoperating amounts included in Section II?	Yes	Yes	Yes	Yes	Yes
8.21	Are nonoperating expenditures to other budget entities/departments cross-referenced accurately?	Yes	Yes	Yes	Yes	Yes
8.22	Do transfers balance between funds (within the agency as well as between agencies)? (See also 8.6 for required transfer confirmation of amounts totaling \$100,000 or more.)	Yes	Yes	Yes	Yes	Yes
8.23	Are nonoperating expenditures recorded in Section II and adjustments recorded in Section III?	Yes	Yes	Yes	Yes	Yes
8.24	Are prior year September operating reversions appropriately shown in column A01?	Yes	Yes	Yes	Yes	Yes
8.25	Are current year September operating reversions appropriately shown in column A02?	Yes	Yes	Yes	Yes	Yes
8.26	Does the Schedule IC properly reflect the unreserved fund balance for each trust fund as defined by the LBR Instructions, and is it reconciled to the agency accounting records?	Yes	Yes	Yes	Yes	Yes
8.27	Does Column A01 of the Schedule I accurately represent the actual prior year accounting data as reflected in the agency accounting records, and is it provided in sufficient detail for analysis?	Yes	Yes	Yes	Yes	Yes
8.28	Does Line I of Column A01 (Schedule I) equal Line K of the Schedule IC?	Yes	Yes	Yes	Yes	Yes
AUDITS:						
8.29	Is Line I a positive number? (If not, the agency must adjust the budget request to eliminate the deficit).	Yes	Yes	Yes	Yes	Yes

Action		Program or Service (Budget Entity Codes)				
		72750200	72750300	72900100	72900200	72900300
8.30	Is the June 30 Adjusted Unreserved Fund Balance (Line I) equal to the July 1 Unreserved Fund Balance (Line A) of the following year? (SC1R, SC1A - Report should print "No Discrepancies Exist For This Report")	Yes	Yes	Yes	Yes	Yes
8.31	Has a Department Level Reconciliation been provided for each trust fund and does Line A of the Schedule I equal the CFO amount? If not, the agency must correct Line A. (SC1R, DEPT)	Yes	Yes	Yes	Yes	Yes
TIP	The Schedule I is the most reliable source of data concerning the trust funds. It is very important that this schedule is as accurate as possible!					
TIP	Determine if the agency is scheduled for trust fund review. (See page 119 of the LBR Instructions.)					
TIP	Review the unreserved fund balances and compare revenue totals to expenditure totals to determine and understand the trust fund status.					
TIP	Typically nonoperating expenditures and revenues should not be a negative number. Any negative numbers must be fully justified.					
9. SCHEDULE II (PSCR, SC2)						
AUDIT:						
9.1	Is the pay grade minimum for salary rate utilized for positions in segments 2 and 3? (BRAR, BRAA - Report should print "No Records Selected For This Request") Note: Amounts other than the pay grade minimum should be fully justified in the D-3A issue narrative. (See <i>Base Rate Audit</i> on page 150 of the LBR Instructions.)	Yes	Yes	Yes	Yes	Yes
10. SCHEDULE III (PSCR, SC3)						
10.1	Is the appropriate lapse amount applied in Segment 3? (See page 82 of the LBR Instructions.)	Yes	Yes	Yes	Yes	Yes
10.2	Are amounts in <i>Other Salary Amount</i> appropriate and fully justified? (See page 89 of the LBR Instructions for appropriate use of the OAD transaction.) Use OADI or OADR to identify agency other salary amounts requested.	Yes	Yes	Yes	Yes	Yes
11. SCHEDULE IV (EADR, SC4)						
11.1	Are the correct Information Technology (IT) issue codes used?	Yes	Yes	Yes	Yes	Yes
TIP	If IT issues are not coded correctly (with "C" in 6th position), they will not appear in the Schedule IV.					
12. SCHEDULE VIIIA (EADR, SC8A)						
12.1	Is there only one #1 priority, one #2 priority, one #3 priority, etc. reported on the Schedule VIII-A? Are the priority narrative explanations adequate?	Yes	Yes	Yes	Yes	Yes
13. SCHEDULE VIIB-1						
13.1	This schedule is not required in the October 15, 2008 LBR submittal.					

