

# FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014

JEFF ATWATER | CHIEF FINANCIAL OFFICER | FLORIDA DEPARTMENT OF FINANCIAL SERVICES



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## **SPECIAL APPRECIATION**

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

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

STATE OF FLORIDA

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

Fiscal Year Ended June 30, 2014



Rick Scott  
GOVERNOR

Jeff Atwater  
CHIEF FINANCIAL OFFICER

**FLORIDA DEPARTMENT OF FINANCIAL SERVICES**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2014**

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# **INTRODUCTORY SECTION**



CHIEF FINANCIAL OFFICER  
**JEFF ATWATER**  
STATE OF FLORIDA

February 27, 2015

Citizens of the State of Florida  
The Honorable Rick Scott, Governor  
The Honorable Andy Gardiner, President of the Senate  
The Honorable Steve Crisafulli, Speaker of the House of Representatives

To the Citizens of Florida, Governor Scott, President Gardiner, and Speaker Crisafulli:

I am pleased to submit the State of Florida's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014, in accordance with Section 216.102(3), Florida Statutes (F.S.). This report is prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

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

The Auditor General has issued an opinion on the state's financial statements for the fiscal year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

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

## **PROFILE OF THE STATE**

Florida's Constitution divides the governmental structure of the state into three independent branches. The Legislative Branch has exclusive lawmaking power for the state. The Executive Branch, consisting of the Governor, Cabinet, and their agencies, administers the laws made by the Legislature. The Governor shares executive power and responsibility with the Cabinet, which is composed of the Attorney General, Chief Financial Officer, and Commissioner of Agriculture. The Judicial Branch interprets the law and applies the Constitution. The organizational chart following this letter provides an overview of the state's structure. Florida's government provides a range of services to its citizens including education, health and family services, transportation, law and corrections, natural resources and environmental protection.

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

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

## **ECONOMIC CONDITION**

Florida marked the conclusion of its fifth year of positive growth in general fund collections in June 2014. This milestone followed three consecutive years of declines during the Great Recession and indicated that the state was beginning its return to more normal conditions. The state's Economic Estimating Conference confirmed in early December that Florida's economy is continuing to improve as expected—with a decided boost from lower fuel prices. Barring any spillover effects from the weakening global economy, the Conference expects that the growth in Florida will continue—allowing more normal economic and fiscal patterns to emerge sometime during the 2016-17 fiscal year.

Meanwhile, Florida's population growth and other key indicators generally continue to improve. Florida's real Gross Domestic Product in 2013 showed that the state's economic growth remained in positive territory, matching the state's revised 2012 rate with a real growth gain of 2.2 percent. This rate of growth moved Florida above the national average (1.8 percent) for the first time since 2006 and enabled a state ranking of 18th in the nation. On the more real-time measure of personal income, the calendar year results were similar: Florida ended 2013 with 2.9 percent growth over 2012, putting the state above the national growth rate of 2.6 percent. However, the latest data may provide a

note of caution to the most recently adopted forecast. Florida finished the third quarter of the 2014 calendar year with just 0.9% growth over the preceding quarter, falling slightly below the national growth rate of 1.0% and ranking 21<sup>st</sup> among all states. The forecast for 2014-2015 assumes Florida's personal income will reach \$870.6 billion, with 4.9 percent growth over the prior year. Underpinning the projected growth in personal income is continued population growth; these projections were slightly strengthened in November. In addition, new vehicle registrations and tourist visits continue to contribute strongly to Florida's economic recovery. In response to all of this, the state's revenue collections are expected to grow over the prior year.

The level of employment in Florida continues to improve from the low levels of the Great Recession. For the third quarter of the 2014 calendar year, total non-farm employment stood at 7.81 million jobs. The forecast indicates that non-farm employment will add approximately 188.2 thousand jobs during the course of the 2014-15 fiscal year, representing a 2.4 percent increase over the prior fiscal year. According to the preliminary data for November 2014 relative to November 2013, the fiscal year estimate will likely be exceeded. Similar to the job creation numbers, Florida's unemployment rate has also shown improvement over the last year and equaled the national rate of 5.8 percent in November. Most importantly, there are significant indications that the improvements will be sustainable. As expected by the Florida Legislature's Office of Economic and Demographic Research (EDR), Florida's labor force participation rate has been increasing (over the month) since December 2013 and reached 60.8 percent in May 2014. Among all unemployed, the share of those reentering the labor force increased from 24.8 percent in November 2013 to 27.4 percent in November 2014. The share of new entrants (largely, Florida's younger population) of all unemployed increased as well to 11.7 percent in November 2014 from 9.2 percent in November 2013. New entrants begin their job search by passing through a period of unemployment.

Typical economic recoveries are led by increases in lending and housing construction. Since the housing and credit markets are still sluggish compared to the years leading up to the Housing Boom, Florida's employment recovery has largely been coming from sectors other than the construction-related areas.

While it is building from very low levels, the construction sector is performing better than expected. Building permit activity, an indicator of new construction, is back in positive territory, showing strong (33.4 percent) growth for the second year in 2013. The first ten months of the 2014 calendar year indicate some slowing; year-to-date activity through October is running below last year for the same period. However, the new forecast calls for continuing improvement in starts, reaching annual rates of 81.7 thousand units in state fiscal year 2014-15 and 99.3 thousand units in state fiscal year 2015-16. To put these numbers in perspective, the peak year for starts was 2005-06 at nearly 272 thousand units.

EDR feels the long-lasting housing market correction, discounted home prices, bubble of foreclosures still working through the courts, and rising interest rates will remain the predominant drags on Florida's economy in the near-term. While the outlook for foreclosures has improved (the incoming pipeline has narrowed over the past year), meaningful improvement in the housing market will lag behind the rest of Florida's economic recovery. Even so, the recovery in Florida is well underway. The subsequent turnaround in Florida housing is being led by: low home prices that are attracting new buyers and clearing the inventory; the release of pent-up demand caused by past population growth and stalled household formation; and, Florida's unique demographics and the aging of the baby-boom generation which will fuel future population growth.

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

#### **ACKNOWLEDGEMENTS**

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

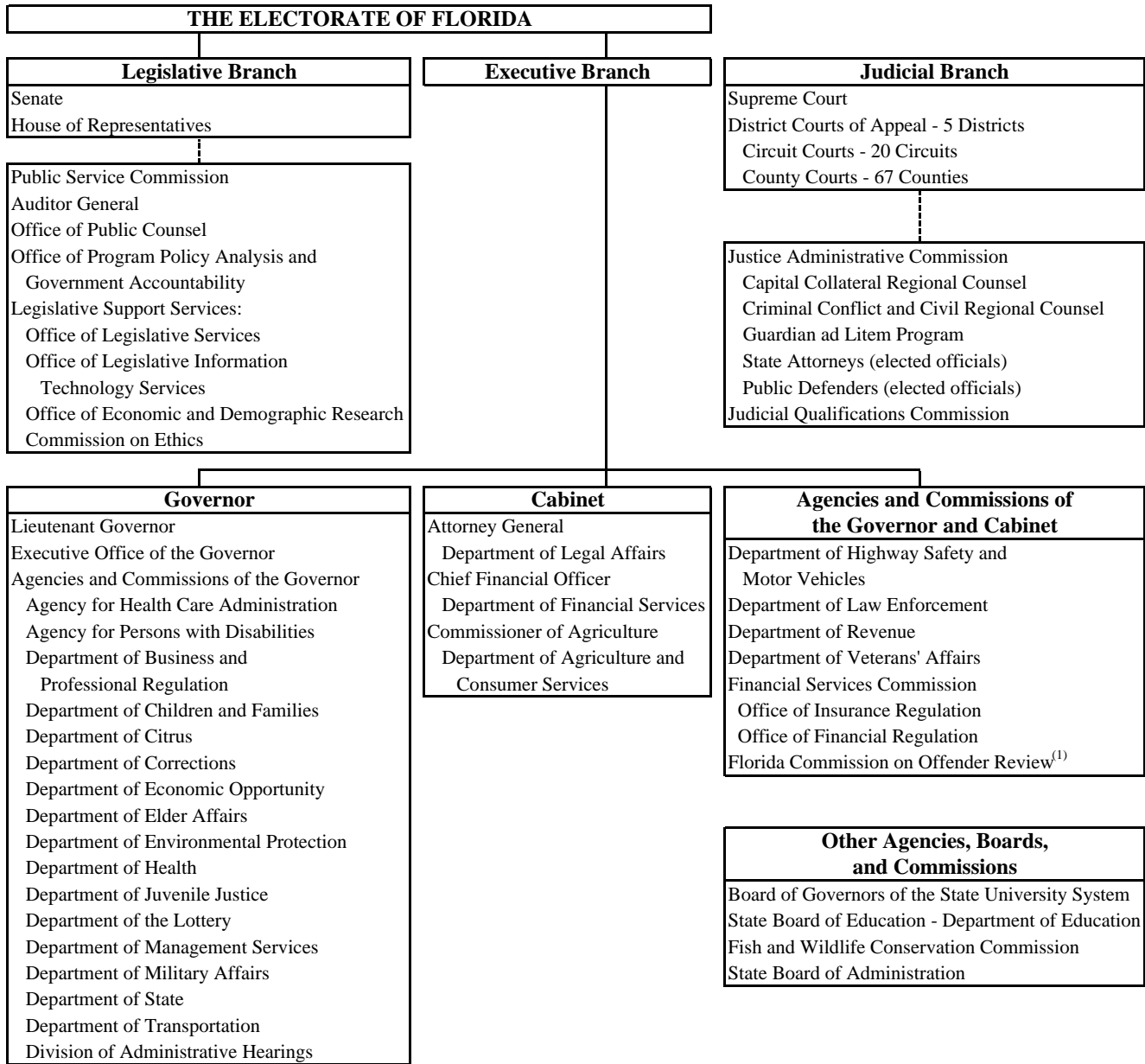
Sincerely,



Jeff Atwater  
Chief Financial Officer

JA:pjb

**ORGANIZATION AT JUNE 30, 2014**



**PRINCIPAL OFFICIALS AT JUNE 30, 2014**

**Legislative Branch**

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

**Executive Branch**

Rick Scott, Governor  
Carlos Lopez-Cantera, Lieutenant Governor  
Cabinet  
Pam Bondi, Attorney General  
Jeff Atwater, Chief Financial Officer  
Adam Putnam, Commissioner of Agriculture

**Judicial Branch**

Jorge Labarga, Chief Justice

<sup>(1)</sup>Chapter 2014-191, Laws of Florida, renamed the Parole Commission to the Florida Commission on Offender Review effective June 20, 2014.

**FINANCIAL  
SECTION**



DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

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111 West Madison Street  
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The President of the Senate, the Speaker of the  
House of Representatives, and the  
Legislative Auditing Committee

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the State's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of:

- ◆ The Prepaid College Program Fund, which is a major enterprise fund and represents 35 percent and 8 percent, respectively, of the assets and revenues of the business-type activities.
- ◆ The Florida Turnpike System, which represents 89 percent and 91 percent, respectively, of the assets and revenues of the Transportation major enterprise fund.
- ◆ The Hurricane Catastrophe Fund, which is a major enterprise fund and represents 31 percent and 11 percent, respectively, of the assets and revenues of the business-type activities.
- ◆ The College Savings Plan and the trust fund maintained by the State Board of Administration to account for the investments of the Public Employee Optional Retirement Program, which collectively represent 5 percent of the assets and 7 percent of the revenues/additions of the aggregate remaining fund information.
- ◆ The Florida Retirement System Trust Fund maintained by the State Board of Administration to account for the assets and investment income of the Florida Retirement System which represent 93 percent and 77 percent, respectively, of the assets and additions of the Pension and Other Employee Benefits Trust Funds.

- ◆ The Florida Finance Housing Corporation, Citizens Property Insurance Corporation, component units related to the State's universities and community colleges, and certain other funds and entities that, in the aggregate, represent 68 percent and 41 percent, respectively, of the assets and revenues of the discretely presented component units.

Financial statements for the above-listed funds and entities were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for these funds and entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Florida, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1. I. to the basic financial statements, the plan administrator for the defined benefit pension plans reported by the State as part of the Pension and Other Employee Benefits Trust Funds implemented a new accounting standard, Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*, for the 2013-14 fiscal year. This matter had no effect on our opinion.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis, on pages 14 through 20, and the budgetary information, the funding and contribution information for pension and other postemployment benefits, and information on infrastructure using the modified approach, on pages 148 through 159, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic

financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The Introductory Section, on pages 6 through 8, and the combining and individual fund statements and related budgetary comparison schedules and the Statistical Section, on pages 163 through 275, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and related budgetary comparison schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements and related budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining and individual fund statements and related budgetary comparison schedules are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

The Introductory Section and the Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2015, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance. That report will be included as part of our separately issued report entitled *State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards*.

Respectfully submitted,



David W. Martin, CPA  
Tallahassee, Florida  
February 27, 2015

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**MANAGEMENT’S DISCUSSION AND ANALYSIS**

The information contained in the Management’s Discussion and Analysis (MD&A) introduces the basic financial statements and provides an analytical overview of the State of Florida’s (the state’s) financial activities and performance for the fiscal year ended June 30, 2014 (fiscal year 2013-14). Please read the MD&A in conjunction with the state’s financial statements that are presented in the Financial Section of this Comprehensive Annual Financial Report (CAFR).

**Financial Statements Overview**

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

**Government-wide Financial Statements**

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

**Fund Financial Statements**

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

**Notes to the Financial Statements**

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

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

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

**Statement of Net Position**

Table 2 below presents the state’s Condensed Statement of Net Position as of June 30, 2014, and 2013, derived from the government-wide Statement of Net Position. The state’s net position at the close of the fiscal year was \$61.2 billion for governmental activities and \$22.2 billion for business-type activities, which was a combined total of \$83.4 billion for the primary government. The three components of net position include net investments in capital assets; restricted; and unrestricted. The largest component, totaling \$68.5 billion as of June 30, 2014, reflects net investments in capital assets. The state uses these capital assets to provide services to the citizens and businesses in the state; consequently, this component of net position is not available for future spending. Restricted net position is the next largest component, totaling \$23.7 billion as of June 30, 2014. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used.

Governmental activities reflect a negative or deficit fund balance in unrestricted net position of \$9.8 billion at June 30, 2014. This deficit primarily results from education-related bonds for which the state is responsible for the liability while the related assets are owned by local school districts and are therefore not included in the state’s financial statements. Refer to Note 8 to the financial statements, Governmental Activities – Unrestricted Net Position Deficit, for more information.

Business-type activities reflect a restricted net position of \$14.4 billion at June 30, 2014, an increase of \$3.9 billion over the prior year. The increase in the restricted net position over that reported in prior years is explained in the Major Fund Analysis, Proprietary Funds section that follows.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 26,504	\$ 24,086	\$ 33,196	\$ 29,340	\$ 59,700	\$ 53,426
Capital assets, net	67,254	66,378	10,193	8,788	77,447	75,166
Total assets	93,758	90,464	43,389	38,128	137,147	128,592
Total deferred outflows of resources	121	.....	41	.....	162	.....
Other liabilities	8,142	7,527	5,054	4,174	13,196	11,701
Noncurrent liabilities	24,511	25,589	16,074	16,525	40,585	42,114
Total liabilities	32,653	33,116	21,128	20,699	53,781	53,815
Total deferred inflows of resources	4	.....	145	140	149	140
Net position:						
Net investments in capital						
assets	61,728	59,994	6,790	5,841	68,518	65,835
Restricted	9,268	8,128	14,416	10,559	23,684	18,687
Unrestricted	(9,774)	(10,774)	951	889	(8,823)	(9,885)
Total net position	<u>\$ 61,222</u>	<u>\$ 57,348</u>	<u>\$ 22,157</u>	<u>\$ 17,289</u>	<u>\$ 83,379</u>	<u>\$ 74,637</u>

**Statement of Activities**

Table 3 presents the state's Condensed Statement of Activities for fiscal year 2013-14 and fiscal year 2012-13, as derived from the government-wide Statement of Activities. Over time, increases and decreases in the net position measure whether the state's financial position is improving or deteriorating. The state's total net position (before the effects of prior period adjustments) increased during the fiscal year by \$8.8 billion. The net position of governmental activities increased by \$3.9 billion, and the net position of business-type activities increased by \$4.9 billion. The majority of the increase in total program expenses for governmental activities relates to a \$2.2 billion increase in Human Services expenses and a \$1.5 billion increase in Education expenses, while the largest decline in business-type activities expenses is the \$941 million decrease in Reemployment Assistance expenses. Refer to the Major Fund Analysis section for information regarding the overall increase in revenues from governmental activities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	\$ 8,461	\$ 8,450	\$ 10,844	\$ 9,892	\$ 19,305	\$ 18,342
Operating grants and contributions	26,961	25,853	433	1,443	27,394	27,296
Capital grants and contributions	2,471	2,022	20	6	2,491	2,028
Total program revenues	<u>37,893</u>	<u>36,325</u>	<u>11,297</u>	<u>11,341</u>	<u>49,190</u>	<u>47,666</u>
General revenues and payments						
Sales and use tax	21,256	19,915	.....	.....	21,256	19,915
Other taxes	12,452	12,338	.....	.....	12,452	12,338
Investment earnings (loss)	347	104	4	1	351	105
Emergency assessments	.....	.....	499	490	499	490
Miscellaneous	.....	.....	1	1	1	1
Total general revenues and payments	<u>34,055</u>	<u>32,357</u>	<u>504</u>	<u>492</u>	<u>34,559</u>	<u>32,849</u>
Total revenues	<u>71,948</u>	<u>68,682</u>	<u>11,801</u>	<u>11,833</u>	<u>83,749</u>	<u>80,515</u>
Program expenses						
General government	6,057	6,430	.....	.....	6,057	6,430
Education	19,316	17,807	.....	.....	19,316	17,807
Human services	32,972	30,771	.....	.....	32,972	30,771
Criminal justice and corrections	3,847	4,187	.....	.....	3,847	4,187
Natural resources and environment	2,498	2,374	.....	.....	2,498	2,374
Transportation	3,851	3,543	392	426	4,243	3,969
State courts	487	456	.....	.....	487	456
Lottery	.....	.....	3,905	3,620	3,905	3,620
Hurricane Catastrophe Fund	.....	.....	(90)	(95)	(90)	(95)
Prepaid College Program	.....	.....	(48)	(149)	(48)	(149)
Reemployment Assistance	.....	.....	1,449	2,390	1,449	2,390
Nonmajor enterprise funds	.....	.....	314	287	314	287
Indirect interest on long-term debt	6	6	.....	.....	6	6
Total program expenses	<u>69,034</u>	<u>65,574</u>	<u>5,922</u>	<u>6,479</u>	<u>74,956</u>	<u>72,053</u>
Excess (deficiency) before gain (loss) and transfers	2,914	3,108	5,879	5,354	8,793	8,462
Gain (loss) on sale of capital assets	(37)	(63)	(3)	(5)	(40)	(68)
Transfers	997	1,534	(997)	(1,534)	.....	.....
Change in net position	<u>3,874</u>	<u>4,579</u>	<u>4,879</u>	<u>3,815</u>	<u>8,753</u>	<u>8,394</u>
Beginning net position, as restated (Note 1)	57,348	52,769	17,278	13,474	74,626	66,243
Ending net position	<u>\$ 61,222</u>	<u>\$ 57,348</u>	<u>\$ 22,157</u>	<u>\$ 17,289</u>	<u>\$ 83,379</u>	<u>\$ 74,637</u>

## Major Fund Analysis

### Governmental Funds

The state's governmental funds report combined ending fund balance of \$17.2 billion at June 30, 2014, a \$1.5 billion or 9.7 percent growth from the prior year. Revenues increased by \$2.8 billion or 4.1 percent, other financing sources and uses decreased by \$106 million or 4.4 percent, and expenditures increased by \$2.8 billion or 4.0 percent. Overall increases in revenues and expenditures were primarily attributable to a rise in tax revenues, an increase in federal grants and donations received and expended, and an increase in bond proceeds. Information is provided below regarding major funds with significant variances relative to the prior year.