Program or Service (Budget Entity Codes)				
72750200	72750300	72900100	72900200	72900300

Action

14. SCHEDULE VIII B-2 (EADR, S8B2)

14.1	Do the reductions comply with the instructions provided on pages 95 and 96 of the LBR Instructions regarding a 10% reduction in recurring General Revenue and Trust Funds?	Yes	Yes	Yes	Yes	Yes
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15. SCHEDULE XI (LAS/PBS Web - see page 102 of the LBR Instructions for detailed instructions)

15.1	Has the Schedule XI one page summary been e-mailed to OPB? Agencies are required to generate this spreadsheet via the LAS/PBS Web. (Note: Pursuant to section 216.023(4) (b), Florida Statutes, the Legislature can reduce the funding level for any agency that does not provide this information.)	Yes	Yes	Yes	Yes	Yes
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AUDITS INCLUDED IN THE SCHEDULE XI REPORT:

15.2	Does the FY 2007-08 Actual (prior year) Expenditures in Column A36 reconcile to Column A01? (GENR, ACT1)	Yes	Yes	Yes	Yes	Yes
15.3	None of the executive direction, administrative support and information technology statewide activities (ACT0010 thru ACT0490) have output standards (Record Type 5)? (Audit #1 should print "No Activities Found")	Yes	Yes	Yes	Yes	Yes
15.4	Does the Fixed Capital Outlay (FCO) statewide activity (ACT0210) only contain 08XXXX or 14XXXX appropriation categories? (Audit #2 should print "No Operating Categories Found")	Yes	Yes	Yes	Yes	Yes
15.5	Has the agency provided the necessary demand (Record Type 5) for all activities which <u>should</u> appear in Section II? (Note: Audit #3 will identify those activities that do NOT have a Record Type '5' and have not been identified as a 'Pass Through' activity. These activities will be displayed in Section III with the 'Payment of Pensions, Benefits and Claims' activity and 'Other' activities. Verify if these activities should be displayed in Section III. If not, an output standard would need to be added for that activity and the Schedule XI submitted again.) Activities in this section have been duly footnoted.	No	No	No	No	No
15.6	Does Section I (Final Budget for Agency) and Section III (Total Budget for Agency) equal? (Audit #4 should print "No Discrepancies Found") Discrepancy has been duly footnoted.	No	No	No	No	No

TIP If Section I and Section III have a small difference, it may be due to rounding and therefore will be acceptable.

16. MANUALLY PREPARED EXHIBITS & SCHEDULES

16.1	Do exhibits and schedules comply with LBR Instructions (pages 103 through 147 of the LBR Instructions), and are they accurate and complete?	Yes	Yes	Yes	Yes	Yes
16.2	Are appropriation category totals comparable to Exhibit B, where applicable?	Yes	Yes	Yes	Yes	Yes
16.3	Are agency organization charts (Schedule X) provided and at the appropriate level of detail?	Yes	Yes	Yes	Yes	Yes

Program or Service (Budget Entity Codes)				
72750200	72750300	72900100	72900200	72900300

Action

72750200	72750300	72900100	72900200	72900300
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AUDITS - GENERAL INFORMATION

TIP	Review <i>Section 6: Audits</i> of the LBR Instructions for a list of audits and their descriptions.	
TIP	Reorganizations may cause audit errors. Agencies must indicate that these errors are due to an agency reorganization to justify the audit error.	

17. CAPITAL IMPROVEMENTS PROGRAM (CIP)

17.1	Are the CIP-2, CIP-3, CIP-A and CIP-B forms included?	Yes	Yes	Yes	Yes	Yes
17.2	Are the CIP-4 and CIP-5 forms submitted when applicable (see CIP Instructions)?	Yes	Yes	Yes	Yes	Yes
17.3	Do all CIP forms comply with CIP Instructions where applicable (see CIP Instructions)?	Yes	Yes	Yes	Yes	Yes
17.4	Does the agency request include 5 year projections (Columns A03, A06, A07, A08 and A09)?	Yes	Yes	Yes	Yes	Yes
17.5	Are the appropriate counties identified in the narrative?	Yes	Yes	Yes	Yes	Yes
TIP	Requests for Fixed Capital Outlay appropriations which are Grants and Aids to Local Governments and Non-Profit Organizations must use the Grants and Aids to Local Governments and Non-Profit Organizations - Fixed Capital Outlay major appropriation category (140XXX) and include the sub-title "Grants and Aids". These appropriations utilize a CIP-B form as justification.					