**Public Education** – Fund balance at June 30, 2014, totaled \$1.0 billion, an increase of \$247 million or 30.8 percent. Revenues and other financing sources rose \$430 million or 7.6 percent predominantly due to an increase in transfers from the General Fund for Public Education Capital Outlay. Expenditures and other financing uses increased \$82 million or 1.4 percent from the prior year due to significant expenditure increases to education.

**Transportation** – Fund balance at June 30, 2014, totaled \$2.5 billion, a growth of \$810 million or 48.6 percent. Revenues and other financing sources increased \$471 million or 7.0 percent primarily due to bond proceeds for the Seaport Investment Program and an increase in federal funding for transportation projects.

### Proprietary Funds

The state's proprietary funds report combined ending net position of \$22.2 billion at June 30, 2014, of which \$6.8 billion is the net investment in capital assets, and \$14.4 billion is restricted for specific purposes. The remaining \$951 million was unrestricted and available for purposes of the various funds. Information is provided below regarding major funds with significant variances relative to the prior year.

**Reemployment Assistance** – This fund reports a net position of \$2.0 billion at June 30, 2014, an increase of \$886 million or 76.5 percent. Revenues decreased by \$1.3 billion or 35.9 percent while expenses declined by \$942 million or 39.1 percent. Revenues decreased as a result of the reduction of federal funds to cover the Federal Extended Unemployment Compensation program that expired during the fiscal year. The reduction in expenses is due to a significant decrease in benefit payments relative to the prior year as the economy and unemployment rate in Florida improved.

**Hurricane Catastrophe Fund** – The net position at June 30, 2014, totaled \$10.2 billion, an improvement of approximately \$1.9 billion or 22.6 percent. The increase in net position remained fairly consistent with the increase in prior year as year-over-year results of operations were \$1.5 billion of operating income. Net premium revenues and other operating revenues remained consistent with the prior year and the fund did not incur any hurricane losses. See Note 14 to the financial statements for additional information on this fund.

**Prepaid College Program** – The net position at June 30, 2014, totaled \$1.8 billion, an increase of approximately \$963 million or 116.0 percent. Revenues increased by \$612 million while expenses declined by \$86 million. The growth in revenues was primarily due to the increase in fair value of fixed income investments, while expenses decreased primarily due to a change in the actuarial determination of the present value of future benefit payments. See Note 13 for more information.

### General Fund Budget Variances

Budgeted expenditures are based on revenues estimated by the Revenue Estimating Conference and other sources. Original expenditures are budgeted for less than total expected available resources. There was a \$279 million increase between the original and final estimated revenues. Final budgeted total expenditures decreased by \$555 million from the original budget. Variances between the original and final budget or between the final budgeted and actual amounts are not expected to significantly affect future services or liquidity. For additional information on the budget variances, refer to the Budgetary Comparison Schedule for the General Fund in the Other Required Supplementary Information section of the CAFR.

### Capital Asset and Long-term Debt Activity

#### Capital Asset Activity

At June 30, 2014, the state reported \$67.3 billion in net capital assets for governmental activities and \$10.2 billion in net capital assets for business-type activities. Net capital assets for governmental and business-type activities increased from fiscal year 2012-13 to fiscal year 2013-14 by approximately 3.0 percent. The increase is primarily due to the capitalization of construction costs for infrastructure projects. Capitalized infrastructure projects include additions to and/or enhancements of roadways and bridges on the state's highway system. Construction commitments by the Florida Department of Transportation were approximately \$9.4 billion. Construction commitments by other state agencies for major projects including office

buildings and correctional facilities decreased by \$97 million compared to the prior year. Refer to Note 5 to the financial statements for information on capital assets and Note 7 to the financial statements for information on construction commitments.

### **Long-term Debt Activity**

Total bonded debt outstanding decreased by \$1.1 billion, or approximately 4.2 percent, from the prior fiscal year to a total of \$24.7 billion at June 30, 2014 due to scheduled amortization and debt service payments. The majority of the outstanding bonded debt serves to finance educational facilities (\$14.4 billion), the Florida Hurricane Catastrophe Fund (\$3.0 billion) and transportation (\$4.9 billion). New and refinanced bonded debt issues for 2014 totaled \$1.5 billion. Public-private partnership contracts outstanding increased from the prior year by \$373 million or 16.4 percent to a total of \$2.7 billion. Annual debt service payments totaled \$1.9 billion for 2014. The debt service requirements decreased by approximately \$300 million due to the Florida Forever/Preservation 2000 bonds. Projected debt service is expected to remain at approximately \$2.0 billion as payments on transportation public-private partnership projects are added, which are offset by limited new-money debt issuance and ongoing refinancing activities to lower interest rates on outstanding debt and generate debt service savings.

Significant changes in other long-term liabilities for business-type activities include a \$451 million decrease in tuition and housing benefits payable and an increase of \$345 million in public-private partnership agreements. The increase in public-private partnership agreements was mainly due to capital assets being transferred to proprietary funds with the I-595 Toll Lane openings.

The state maintained its credit ratings during the past year. During the fiscal year ended June 30, 2014, the three major rating agencies, Standard & Poor's Rating Services, Fitch Ratings, and Moody's Investors Service each affirmed the State's AAA, AAA, and Aa1 general obligation ratings and stable outlook, respectively. The State's benchmark debt ratio of debt service to revenues available to pay debt service improved to 5.60 percent in fiscal year 2014 from 6.79 percent in fiscal year 2013. The improvement is directly related to the increased revenue available to pay debt service. For the first time in several years, the benchmark debt ratio is below the 6 percent policy target.

Section 11 of Article VII of the State Constitution authorizes the state to issue general obligation bonds or revenue bonds to finance or refinance fixed capital outlay projects authorized by law. General obligation bonds are secured by the full faith and credit of the state and payable from specified taxes. Revenue bonds are payable solely from specified revenues. The responsibility to issue most state bonds rests with the Division of Bond Finance of the State Board of Administration. However, certain quasi-governmental entities also incur debt and are reported as part of the primary government. See the *State of Florida 2014 Debt Affordability Report* for more detailed information about the state's debt position. The report can be found at [www.sbafla.com/bondfinance](http://www.sbafla.com/bondfinance) or by contacting the Division of Bond Finance, 1801 Hermitage Boulevard, Suite 200, Tallahassee, Florida 32308, (850) 488-4782. Additional information on long-term debt is also found in Notes 8, 9, and 10 to the financial statements and the Statistical Section of this report.

### **Infrastructure Accounted for Using the Modified Approach**

The state elected to use the modified approach to account for roadways, bridges, and other infrastructure assets of the State Highway System. Under this approach, the Florida Department of Transportation (FDOT) committed to maintain these assets at levels established by FDOT and approved by the Florida Legislature. No depreciation expense is reported for these assets, nor are amounts capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential. FDOT maintains an inventory of these assets and performs periodic assessments to establish that predetermined condition levels are being maintained. The condition assessments performed during fiscal year 2013-14 show that the roadways and bridges of the State Highway System are being maintained at or near FDOT standards. These condition assessments were consistent with condition assessments conducted during past years. In addition, FDOT makes annual estimates of the amounts that must be expended to maintain the roadways and bridges included on the State Highway System at the predetermined condition levels. These estimates are based on the FDOT five-year plan that is revised as projects are added, deleted, adjusted, or postponed. Refer to the Other Required Supplementary Information of the CAFR for information on FDOT's established condition standards, recent condition assessments, and other information on infrastructure reported on the modified approach.

### Economic Factors

General fund tax collections for the fiscal year ended June 30, 2014, were 5.0 percent higher than the prior fiscal year. While this percentage is lower than the reported 6.1 percent for Fiscal Year 2012-13, it falls more in line with the type of growth experienced since the outright decline in receipts during the Great Recession. A significant part of the growth came from gains in the major sources supporting the general fund. Most importantly, total sales tax revenue — the state's primary source of general revenue — grew a robust 7.2 percent from Fiscal Year 2012-13 to Fiscal Year 2013-14. It has been eight years since that rate of growth has been seen for this source. Although the economic recovery generally remained measured with relatively modest gains in the state's Gross Domestic Product and personal income, signs of continued strengthening were clear in the widespread improvement across all areas of sales tax collections (nondurables, tourism and recreation, autos and accessories, other durables, building investment and business investment). Overall, general fund collections ended the year barely shy of the 2005-06 peak collection year, coming in at 92.4 percent of that level.

Several revenue sources have continued to track the ebb and flow of the state's overall economic conditions. Among them, documentary stamp and intangibles tax collections predominantly rely on activity in the state's real estate market. Since the end of the housing boom in 2005-06, Florida's sizable inventory of unsold homes, discounted home prices, and looming foreclosures have hindered a return to normal conditions in the real-estate market. Eight years since the boom's height, this is still true, although conditions continue to improve. For statewide existing home sales and the median sales price for existing homes, the direction has been positive with both sources exhibiting healthy percentage gains over the prior year, registering 7.3 percent and 11.7 percent growth, respectively. The picture also solidified for private housing starts and construction expenditures, allowing total documentary stamp taxes to grow 8.7 percent. This growth brought documentary stamp taxes to 44.6 percent of their prior peak. Reflecting a slightly different aspect of the market, the intangibles tax, which entirely benefits the general fund, took a small step backwards as refinancing activity slowed, posting an 8.9 percent loss from the prior year. Across the two sources, the collection levels are still low by historic standards, distorting the magnitude of percentage changes (both up and down).

While national corporate profits continued to be in record-breaking territory in Fiscal Year 2013-14, the state's corporate income tax collections faltered. Still considerably below peak total receipts, this temporary shift downward reflects the belief that corporate entities are investing their cash reserves in ways that reduce taxable income, rather than any underlying weakness. Individually, less than half of the state's general revenue sources posted actual gains over the prior year, with a handful of others essentially matching their prior year levels. At the end of the 2013-14 state fiscal year, total general fund collections were \$106.7 million below the estimate made by the state's Revenue Estimating Conference in March 2014, helping to produce the more tempered growth rate described above. Even so, the general fund sources collectively outperformed the class of total revenue for the state. Including federal dollars, total revenue increased by 4.2 percent over this period.

When the state's Revenue Estimating Conference met in December 2014, monthly collections for the 2014-15 state fiscal year were already above the estimates made in August 2014 by \$158.6 million. This overage (equivalent to 1.55 percent) was stronger and more consistent than normal variations in collections. Recognizing both those higher levels and the extraordinarily low fuel prices, the Conference increased the forecast for Fiscal Year 2014-15 by \$296.0 million even though some of the economic drivers are expected to slightly weaken in the months ahead. For Fiscal Year 2015-16, anticipated revenues were revised upward by a similar amount, increasing by \$331.9 million. These adjustments are slightly over 1 percent in each year. State Economists are projecting that final general revenue collections will be \$1.29 billion higher than last year to produce a 4.9 percent growth rate for the 2014-15 fiscal year. The new projected total for the 2014-15 fiscal year is nearly \$27.5 billion, surpassing the 2005-06 peak collection level.

As a buffer against future financial shocks or spillover effects from global weakening, the latest General Revenue Outlook shows that there will be just over \$1.960 billion in unallocated general revenue remaining at the end of the current fiscal year. The state's major reserve for emergencies, the Budget Stabilization Fund, has a planned balance of at least \$1.139 billion on June 30, 2015, and should increase to nearly \$1.354 billion by June 30, 2016. The anticipated increases relate to the scheduled fourth and fifth of five repayments of the funds previously transferred to the general fund in state fiscal year 2008-09 (\$1.07 billion in total). Refer to Note 1K, for additional information on the Budget Stabilization Fund. The other source most frequently mentioned as part of the state's informal reserve system is the Lawton Chiles Endowment Fund which had an end-of-quarter market value of \$605.4 million on September 30, 2014, bringing the total of all reserves to just over \$3.7 billion or nearly 13.5 percent of the state's general fund collections. According to the state's Long-Range Financial Outlook adopted in September 2014, the state is not anticipating a budget gap for the upcoming fiscal year, meaning the projected revenues should meet all anticipated needs.

**Contact the State's Financial Management**

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

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

**FINANCIAL  
SECTION:  
BASIC FINANCIAL  
STATEMENTS**

## STATEMENT OF NET POSITION

JUNE 30, 2014

(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 150,500	\$ 456,593	\$ 607,093	\$ 2,484,766
Pooled investments with State Treasury	14,737,449	3,074,320	17,811,769	2,837,174
Other investments	1,499,097	25,948,496	27,447,593	20,467,038
Receivables, net	5,682,920	1,144,946	6,827,866	1,970,002
Internal balances	350,179	(350,179)	.....	.....
Due from component units/primary	4,156	248	4,404	378,874
Inventories	71,481	8,413	79,894	68,399
Restricted cash and cash equivalents	.....	19,126	19,126	491,672
Restricted pooled investments with State Treasury	.....	59,464	59,464	719,328
Restricted investments	.....	1,093,419	1,093,419	5,473,017
Advances to other entities	986,982	.....	986,982	.....
Other loans and notes receivable, net	3,011,571	1,719,293	4,730,864	2,682,052
Other assets	9,316	22,569	31,885	948,304
Capital assets, net	67,254,543	10,192,828	77,447,371	22,732,743
Total assets	93,758,194	43,389,536	137,147,730	61,253,369
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Accum. decrease in fair value - hedging derivatives	.....	.....	.....	59,968
Grants paid in advance	265	.....	265	.....
Amount deferred on refunding of debt	120,264	41,102	161,366	4,284
Total deferred outflows of resources	120,529	41,102	161,631	64,252
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	1,853,397	800,270	2,653,667	2,933,124
Due to other governments	15	8,722	8,737	.....
Due to component units/primary	28,630	659	29,289	120,806
Obligations under security lending agreements	1,598,318	2,732,957	4,331,275	.....
Long-term liabilities				
Due within one year	4,661,216	1,511,191	6,172,407	3,104,076
Due in more than one year	24,510,921	16,074,409	40,585,330	13,796,066
Total liabilities	32,652,497	21,128,208	53,780,705	19,954,072
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred service concession arrangement receipts	.....	145,120	145,120	337
Accum. increase in fair value - hedging derivatives	.....	.....	.....	4,293
Amount deferred on refunding of debt	4,044	.....	4,044	11,668
Total deferred inflows of resources	4,044	145,120	149,164	16,298
<b>NET POSITION</b>				
Net investments in capital assets	61,727,674	6,789,610	68,517,284	18,721,306
Restricted for				
Environment, Recreation and Conservation	2,672,904	.....	2,672,904	.....
Public Education	502,820	.....	502,820	.....
Health and Family Services	1,771,369	.....	1,771,369	.....
Transportation	2,475,460	316,989	2,792,449	.....
Nonmajor governmental funds	1,100,467	.....	1,100,467	.....
Debt service	263,030	.....	263,030	49,582
Lottery	.....	93,419	93,419	.....
Prepaid College Program	.....	1,792,466	1,792,466	.....
Hurricane Catastrophe Fund	.....	10,160,217	10,160,217	.....
Reemployment Assistance	.....	2,044,428	2,044,428	.....
Other	482,457	9,144	491,601	6,378,214
Funds held for permanent endowment				
Expendable	.....	.....	.....	777,347
Nonexpendable	.....	.....	.....	3,415,349
Unrestricted	(9,773,999)	951,037	(8,822,962)	12,005,453
Total net position	\$ 61,222,182	\$ 22,157,310	\$ 83,379,492	\$ 41,347,251

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

**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 6,057,247	\$ 4,804,016	\$ 1,006,492	\$ 4,270	\$ (242,469)
Education	19,316,440	235,756	2,518,600	1,534	(16,560,550)
Human services	32,971,959	2,443,730	21,947,892	2,399	(8,577,938)
Criminal justice and corrections	3,847,359	261,949	90,343	517	(3,494,550)
Natural resources and environment	2,497,934	342,489	1,323,077	44,635	(787,733)
Transportation	3,851,085	274,205	73,225	2,417,535	(1,086,120)
State courts	487,056	99,211	1,365	.....	(386,480)
Indirect interest on long-term debt	5,814	.....	.....	.....	(5,814)
Total governmental activities	69,034,894	8,461,356	26,960,994	2,470,890	(31,141,654)
Business-type activities:					
Transportation	392,138	922,212	.....	15,398	545,472
Lottery	3,904,940	5,392,735	.....	.....	1,487,795
Hurricane Catastrophe Fund	(90,146)	1,296,550	.....	.....	1,386,696
Prepaid College Program	(48,662)	913,778	.....	.....	962,440
Reemployment Assistance	1,448,606	1,911,442	432,501	.....	895,337
Nonmajor enterprise funds	314,276	406,902	197	4,334	97,157
Total business-type activities	5,921,152	10,843,619	432,698	19,732	5,374,897
Total primary government	\$ 74,956,046	\$ 19,304,975	\$ 27,393,692	\$ 2,490,622	\$ (25,766,757)
<b>Component units</b>					
Florida Housing Finance Corporation	\$ 220,312	\$ 132,116	\$ .....	\$ .....	\$ (88,196)
University of Florida	4,394,164	2,886,541	750,375	61,373	(695,875)
Citizens Property Insurance Corporation	1,475,142	1,937,203	.....	.....	462,061
Nonmajor component units	11,207,959	3,225,823	3,738,323	502,380	(3,741,433)
Total component units	\$ 17,297,577	\$ 8,181,683	\$ 4,488,698	\$ 563,753	\$ (4,063,443)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net (expense) revenue	\$ (31,141,654)	\$ 5,374,897	\$ (25,766,757)	\$ (4,063,443)
General revenues:				
Taxes				
Sales and use tax	21,255,958	.....	21,255,958	.....
Fuel taxes	2,680,381	.....	2,680,381	.....
Corporate income tax	2,043,380	.....	2,043,380	.....
Documentary stamp tax	1,806,604	.....	1,806,604	.....
Intangible personal property tax	254,236	.....	254,236	.....
Communications service tax	1,317,185	.....	1,317,185	.....
Beverage and tobacco taxes	1,631,109	.....	1,631,109	.....
Insurance premium tax	917,693	.....	917,693	.....
Gross receipts utilities tax	614,337	.....	614,337	.....
Property taxes	.....	.....	.....	468,554
Other taxes	1,187,566	.....	1,187,566	.....
Investment earning (loss)	346,868	3,957	350,825	1,144,379
Gain (loss) on sale of capital assets	(36,506)	(2,579)	(39,085)	(11,802)
Payments from the State of Florida	.....	.....	.....	3,472,099
Emergency assessments	.....	498,560	498,560	.....
Miscellaneous	.....	1,050	1,050	825,862
Transfers	996,993	(996,993)	.....	.....
Contributions to permanent funds	.....	.....	.....	57,188
Total general revenues, transfers and contributions	35,015,804	(496,005)	34,519,799	5,956,280
Changes in net position	3,874,150	4,878,892	8,753,042	1,892,837
Net position - beginning, as restated (Note 1)	57,348,032	17,278,418	74,626,450	39,454,414
Net position - ending	\$ 61,222,182	\$ 22,157,310	\$ 83,379,492	\$ 41,347,251

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

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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

## Major Funds

### GENERAL FUND

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

### ENVIRONMENT, RECREATION AND CONSERVATION

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

### PUBLIC EDUCATION

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

### HEALTH AND FAMILY SERVICES

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

### TRANSPORTATION

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

## Nonmajor Funds

Nonmajor governmental funds are presented, by fund type, beginning on page 163.