LBR Technical Review Checklist

Department\Budget Entity (Service): Department of Management Services \PERC, FCHR

Agency Budget Officer / OPB Analyst Name: Debra Forbess / Gino Betta

A "Y" indicates "YES" and is acceptable, an "N/J" indicates "NO/Justification Provided" - these require further explanation/justification (additional sheets can be used as necessary), and "TIPS" are other areas to consider.

Action	Program or Service (Budget Entity Codes)			
	72920100	72950100		

1. GENERAL

1.1 Are Columns A01, A02, A04, A05, A10, A11, A36, IA1, IV1, IV3 and NV1 set to TRANSFER CONTROL for DISPLAY status and MANAGEMENT CONTROL for UPDATE status for both the Budget and Trust Fund columns? Are Columns A06, A07, A08 and A09 for Fixed Capital Outlay set to TRANSFER CONTROL for DISPLAY status only? (CSDI)	Yes	Yes			
1.2 Is Column A03 set to TRANSFER CONTROL for DISPLAY and UPDATE status for both the Budget and Trust Fund columns? (CSDI)	Yes	Yes			

AUDITS:

1.3 Has Column A03 been copied to Column A12? Run the Exhibit B Audit Comparison Report to verify. (EXBR, EXBA)	Yes	Yes			
1.4 Has security been set correctly? (CSDR, CSA)	Yes	Yes			
TIP The agency should prepare the budget request for submission in this order: 1) Lock columns as described above; 2) copy Column A03 to Column A12; and 3) set Column A12 column security to ALL for DISPLAY status and MANAGEMENT CONTROL for UPDATE status.					

2. EXHIBIT A (EADR, EXA)

2.1 Is the budget entity authority and description consistent with the agency's LRPP and does it conform to the directives provided on page 53 of the LBR Instructions?	Yes	Yes			
2.2 Are the statewide issues generated systematically (estimated expenditures, nonrecurring expenditures, etc.) included?	Yes	Yes			
2.3 Are the issue codes and titles consistent with <i>Section 3</i> of the LBR Instructions (pages 15 through 25)? Do they clearly describe the issue?	Yes	Yes			
2.4 Have the coding guidelines in <i>Section 3</i> of the LBR Instructions (pages 15 through 25) been followed?	Yes	Yes			

3. EXHIBIT B (EADR, EXB)

3.1 Is it apparent that there is a fund shift and were the issues entered into LAS/PBS correctly? Check D-3A funding shift issue 340XXX0 - a unique deduct and unique add back issue should be used to ensure fund shifts display correctly on the LBR exhibits.	Yes	Yes			
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Program or Service (Budget Entity Codes)				
72920100	72950100			

Action				
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AUDITS:

3.2	Negative Appropriation Category Audit for Agency Request (Columns A03 and A04): Are all appropriation categories positive by budget entity at the FSI level? Are all nonrecurring amounts less than requested amounts? (NACR, NAC - Report should print "No Negative Appropriation Categories Found")	Yes	Yes			
3.3	Current Year Estimated Verification Comparison Report: Is Column A02 equal to Column B02? (EXBR, EXBC - Report should print "Records Selected Net To Zero")	Yes	Yes			
TIP	Generally look for and be able to fully explain significant differences between A02 and A03.					
TIP	Exhibit B - A02 equal to B02: Compares Current Year Estimated column to a backup of A02. This audit is necessary to ensure that the historical detail records have not been adjusted. Records selected should net to zero.					
TIP	Requests for appropriations which require advance payment authority must use the sub-title "Grants and Aids". For advance payment authority to local units of government, the Aid to Local Government appropriation category (05XXXX) should be used. For advance payment authority to non-profit organizations or other units of state government, the Special Categories appropriation category (10XXXX) should be used.					

4. EXHIBIT D (EADR, EXD)

4.1	Is the program component objective statement consistent with the agency LRPP, and does it conform to the directives provided on page 56 of the LBR Instructions?	Yes	Yes			
4.2	Is the program component code and title used correct?	Yes	Yes			
TIP	Fund shifts or transfers of services or activities between program components will be displayed on an Exhibit D whereas it may not be visible on an Exhibit A.					