2014 STATE OF FLORIDA CAFR

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014  
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 21,020	\$ 1,627	\$ .....	\$ 60,109
Pooled investments with State Treasury	5,968,358	1,569,376	877,314	1,555,895
Other investments	877,291	74	.....	.....
Receivables, net	1,647,899	168,638	66,273	2,625,058
Due from other funds	183,874	4,901	78,702	112,080
Due from component units/primary	398	584	1,988	.....
Inventories	19,337	475	.....	39,300
Other	817	.....	.....	.....
Total current assets	8,718,994	1,745,675	1,024,277	4,392,442
<u>Noncurrent assets</u>				
Long-term investments	368	.....	.....	.....
Advances to other funds	2,603	.....	.....	.....
Advances to other entities	22,770	25,170	939,021	.....
Other loans and notes receivable, net	58,189	1,128,987	154	36,314
Other	.....	.....	.....	.....
Total noncurrent assets	83,930	1,154,157	939,175	36,314
Total assets	8,802,924	2,899,832	1,963,452	4,428,756
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Grants paid in advance	.....	.....	.....	.....
Total deferred outflows of resources	.....	.....	.....	.....
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	411,108	41,776	10,386	400,372
Due to other funds	213,907	23,908	2,910	28,946
Due to component units/primary	5,164	12,281	156	7,789
Compensated absences	11,863	909	95	1,158
Claims payable	292,137	.....	.....	1,186,709
Deposits	5,493	6,742	14,838	433
Obligations under security lending agreements	1,091,887	121,776	71,065	9,572
Total current liabilities	2,031,559	207,392	99,450	1,634,979
<u>Noncurrent liabilities</u>				
Advances from other funds	100	.....	816,867	.....
Deposits	.....	.....	.....	.....
Other	.....	.....	.....	.....
Total noncurrent liabilities	100	.....	816,867	.....
Total liabilities	2,031,659	207,392	916,317	1,634,979
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	296,808	841	.....	1,126,096
Total deferred inflows of resources	296,808	841	.....	1,126,096
<b>FUND BALANCES</b>				
Nonspendable	36,142	25,645	154	39,300
Restricted	90,396	2,005,898	1,402,135	203,394
Committed	903,183	660,056	453,828	1,424,987
Unassigned	5,444,736	.....	(808,982)	.....
Total fund balances	6,474,457	2,691,599	1,047,135	1,667,681
Total liabilities, deferred inflows and fund balances	\$ 8,802,924	\$ 2,899,832	\$ 1,963,452	\$ 4,428,756

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

2014 STATE OF FLORIDA CAFR

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Transportation	Nonmajor Governmental Funds	Totals 6/30/14
\$ 1,089	\$ 25,742	\$ 109,587
2,743,123	1,453,398	14,167,464
.....	310,236	1,187,601
350,772	407,494	5,266,134
159,278	53,048	591,883
.....	.....	2,970
10,538	1,831	71,481
.....	204	1,021
<u>3,264,800</u>	<u>2,251,953</u>	<u>21,398,141</u>
.....	235,270	235,638
186,459	.....	189,062
.....	21	986,982
815,048	972,879	3,011,571
8,295	.....	8,295
<u>1,009,802</u>	<u>1,208,170</u>	<u>4,431,548</u>
<u>4,274,602</u>	<u>3,460,123</u>	<u>25,829,689</u>
265	.....	265
<u>265</u>	<u>.....</u>	<u>265</u>
454,814	194,906	1,513,362
46,838	116,198	432,707
.....	2,936	28,326
5,651	1,973	21,649
.....	26,334	1,505,180
429,529	86,196	543,231
191,729	68,290	1,554,319
<u>1,128,561</u>	<u>496,833</u>	<u>5,598,774</u>
.....	625	817,592
63,041	16,648	79,689
.....	1,972	1,972
<u>63,041</u>	<u>19,245</u>	<u>899,253</u>
<u>1,191,602</u>	<u>516,078</u>	<u>6,498,027</u>
607,804	66,213	2,097,762
<u>607,804</u>	<u>66,213</u>	<u>2,097,762</u>
10,538	19,653	131,432
23,770	1,918,146	5,643,739
2,441,153	940,033	6,823,240
.....	.....	4,635,754
<u>2,475,461</u>	<u>2,877,832</u>	<u>17,234,165</u>
<u>\$ 4,274,867</u>	<u>\$ 3,460,123</u>	<u>\$ 25,829,954</u>

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2014 STATE OF FLORIDA CAFR

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**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
JUNE 30, 2014  
(in thousands)**

Total fund balances for governmental funds		\$ 17,234,165
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities reported in governmental funds are not financial resources and therefore are not reported in the funds.		
Land and other nondepreciable assets	17,711,136	
Nondepreciable infrastructure	38,943,752	
Buildings, equipment and other depreciable assets	6,326,422	
Accumulated depreciation	(3,896,760)	
Construction work in progress	7,019,307	
		66,103,857
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(734,583)	
Installment purchases/capital leases/public-private partnership agreements	(2,357,387)	
Claims payable	(2,281,985)	
Bonds payable	(18,415,936)	
Certificates of participation payable	(102,995)	
Net other post employment benefits	(1,195,732)	
Other	(25,486)	
		(25,114,104)
Deferred amounts on refunding are reported in the Statement of Net Position as deferred outflows or deferred inflows of resources (to be amortized as interest expense) but are not reported in the funds.		
		114,140
Accrued interest payable on bonds that is not recognized on the fund statements but is recognized on the Statement of Net Position.		
		(54,722)
Assets (receivables) not available to provide current resources are offset with deferred inflows of resources in the fund statements. The reduction of the the deferred inflow and recognition of revenue increases net position in the Statement of Net Position.		
		2,097,762
To record the net effect of assets not reported in the Governmental Funds (held in Agency Funds), but reported in the Statement of Net Position for liabilities not legally defeased.		
		298,368
Internal service funds are used to report activities that provide goods and services to other funds or agencies within the state. Therefore, the excess of assets over liabilities of the internal service funds are included as governmental activities on the Statement of Net Position.		
		542,716
Net position of governmental activities		\$ 61,222,182

2014 STATE OF FLORIDA CAFR

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**(in thousands)**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services
<b>REVENUES</b>				
Taxes	\$ 28,823,083	\$ 276,877	\$ 1,010,082	\$ 958,587
Licenses and permits	510,440	46,810	834	38,134
Fees and charges	1,822,909	172,045	60,058	1,651,213
Grants and donations	21,212	185,633	2,336,654	21,642,793
Investment earnings (losses)	268,083	51,432	61,200	10,014
Fines, forfeits, settlements and judgments	128,019	3,980	144,240	44,592
Other	3,506	7,604	2,535	416,354
<b>Total revenues</b>	<b>31,577,252</b>	<b>744,381</b>	<b>3,615,603</b>	<b>24,761,687</b>
<b>EXPENDITURES</b>				
Current:				
General government	3,913,554	29,095	.....	147,018
Education	14,131,649	.....	4,406,384	.....
Human services	6,818,605	.....	.....	25,636,697
Criminal justice and corrections	3,231,657	.....	.....	.....
Natural resources and environment	326,927	746,141	.....	.....
Transportation	4,994	.....	.....	.....
State courts	373,951	.....	.....	.....
Capital outlay	56,820	37,701	2,889	5,131
Debt service:				
Principal retirement	10,254	.....	.....	5,147
Interest and fiscal charges	5,004	.....	.....	714
<b>Total expenditures</b>	<b>28,873,415</b>	<b>812,937</b>	<b>4,409,273</b>	<b>25,794,707</b>
Excess (deficiency) of revenues over expenditures	2,703,837	(68,556)	(793,670)	(1,033,020)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of bond issues	2,227	.....	141,924	.....
Proceeds of refunding bonds	.....	.....	.....	.....
Proceeds of financing agreements	6,886	.....	.....	.....
Operating transfers in	554,501	549,592	2,353,285	1,581,619
Operating transfers out	(2,949,841)	(332,693)	(1,454,766)	(518,301)
Payments to refunded bond agent	.....	.....	.....	.....
<b>Total other financing sources (uses)</b>	<b>(2,386,227)</b>	<b>216,899</b>	<b>1,040,443</b>	<b>1,063,318</b>
<b>Net change in fund balances</b>	<b>317,610</b>	<b>148,343</b>	<b>246,773</b>	<b>30,298</b>
Fund balances - beginning	6,156,847	2,543,256	800,362	1,637,383
<b>Fund balances - ending</b>	<b>\$ 6,474,457</b>	<b>\$ 2,691,599</b>	<b>\$ 1,047,135</b>	<b>\$ 1,667,681</b>

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

2014 STATE OF FLORIDA CAFR

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Transportation	Nonmajor Governmental Funds	Totals 6/30/14
\$ 2,399,847	\$ 243,686	\$ 33,712,162
10,314	1,296,985	1,903,517
401,091	720,435	4,827,751
2,478,843	2,221,074	28,886,209
44,859	46,185	481,773
2,181	543,197	866,209
2,013	133,200	565,212
<u>5,339,148</u>	<u>5,204,762</u>	<u>71,242,833</u>
181,184	1,906,918	6,177,769
.....	185,017	18,723,050
.....	433,374	32,888,676
.....	441,699	3,673,356
.....	1,278,595	2,351,663
3,721,121	.....	3,726,115
.....	101,146	475,097
1,942,695	59,787	2,105,023
123	996,989	1,012,513
1	888,777	894,496
<u>5,845,124</u>	<u>6,292,302</u>	<u>72,027,758</u>
<u>(505,976)</u>	<u>(1,087,540)</u>	<u>(784,925)</u>
149,497	4,470	298,118
.....	807,336	807,336
373,111	3,527	383,524
1,372,625	2,803,491	9,215,113
(579,498)	(1,755,089)	(7,590,188)
.....	(807,336)	(807,336)
<u>1,315,735</u>	<u>1,056,399</u>	<u>2,306,567</u>
809,759	(31,141)	1,521,642
<u>1,665,702</u>	<u>2,908,973</u>	<u>15,712,523</u>
<u>\$ 2,475,461</u>	<u>\$ 2,877,832</u>	<u>\$ 17,234,165</u>

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2014 STATE OF FLORIDA CAFR

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

Net change in fund balance - total governmental funds		\$ 1,521,642
Internal service funds are used by management to charge the costs of goods or services to other funds and agencies within the state. Therefore, the net revenue (expense) of the internal service funds is reported with governmental activities.		105,951
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over the estimated useful lives of the assets and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation in the current period.		
Capital outlay expenditures	937,408	
Capital asset transfers, net	606,269	
Depreciation expense	(276,442)	1,267,235
In the Statement of Activities, the gain or (loss) on the sale of assets is reported whereas in the governmental funds only the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the assets sold.		(37,251)
In the Statement of Activities, some revenues are recognized that do not provide current financial resources and are not recognized as revenues in the governmental funds until available, i.e., deferred inflows of resources, unavailable revenue.		662,299
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in compensated absences	(17,464)	
Decrease in accrued interest	3,100	
Decrease in claims payable	227,554	
Increase in net other post employment benefits	(317,409)	
Decrease in other liabilities	6,541	(97,678)
The incurrence of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Bond proceeds	(298,118)	
Refunding bond proceeds	(807,336)	
Financing agreement proceeds	(383,524)	
Repayment of bonds	993,093	
Repayment of capital leases/installment purchase contracts	19,421	
Payment to refunded bond escrow agent	807,336	
Amortization of bond premium	173,323	
Amortization of deferred amount on refunding	(12,140)	
Accrued interest payable at refunding	(40,103)	451,952
Change in net position of governmental activities		\$ 3,874,150

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# PROPRIETARY FUND FINANCIAL STATEMENTS

## Major Funds

### TRANSPORTATION

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

### LOTTERY

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

### FLORIDA HURRICANE CATASTROPHE FUND

This fund, administered by the State Board of Administration, is a blended component unit and was created to help cover insurers' losses in the event of a hurricane disaster.

### PREPAID COLLEGE PROGRAM

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

### REEMPLOYMENT ASSISTANCE

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

## Nonmajor Funds

Nonmajor enterprise funds are presented on page 199.

## Internal Service Funds

Internal service funds are presented on page 205.

2014 STATE OF FLORIDA CAFR

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014  
(in thousands)**

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$ 12,699	\$ 15,343	\$ 374,748	\$ 18,544	\$ 2,317
Pooled investments with State Treasury	947,289	136,666	.....	.....	1,667,651
Other investments	.....	.....	11,443,007	3,028,728	.....
Receivables, net	17,519	47,534	140,204	409,550	444,788
Due from other funds	60,201	.....	.....	11	1,875
Due from component units/primary	.....	.....	.....	.....	.....
Inventories	6,678	1,735	.....	.....	.....
Other	.....	2,225	.....	.....	.....
Total current assets	1,044,386	203,503	11,957,959	3,456,833	2,116,631
<u>Noncurrent assets</u>					
Restricted cash and cash equivalents	19,126	.....	.....	.....	.....
Restricted pooled investments with State Treasury	43,872	15,592	.....	.....	.....
Restricted investments	302,936	790,483	.....	.....	.....
Long-term investments	.....	.....	1,412,553	9,985,819	.....
Other loans and notes receivable, net	76,751	.....	.....	1,637,012	.....
Capital assets					
Land and other non-depreciable assets	909,461	493	.....	.....	.....
Non-depreciable infrastructure	7,350,530	.....	.....	.....	.....
Buildings, equipment, and other depreciable assets	560,709	14,095	52	37	.....
Accumulated depreciation	(253,394)	(10,345)	(48)	(30)	.....
Construction work in progress	1,525,290	.....	.....	.....	.....
Other	.....	19,819	.....	.....	.....
Total noncurrent assets	10,535,281	830,137	1,412,557	11,622,838	.....
Total assets	11,579,667	1,033,640	13,370,516	15,079,671	2,116,631
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Amount deferred on refunding of debt	41,102	.....	.....	.....	.....
Total deferred outflows of resources	41,102	.....	.....	.....	.....
<b>LIABILITIES</b>					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	69,039	7,688	198,631	461,525	29,771
Accrued prize liability	.....	190,232	.....	.....	.....
Due to other governments	.....	.....	.....	.....	8,722
Due to other funds	104,469	55,493	217	91	1,768
Due to component units/primary	.....	.....	.....	.....	.....
Compensated absences	.....	585	53	46	.....
Installment purchases/capital leases	38,050	.....	.....	.....	.....
Bonds payable	.....	.....	325,000	.....	.....
Bonds payable from restricted assets	121,070	.....	.....	.....	.....
Deposits	59,875	.....	.....	.....	20,098
Obligations under security lending agreements	80,314	376,316	.....	2,254,327	.....
Certificates of participation payable	.....	.....	.....	.....	.....
Tuition and housing benefits payable	.....	.....	.....	724,482	.....
Total current liabilities	472,817	630,314	523,901	3,440,471	60,359
<u>Noncurrent liabilities</u>					
Advances from other funds	185,559	.....	.....	.....	.....
Accrued prize liability	.....	298,466	.....	.....	.....
Bonds payable	2,827,555	.....	2,686,249	.....	.....
Certificates of participation payable	.....	.....	.....	.....	.....
Installment purchases/capital leases	306,984	.....	.....	.....	.....
Deposits	550	.....	.....	.....	11,844
Compensated absences	.....	3,189	145	139	.....
Tuition and housing benefits payable	.....	.....	.....	9,846,588	.....
Other	.....	4,009	.....	.....	.....
Total noncurrent liabilities	3,320,648	305,664	2,686,394	9,846,727	11,844
Total liabilities	3,793,465	935,978	3,210,295	13,287,198	72,203
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred service concession arrangement receipts	145,120	.....	.....	.....	.....
Amount deferred on refunding of debt	.....	.....	.....	.....	.....
Total deferred inflows of resources	145,120	.....	.....	.....	.....
<b>NET POSITION</b>					
Net investment in capital assets	6,694,714	4,243	4	7	.....
Restricted for Reemployment Assistance	.....	.....	.....	.....	2,044,428
Restricted for Lottery	.....	93,419	.....	.....	.....
Restricted for Hurricane Catastrophe Fund	.....	.....	10,160,217	.....	.....
Restricted for Prepaid College Program	.....	.....	.....	1,792,466	.....
Restricted for Transportation	316,989	.....	.....	.....	.....
Restricted - other	.....	.....	.....	.....	.....
Unrestricted	670,481	.....	.....	.....	.....
Total net position	\$ 7,682,184	\$ 97,662	\$ 10,160,221	\$ 1,792,473	\$ 2,044,428

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

Nonmajor Enterprise Funds	Totals 6/30/14	Internal Service Funds
\$ 32,942	\$ 456,593	\$ 40,913
322,714	3,074,320	569,985
27,449	14,499,184	75,858
18,887	1,078,482	22,473
7,273	69,360	17,719
248	248	1,186
.....	8,413	.....
525	2,750	.....
410,038	19,189,350	728,134
.....	19,126	.....
.....	59,464	.....
.....	1,093,419	.....
50,940	11,449,312	.....
5,530	1,719,293	.....
.....	909,954	322
.....	7,350,530	.....
115,820	690,713	1,584,083
(46,129)	(309,946)	(433,719)
26,287	1,551,577	.....
.....	19,819	.....
152,448	24,553,261	1,150,686
562,486	43,742,611	1,878,820
.....	41,102	2,973
.....	41,102	2,973
33,298	799,952	167,410
.....	190,232	.....
.....	8,722	15
5,796	167,834	34,233
659	659	304
4,354	5,038	2,996
1,228	39,278	3,169
.....	325,000	23,475
.....	121,070	.....
26,118	106,091	148,038
22,000	2,732,957	43,999
.....	.....	37,925
.....	724,482	.....
93,453	5,221,315	461,564
.....	185,559	2,778
.....	298,466	.....
.....	5,513,804	292,561
.....	.....	535,542
19,393	326,377	16,204
32,881	45,275	.....
13,709	17,182	11,696
.....	9,846,588	.....
22,708	26,717	17,839
88,691	16,259,968	876,620
182,144	21,481,283	1,338,184
.....	145,120	.....
.....	.....	893
.....	145,120	893
90,642	6,789,610	243,890
.....	2,044,428	.....
.....	93,419	.....
.....	10,160,217	.....
.....	1,792,466	.....
.....	316,989	.....
9,144	9,144	76,679
280,556	951,037	222,147
\$ 380,342	\$ 22,157,310	\$ 542,716