5. EXHIBIT D-1 (ED1R, EXD1)

5.1	Are all object of expenditures positive amounts? (This is a manual check.)	Yes	Yes			
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AUDITS:

5.2	Do the fund totals agree with the object category totals within each appropriation category? (ED1R, XD1A - Report should print "No Differences Found For This Report")	Yes	Yes			
5.3	FLAIR Expenditure/Appropriation Ledger Comparison Report: Is Column A01 less than Column G07? (EXBR, EXBB - Negative differences need to be corrected in Column A01.)	Yes	Yes			
5.4	A01/State Accounts Disbursements and Carry Forward Comparison Report: Does Column A01 equal Column G08? (EXBR, EXBD - Differences need to be corrected in Column A01.)	Yes	Yes			
TIP	If objects are negative amounts, the agency must make adjustments to Column A01 to correct the object amounts. In addition, the fund totals must be adjusted to reflect the adjustment made to the object data.					

Action		Program or Service (Budget Entity Codes)				
		72920100	72950100			
TIP	If fund totals and object totals do not agree or negative object amounts exist, the agency must adjust Column A01.					
TIP	Exhibit B - A01 less than G07: This audit is to ensure that the disbursements and carry/certifications forward in A01 are less than FY 2007-08 approved budget. Amounts should be positive.					
TIP	If G08 is not equal to A01, check the following: 1) the initial FLAIR disbursements or carry forward data load was corrected appropriately in A01; 2) the disbursement data from departmental FLAIR was reconciled to State Accounts; and 3) the FLAIR disbursements did not change after Column G08 was created.					
6. EXHIBIT D-3 (ED3R, ED3) (Not required in the LBR - for analytical purposes only.)						
6.1	Are issues appropriately aligned with appropriation categories?	Yes	Yes			
TIP	Exhibit D-3 is no longer required in the budget submission but may be needed for this particular appropriation category/issue sort. Exhibit D-3 is also a useful report when identifying negative appropriation category problems.					
7. EXHIBIT D-3A (EADR, ED3A)						
7.1	Are the issue titles correct and do they clearly identify the issue? (See pages 15 through 29 of the LBR Instructions).	Yes	Yes			
7.2	Does the issue narrative adequately explain the agency's request and is the explanation consistent with the LRPP? (See page 62 of the LBR Instructions.)	Yes	Yes			
7.3	Does the narrative for Information Technology (IT) issue follow the additional narrative requirements described on pages 63 and 64 of the LBR Instructions?	Yes	Yes			
7.4	Are all issues with an IT component identified with a "Y" in the "IT COMPONENT?" field? If the issue contains an IT component, has that component been identified and documented?	Yes	Yes			
7.5	Does the issue narrative explain any variances from the Standard Expense, Operating Capital Outlay (OCO), and Human Resource Services Assessments package? Is the nonrecurring portion in the nonrecurring column? (See pages E-4 and E-5 of the LBR Instructions).	Yes	Yes			
7.6	Does the salary rate request amount accurately reflect any new requests and are the amounts proportionate to the Salaries and Benefits request? Note: Salary rate should always be annualized.	Yes	Yes			
7.7	Does the issue narrative thoroughly explain/justify all Salaries and Benefits amounts entered into the Other Salary Amounts transactions (OADA/C)? Amounts entered into OAD are reflected in the Position Detail of Salaries and Benefits section of the Exhibit D-3A.	Yes	Yes			
7.8	Does the issue narrative include the Consensus Estimating Conference forecast, where appropriate?	N/A	N/A			
7.9	Does the issue narrative reference the specific county(ies) where applicable?	N/A	N/A			