2014 STATE OF FLORIDA CAFR

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
 (in thousands)**

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program
<b>OPERATING REVENUES</b>				
Sales - nonstate	\$ 8,387	\$ 5,374,004	\$ 1,269,745	\$ 368,387
Change in actuarial value of contract premiums	.....	.....	.....	(114,863)
Fees	872,496	.....	.....	1,940
Sales - state	.....	.....	41	.....
Rents and royalties - nonstate	7,313	505	.....	.....
Rents - state	.....	.....	.....	.....
Fines, forfeits, settlements and judgments	4,433	200	.....	.....
Other	.....	.....	.....	.....
Total operating revenues	<u>892,629</u>	<u>5,374,709</u>	<u>1,269,786</u>	<u>255,464</u>
<b>OPERATING EXPENSES</b>				
Benefit payments	.....	.....	.....	.....
Payment of lottery winnings	.....	3,431,092	.....	.....
Commissions on lottery sales	.....	298,651	.....	.....
Contractual services	229,371	115,857	3,553	393,486
Change in actuarial value of contract benefit payments	.....	.....	(186,004)	(450,979)
Insurance claims expense	.....	.....	.....	.....
Personal services	9,747	27,452	1,273	1,077
Depreciation	39,084	715	2	1
Materials and supplies	5,120	239	16	28
Repairs and maintenance	.....	1,449	.....	11
Basic services	.....	5,708	144	131
Interest and fiscal charges	.....	.....	23	29
Total operating expenses	<u>283,322</u>	<u>3,881,163</u>	<u>(180,993)</u>	<u>(56,216)</u>
Operating income (loss)	<u>609,307</u>	<u>1,493,546</u>	<u>1,450,779</u>	<u>311,680</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Grants and donations	15,393	.....	.....	.....
Investment earnings (losses)	24,067	18,026	26,764	658,314
Interest and fiscal charges	(108,816)	(23,768)	(90,847)	(7,170)
Fines, forfeits, judgments and settlements	864	.....	.....	186
Property disposition gain (loss)	(1,437)	125	.....	.....
Grant expense and client benefits	.....	.....	.....	.....
Emergency assessment funds received	.....	.....	498,560	.....
Other	5,515	.....	.....	(23)
Total nonoperating revenues (expenses)	<u>(64,414)</u>	<u>(5,617)</u>	<u>434,477</u>	<u>651,307</u>
Income (loss) before transfers and contributions	544,893	1,487,929	1,885,256	962,987
Operating transfers in	28,627	.....	.....	.....
Operating transfers out	(29,220)	(1,495,570)	(10,000)	(361)
Capital contributions	606,249	.....	.....	.....
Change in net position	1,150,549	(7,641)	1,875,256	962,626
Total net position - beginning, as restated (Note 1)	6,531,635	105,303	8,284,965	829,847
Total net position - ending	<u>\$ 7,682,184</u>	<u>\$ 97,662</u>	<u>\$ 10,160,221</u>	<u>\$ 1,792,473</u>

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

2014 STATE OF FLORIDA CAFR

Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/14	Internal Service Funds
\$ .....	\$ 79,991	\$ 7,100,514	\$ 49,824
.....	.....	(114,863)	.....
1,869,896	243,270	2,987,602	.....
.....	37,378	37,419	2,137,209
.....	3	7,821	222
.....	88	88	167,525
.....	8,300	12,933	54
.....	28,440	28,440	18,292
1,869,896	397,470	10,059,954	2,373,126
1,448,606	.....	1,448,606	.....
.....	.....	3,431,092	.....
.....	.....	298,651	.....
.....	91,134	833,401	483,832
.....	.....	(636,983)	.....
.....	.....	.....	1,587,834
.....	172,679	212,228	96,963
.....	7,507	47,309	25,497
.....	6,665	12,068	9,141
.....	1,470	2,930	4,240
.....	31,663	37,646	12,406
.....	1,389	1,441	.....
1,448,606	312,507	5,688,389	2,219,913
421,290	84,963	4,371,565	153,213
432,501	4,531	452,425	472
41,538	5,578	774,287	9,191
.....	(747)	(231,348)	(60,589)
.....	.....	1,050	.....
.....	(1,267)	(2,579)	(1,892)
.....	(923)	(923)	.....
.....	.....	498,560	.....
.....	(73)	5,419	1
474,039	7,099	1,496,891	(52,817)
895,329	92,062	5,868,456	100,396
7,681	12,578	48,886	22,394
(16,921)	(92,647)	(1,644,719)	(17,218)
.....	20	606,269	379
886,089	12,013	4,878,892	105,951
1,158,339	368,329	17,278,418	436,765
\$ 2,044,428	\$ 380,342	\$ 22,157,310	\$ 542,716

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Transportation	Lottery	Hurricane Catastrophe Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 897,206	\$ 5,374,268	\$ 1,270,383
Cash paid to vendors	(205,928)	(424,612)	(3,854)
Cash paid to employees	(14,545)	(26,307)	(1,243)
Cash received/(paid) for grants	.....	.....	.....
Loans collected/(issued)	.....	.....	.....
Lottery prizes	.....	(3,432,073)	.....
Cash paid for insurance claims	.....	.....	(20,941)
Reemployment assistance	.....	.....	.....
Net cash provided (used) by operating activities	<u>676,733</u>	<u>1,491,276</u>	<u>1,244,345</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in (out)	302,862	(1,572,806)	(10,000)
Advances from or repayment from other funds	(12,352)	.....	.....
Advances, grants or loans (to) from or repayment from others	2,739	.....	.....
Payment of bonds or loans (principal and interest)	.....	.....	(388,305)
Cash received from noncapital grants or donations	.....	.....	.....
Emergency assessment funds received	.....	.....	495,274
Net cash provided (used) by noncapital financing activities	<u>293,249</u>	<u>(1,572,806)</u>	<u>96,969</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Cash received from sale of capital assets	.....	.....	.....
Cash received from the issuance of debt	175,082	.....	.....
Cash received from capital grants and donations	275	.....	.....
Payment of bond principal	(113,165)	.....	.....
Payment of principal on installment purchase/capital lease	.....	.....	.....
Payment of interest on bonds/installment purchase/capital lease	(129,450)	.....	.....
Purchase or construction of capital assets	(764,044)	(2,005)	.....
Line of credit draws/(payments)	.....	.....	.....
Net cash provided (used) by capital and related financing activities	<u>(831,302)</u>	<u>(2,005)</u>	<u>.....</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Security lending	17,252	(62,662)	.....
Proceeds from the sale or maturity of investments	1,614,588	112,751	223,048,555
Cash paid to grand prize winners upon maturity of grand prize investments	.....	(112,751)	.....
Investment earnings	23,592	76,781	15,492
Purchase of investments	(1,599,291)	.....	(224,030,751)
Net cash provided (used) by investing activities	<u>56,141</u>	<u>14,119</u>	<u>(966,704)</u>
Net increase (decrease) in cash and cash equivalents	194,821	(69,416)	374,610
Cash and cash equivalents - beginning	<u>828,165</u>	<u>237,017</u>	<u>138</u>
Cash and cash equivalents - ending	<u>\$ 1,022,986</u>	<u>\$ 167,601</u>	<u>\$ 374,748</u>

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

2014 STATE OF FLORIDA CAFR

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Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/14	Internal Service Funds
\$ 480,396	\$ 1,900,588	\$ 378,852	\$ 10,301,693	\$ 2,405,776
(502,800)	.....	(123,664)	(1,260,858)	(536,648)
(1,070)	.....	(166,465)	(209,630)	(86,527)
.....	.....	26,099	26,099	(285)
.....	.....	(25)	(25)	.....
.....	.....	.....	(3,432,073)	.....
.....	.....	(63)	(21,004)	(1,570,179)
.....	(1,393,115)	.....	(1,393,115)	.....
(23,474)	507,473	114,734	4,011,087	212,137
(361)	(8,660)	(80,278)	(1,369,243)	6,441
.....	.....	.....	(12,352)	.....
.....	469,608	(923)	471,424	.....
.....	.....	.....	(388,305)	.....
.....	.....	198	198	.....
.....	.....	.....	495,274	.....
(361)	460,948	(81,003)	(803,004)	6,441
.....	.....	8	8	.....
.....	.....	17,500	192,582	.....
.....	.....	733	1,008	.....
.....	.....	.....	(113,165)	(23,475)
.....	.....	.....	.....	(25,127)
.....	.....	.....	(129,450)	(31,971)
(5)	.....	(12,938)	(778,992)	(57,299)
.....	.....	(1,332)	(1,332)	.....
(5)	.....	3,971	(829,341)	(137,872)
2,734	.....	1,708	(40,968)	13,436
12,281,257	.....	89,626	237,146,777	.....
.....	.....	.....	(112,751)	.....
114,555	39,163	4,647	274,230	9,513
(12,380,009)	.....	(92,386)	(238,102,437)	(35)
18,537	39,163	3,595	(835,149)	22,914
(5,303)	1,007,584	41,297	1,543,593	103,620
23,847	662,384	314,359	2,065,910	507,278
\$ 18,544	\$ 1,669,968	\$ 355,656	\$ 3,609,503	\$ 610,898

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
**(in thousands)**

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

	<u>Transportation</u>	<u>Lottery</u>	<u>Hurricane Catastrophe Fund</u>
Operating income (loss)	\$ 609,307	\$ 1,493,546	\$ 1,450,779
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	39,084	715	2
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	388	92	453
(Increase) decrease in due from other funds	(55,402)	.....	.....
Increase (decrease) in allowance for uncollectibles	.....	(535)	.....
(Increase) decrease in inventories	(2,830)	(872)	.....
(Increase) decrease in future contract premiums and other receivables	.....	.....	.....
(Increase) decrease in other non-current assets	.....	(780)	.....
Increase (decrease) in accounts payable	32,640	(1,833)	(206,917)
Increase (decrease) in compensated absences	.....	97	32
Increase (decrease) in due to other funds	(6,031)	.....	(4)
Increase (decrease) in tuition and housing benefits payable	.....	.....	.....
Increase (decrease) in other non-current liability	.....	1,047	.....
(Increase) decrease in deposits	.....	.....	.....
Increase (decrease) in unearned revenue	59,577	.....	.....
Increase (decrease) in prize liability	.....	(201)	.....
Net cash provided (used) by operating activities	<u>\$ 676,733</u>	<u>\$ 1,491,276</u>	<u>\$ 1,244,345</u>

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

Change in fair value of investments	\$ (32)	\$ (57,946)	\$ 1,712
Contribution of capital assets	598,254	.....	.....
Other noncash items	(3,813)	.....	.....