Action		Program or Service (Budget Entity Codes)				
		72920100	72950100			
7.10	Do the 160XXX0 issues reflect budget amendments that have been approved (or in the process of being approved) and that have a recurring impact (including Lump Sums)? Have the approved budget amendments been entered in Column A18 as instructed in Memo #09-002?	N/A	N/A			
7.11	When appropriate are there any 160XXX0 issues included to delete positions placed in reserve in the OPB Position and Rate Ledger (e.g. unfunded grants)? Note: Lump sum appropriations not yet allocated should <u>not</u> be deleted. (PLRR, PLMO)	N/A	N/A			
7.12	Does the issue narrative include plans to satisfy additional space requirements when requesting additional positions?	Yes	Yes			
7.13	Has the agency included a 160XXX0 issue and 210XXXX and 260XXX0 issues as required for lump sum distributions?	N/A	N/A			
7.14	Do the amounts reflect appropriate FSI assignments?	Yes	Yes			
7.15	Do the issues relating to <i>salary and benefits</i> have an "A" in the fifth position of the issue code (XXXXAXX) and are they self-contained (not combined with other issues)? (See page 24 and 80 of the LBR Instructions.)	N/A	N/A			
7.16	Do the issues relating to <i>Information Technology (IT)</i> have a "C" in the sixth position of the issue code (36XXXXCX) and are the correct issue codes used (361XXC0, 362XXC0 or 363XXC0)?	Yes	Yes			
7.17	Are the issues relating to <i>major audit findings and recommendations</i> properly coded (4A0XXX0, 4B0XXX0)?	N/A	N/A			
AUDIT:						
7.18	Are all FSI's equal to '1', '2', '3', or '9'? There should be no FSI's equal to '0'. (EADR, FSIA - Report should print "No Records Selected For Reporting")	Yes	Yes			
TIP	Salaries and Benefits amounts entered using the OADA/C transactions must be thoroughly justified in the D-3A issue narrative. Agencies can run OADA/OADR from STAM to identify the amounts entered into OAD and ensure these entries have been thoroughly explained in the D-3A issue narrative.					
TIP	The issue narrative must completely and thoroughly explain and justify each D-3A issue. Agencies must ensure it provides the information necessary for the OPB and legislative analysts to have a complete understanding of the issue submitted. Thoroughly review pages 61 through 64 of the LBR Instructions.					
TIP	Check BAPS to verify status of budget amendments. Check for reapprovals not picked up in the General Appropriations Act. Verify that Lump Sum appropriations in Column A02 do not appear in Column A03. Review budget amendments to verify that 160XXX0 issue amounts correspond accurately and net to zero for General Revenue funds.					

Program or Service (Budget Entity Codes)				
72920100	72950100			

Action						
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- TIP If an agency is receiving federal funds from another agency the FSI should = 9 (Transfer - Recipient of Federal Funds). The agency that originally receives the funds directly from the federal agency should use FSI = 3 (Federal Funds).
- TIP If an appropriation made in the FY 2008-09 General Appropriations Act duplicates an appropriation made in substantive legislation, the agency must create a unique deduct nonrecurring issue to eliminate the duplicated appropriation. Normally this is taken care of through line item veto.

8. SCHEDULE I & RELATED DOCUMENTS (SC1R, SC1 - Budget Entity Level or SC1R, SC1D - Department Level)

8.1	Has a separate department level Schedule I and supporting documents package been submitted by the agency?	Yes	Yes			
8.2	Has a Schedule I been completed in LAS/PBS for each operating trust fund?	Yes	Yes			
8.3	Have the appropriate Schedule I supporting documents been included for the trust funds (Schedule IA, Schedule IB, Schedule IC, and Reconciliation to Trial Balance)?	Yes	Yes			
8.4	Have the Examination of Regulatory Fees Part I and Part II forms been included for the applicable regulatory programs?	N/A	N/A			
8.5	Have the required detailed narratives been provided (5% trust fund reserve narrative; method for computing the distribution of cost for general management and administrative services narrative; adjustments narrative; revenue estimating methodology narrative)?	Yes	Yes			
8.6	Has the Inter-Agency Transfers Reported on Schedule I form been included as applicable for transfers totaling \$100,000 or more for the fiscal year?	Yes	Yes			
8.7	If the agency is scheduled for the annual trust fund review this year, have the Schedule ID and applicable draft legislation been included for recreation, modification or termination of existing trust funds?	N/A	N/A			
8.8	If the agency is scheduled for the annual trust fund review this year, have the necessary trust funds been requested for creation pursuant to <i>section 215.32(2)(b), Florida Statutes</i> - including the Schedule ID and applicable legislation?	N/A	N/A			
8.9	Are the revenue codes correct? In the case of federal revenues, has the agency appropriately identified direct versus indirect receipts (object codes 000700, 000799, 001510 and 001599)?	Yes	Yes			
8.10	Are the statutory authority references correct?	Yes	Yes			
8.11	Are the General Revenue Service Charge percentage rates used for each revenue source correct? (Refer to Section 215.20, F.S. for appropriate general revenue service charge percentage rates.)	Yes	Yes			
8.12	Is this an accurate representation of revenues based on the most recent Consensus Estimating Conference forecasts?	Yes	Yes			

Action		Program or Service (Budget Entity Codes)				
		72920100	72950100			
8.13	If there is no Consensus Estimating Conference forecast available, do the revenue estimates appear to be reasonable?	Yes	Yes			
8.14	Are the federal funds revenues reported in Section I broken out by individual grant? Are the correct CFDA codes used?	Yes	Yes			
8.15	Are anticipated grants included and based on the state fiscal year (rather than federal fiscal year)?	N/A	N/A			
8.16	Are the Schedule I revenues consistent with the FSI's reported in the Exhibit D-3A?	Yes	Yes			
8.17	If applicable, are nonrecurring revenues entered into Column A04?	Yes	Yes			
8.18	Has the agency certified the revenue estimates in columns A02 and A03 to be the latest and most accurate available?	Yes	Yes			
8.19	Is a 5% trust fund reserve reflected in Section II? If not, is sufficient justification provided for exemption? Are the additional narrative requirements provided?	Yes	Yes			
8.20	Are appropriate service charge nonoperating amounts included in Section II?	Yes	Yes			
8.21	Are nonoperating expenditures to other budget entities/departments cross-referenced accurately?	Yes	Yes			
8.22	Do transfers balance between funds (within the agency as well as between agencies)? (See also 8.6 for required transfer confirmation of amounts totaling \$100,000 or more.)	Yes	Yes			
8.23	Are nonoperating expenditures recorded in Section II and adjustments recorded in Section III?	Yes	Yes			
8.24	Are prior year September operating reversions appropriately shown in column A01?	Yes	Yes			
8.25	Are current year September operating reversions appropriately shown in column A02?	Yes	Yes			
8.26	Does the Schedule IC properly reflect the unreserved fund balance for each trust fund as defined by the LBR Instructions, and is it reconciled to the agency accounting records?	Yes	Yes			
8.27	Does Column A01 of the Schedule I accurately represent the actual prior year accounting data as reflected in the agency accounting records, and is it provided in sufficient detail for analysis?	Yes	Yes			
8.28	Does Line I of Column A01 (Schedule I) equal Line K of the Schedule IC?	Yes	Yes			
AUDITS:						
8.29	Is Line I a positive number? (If not, the agency must adjust the budget request to eliminate the deficit).	Yes	Yes			

Action		Program or Service (Budget Entity Codes)				
		72920100	72950100			
8.30	Is the June 30 Adjusted Unreserved Fund Balance (Line I) equal to the July 1 Unreserved Fund Balance (Line A) of the following year? (SC1R, SC1A - Report should print "No Discrepancies Exist For This Report")	Yes	Yes			
8.31	Has a Department Level Reconciliation been provided for each trust fund and does Line A of the Schedule I equal the CFO amount? If not, the agency must correct Line A. (SC1R, DEPT)	Yes	Yes			
TIP	The Schedule I is the most reliable source of data concerning the trust funds. It is very important that this schedule is as accurate as possible!					
TIP	Determine if the agency is scheduled for trust fund review. (See page 119 of the LBR Instructions.)					
TIP	Review the unreserved fund balances and compare revenue totals to expenditure totals to determine and understand the trust fund status.					
TIP	Typically nonoperating expenditures and revenues should not be a negative number. Any negative numbers must be fully justified.					
9. SCHEDULE II (PSCR, SC2)						
AUDIT:						
9.1	Is the pay grade minimum for salary rate utilized for positions in segments 2 and 3? (BRAR, BRAA - Report should print "No Records Selected For This Request") Note: Amounts other than the pay grade minimum should be fully justified in the D-3A issue narrative. (See <i>Base Rate Audit</i> on page 150 of the LBR Instructions.)	Yes	Yes			
10. SCHEDULE III (PSCR, SC3)						
10.1	Is the appropriate lapse amount applied in Segment 3? (See page 82 of the LBR Instructions.)	Yes	Yes			
10.2	Are amounts in <i>Other Salary Amount</i> appropriate and fully justified? (See page 89 of the LBR Instructions for appropriate use of the OAD transaction.) Use OADI or OADR to identify agency other salary amounts requested.	Yes	Yes			
11. SCHEDULE IV (EADR, SC4)						
11.1	Are the correct Information Technology (IT) issue codes used?	Yes	Yes			
TIP	If IT issues are not coded correctly (with "C" in 6th position), they will not appear in the Schedule IV.					
12. SCHEDULE VIIIA (EADR, SC8A)						
12.1	Is there only one #1 priority, one #2 priority, one #3 priority, etc. reported on the Schedule VIII-A? Are the priority narrative explanations adequate?	Yes	Yes			
13. SCHEDULE VIIIB-1						
13.1	This schedule is not required in the October 15, 2008 LBR submittal.					

Program or Service (Budget Entity Codes)				
72920100	72950100			

Action

14. SCHEDULE VIII B-2 (EADR, S8B2)

14.1	Do the reductions comply with the instructions provided on pages 95 and 96 of the LBR Instructions regarding a 10% reduction in recurring General Revenue and Trust Funds?	Yes	Yes			
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15. SCHEDULE XI (LAS/PBS Web - see page 102 of the LBR Instructions for detailed instructions)

15.1	Has the Schedule XI one page summary been e-mailed to OPB? Agencies are required to generate this spreadsheet via the LAS/PBS Web. (Note: Pursuant to section 216.023(4) (b), Florida Statutes, the Legislature can reduce the funding level for any agency that does not provide this information.)	Yes	Yes			
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AUDITS INCLUDED IN THE SCHEDULE XI REPORT:

15.2	Does the FY 2007-08 Actual (prior year) Expenditures in Column A36 reconcile to Column A01? (GENR, ACT1)	Yes	Yes			
15.3	None of the executive direction, administrative support and information technology statewide activities (ACT0010 thru ACT0490) have output standards (Record Type 5)? (Audit #1 should print "No Activities Found")	Yes	Yes			
15.4	Does the Fixed Capital Outlay (FCO) statewide activity (ACT0210) only contain 08XXXX or 14XXXX appropriation categories? (Audit #2 should print "No Operating Categories Found")	Yes	Yes			
15.5	Has the agency provided the necessary demand (Record Type 5) for all activities which <u>should</u> appear in Section II? (Note: Audit #3 will identify those activities that do NOT have a Record Type '5' and have not been identified as a 'Pass Through' activity. These activities will be displayed in Section III with the 'Payment of Pensions, Benefits and Claims' activity and 'Other' activities. Verify if these activities should be displayed in Section III. If not, an output standard would need to be added for that activity and the Schedule XI submitted again.) Activities in this section have been duly footnoted.	No	No			
15.6	Does Section I (Final Budget for Agency) and Section III (Total Budget for Agency) equal? (Audit #4 should print "No Discrepancies Found") Discrepancy has been duly footnoted.	No	No			
TIP	If Section I and Section III have a small difference, it may be due to rounding and therefore will be acceptable.					

16. MANUALLY PREPARED EXHIBITS & SCHEDULES

16.1	Do exhibits and schedules comply with LBR Instructions (pages 103 through 147 of the LBR Instructions), and are they accurate and complete?	Yes	Yes			
16.2	Are appropriation category totals comparable to Exhibit B, where applicable?	Yes	Yes			
16.3	Are agency organization charts (Schedule X) provided and at the appropriate level of detail?	Yes	Yes			

Program or Service (Budget Entity Codes)				
72920100	72950100			

Action

AUDITS - GENERAL INFORMATION

TIP	Review <i>Section 6: Audits</i> of the LBR Instructions for a list of audits and their descriptions.
TIP	Reorganizations may cause audit errors. Agencies must indicate that these errors are due to an agency reorganization to justify the audit error.

17. CAPITAL IMPROVEMENTS PROGRAM (CIP)

17.1	Are the CIP-2, CIP-3, CIP-A and CIP-B forms included?	Yes	Yes			
17.2	Are the CIP-4 and CIP-5 forms submitted when applicable (see CIP Instructions)?	Yes	Yes			
17.3	Do all CIP forms comply with CIP Instructions where applicable (see CIP Instructions)?	Yes	Yes			
17.4	Does the agency request include 5 year projections (Columns A03, A06, A07, A08 and A09)?	Yes	Yes			
17.5	Are the appropriate counties identified in the narrative?	Yes	Yes			
TIP	Requests for Fixed Capital Outlay appropriations which are Grants and Aids to Local Governments and Non-Profit Organizations must use the Grants and Aids to Local Governments and Non-Profit Organizations - Fixed Capital Outlay major appropriation category (140XXX) and include the sub-title "Grants and Aids". These appropriations utilize a CIP-B form as justification.					