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

2014 STATE OF FLORIDA CAFR

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Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/14	Internal Service Funds
\$ 311,680	\$ 421,290	\$ 84,963	\$ 4,371,565	\$ 153,213
1	.....	7,507	47,309	25,497
605	6,628	(28,661)	(20,495)	1,599
7,797	168	(609)	(48,046)	15,073
.....	126,433	31,285	157,183	.....
.....	.....	.....	(3,702)	.....
107,055	.....	.....	107,055	.....
.....	.....	(14)	(794)	.....
269	(46,427)	9,704	(212,564)	16,384
10	.....	710	849	(2,283)
88	(619)	(1,873)	(8,439)	156
(450,979)	.....	.....	(450,979)	.....
.....	.....	6,456	7,503	(12,835)
.....	.....	9	9	.....
.....	.....	5,257	64,834	15,333
.....	.....	.....	(201)	.....
<u>\$ (23,474)</u>	<u>\$ 507,473</u>	<u>\$ 114,734</u>	<u>\$ 4,011,087</u>	<u>\$ 212,137</u>

\$ 157,366	\$ .....	\$ (977)	\$ 100,123	\$ .....
.....	.....	.....	598,254	.....
.....	.....	.....	(3,813)	.....

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## **FIDUCIARY FUND FINANCIAL STATEMENTS**

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

Individual fund descriptions and financial statements begin on page 213.

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

Individual fund descriptions and financial statements begin on page 219.

### **INVESTMENT TRUST FUNDS**

Individual fund descriptions and financial statements begin on page 225.

### **AGENCY FUNDS**

Individual fund descriptions and financial statements begin on page 229.

2014 STATE OF FLORIDA CAFR

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**JUNE 30, 2014**

(in thousands)

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Agency Funds	Totals 6/30/14
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,417	\$ 350,361	\$ 292,808	\$ 19,566	\$ 676,152
Pooled investments with State Treasury	539,649	120,203	1,541,271	1,094,611	3,295,734
Total cash and cash equivalents	553,066	470,564	1,834,079	1,114,177	3,971,886
<u>Investments</u>					
Certificates of deposit	.....	1,417,426	2,394,403	.....	3,811,829
U.S. government & federally guaranteed obligations	40,658	9,274,839	28,798	308,259	9,652,554
Federal agencies	43,963	8,819,935	.....	.....	8,863,898
Commercial paper	.....	6,161,121	977,117	.....	7,138,238
Repurchase agreements	.....	1,150,000	960,068	.....	2,110,068
Bonds and notes	55,718	8,608,463	637,019	.....	9,301,200
International bonds and notes	7,502	2,593,571	87,599	.....	2,688,672
Real estate contracts	.....	9,910,420	.....	.....	9,910,420
Mutual fund investments	4,877	17,177,589	.....	.....	17,182,466
Money market and short-term investments	62,789	1,198,426	708,698	.....	1,969,913
Domestic equity	187,225	44,073,491	.....	.....	44,260,716
Alternative investments	.....	16,501,387	.....	.....	16,501,387
International equity	44,853	38,334,554	.....	.....	38,379,407
Deferred compensation annuities	.....	29,601	.....	.....	29,601
Self-directed brokerage investments	.....	123,082	.....	.....	123,082
Other investments	.....	2,389	.....	.....	2,389
Total investments	447,585	165,376,294	5,793,702	308,259	171,925,840
<u>Receivables</u>					
Accounts receivable	16,305	15,748	.....	513,363	545,416
State contributions receivable	.....	57,893	.....	.....	57,893
Nonstate contributions receivable	.....	217,722	.....	.....	217,722
Interest receivable	1,224	157,175	4,293	1,660	164,352
Dividends receivable	324	171,185	.....	.....	171,509
Pending investment sales	3,372	1,764,144	8,432	.....	1,775,948
Foreign currency contracts receivable	23	3,116,687	.....	.....	3,116,710
Due from state funds	90	47,222	.....	117,994	165,306
Due from other governments	12,898	.....	.....	2,307	15,205
Total receivables	34,236	5,547,776	12,725	635,324	6,230,061
Security lending collateral	.....	4,618,260	.....	.....	4,618,260
Advances to other funds	816,867	.....	.....	.....	816,867
Advances to other entities	1,069,191	.....	.....	.....	1,069,191
Other loans and notes receivable, net	215	.....	.....	.....	215
Capital assets	12,026	976	.....	.....	13,002
Accumulated depreciation	(1,077)	(503)	.....	.....	(1,580)
Other assets	4,043	10,172	18	.....	14,233
Total assets	2,936,152	176,023,539	7,640,524	2,057,760	188,657,975
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	20,569	90,089	352	580,037	691,047
Due to other funds	9,012	53,274	50	147,158	209,494
Pending investment purchases	29,746	5,287,741	49,676	.....	5,367,163
Short sell obligations	.....	179,821	.....	.....	179,821
Foreign currency contracts payable	23	3,123,460	.....	.....	3,123,483
Broker rebate fees	.....	146	.....	.....	146
Due to other governments	18,693	.....	613	503,437	522,743
Obligations under security lending agreements	43,225	4,675,447	125,788	39,176	4,883,636
Claims payable	.....	.....	.....	20,703	20,703
Deposits payable	11,790	11,685	.....	767,096	790,571
Compensated absences	454	941	.....	.....	1,395
Other liabilities	589	1,946	.....	153	2,688
Total liabilities	134,101	13,424,550	176,479	2,057,760	15,792,890
<b>NET POSITION</b>					
Held in trust for pension benefits and other purposes	\$ 2,802,051	\$ 162,598,989	\$ 7,464,045	\$ .....	\$ 172,865,085

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

2014 STATE OF FLORIDA CAFR

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**(in thousands)**

	Private- purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Totals 6/30/14
<b>ADDITIONS</b>				
<u>Contributions and other deposits</u>				
Pension fund employer contributions - state	\$ .....	\$ 714,464	\$ .....	\$ 714,464
Pension fund employer contributions - nonstate	.....	2,226,691	.....	2,226,691
Pension fund employee contributions	.....	898,714	.....	898,714
Other contributions	.....	149,668	.....	149,668
Purchase of time by employees	.....	17,346	.....	17,346
Fees	2,602	1,069	.....	3,671
Grants and contributions	188,884	.....	.....	188,884
Flexible benefits contributions	.....	354,648	.....	354,648
Fines, forfeits, settlements and judgments	398	38,004	.....	38,402
Unclaimed property remittances	383,391	.....	.....	383,391
Receivership assets acquired	86,331	.....	.....	86,331
Transfers in from state funds	399	891,438	77,007	968,844
Total contributions and other deposits	662,005	5,292,042	77,007	6,031,054
<u>Investment income</u>				
Interest income	26,296	1,447,763	42,937	1,516,996
Dividends	3,848	2,221,180	.....	2,225,028
Other investment income (loss)	(5)	137,906	.....	137,901
Net increase (decrease) in fair market value	44,716	21,022,316	6,848	21,073,880
Total investment income	74,855	24,829,165	49,785	24,953,805
Investment activity expense	(1,606)	(513,431)	(3,579)	(518,616)
Net income (loss) from investing activity	73,249	24,315,734	46,206	24,435,189
<u>Security lending activity</u>				
Security lending income	.....	50,690	.....	50,690
Security lending expense	.....	(5,632)	.....	(5,632)
Net income from security lending	.....	45,058	.....	45,058
Total net investment income	73,249	24,360,792	46,206	24,480,247
Other additions	6,351	14,363	.....	20,714
Total additions	741,605	29,667,197	123,213	30,532,015
<b>DEDUCTIONS</b>				
Benefit payments	.....	9,985,312	.....	9,985,312
Insurance claims expense	112,208	129	.....	112,337
Supplemental insurance payments	.....	62,386	.....	62,386
Flexible reimbursement payments	.....	25,071	.....	25,071
Life insurance premium payments	.....	31,524	.....	31,524
Remittances to annuity companies	.....	161,017	.....	161,017
Interest expense	704	2	.....	706
Student loan default payments	154,349	.....	.....	154,349
Payments to unclaimed property claimants	242,973	.....	.....	242,973
Distribution to State School Fund	137,086	.....	.....	137,086
Administrative expense	29,169	28,076	50	57,295
Transfers out to state funds	4,051	922,054	77,007	1,003,112
Other deductions	35,487	82	.....	35,569
Total deductions	716,027	11,215,653	77,057	12,008,737
<u>Depositor activity</u>				
Deposits	71,670	.....	14,118,099	14,189,769
Withdrawals	(104,636)	.....	(14,043,453)	(14,148,089)
Excess (deficiency) of deposits over withdrawals	(32,966)	.....	74,646	41,680
Change in net position	(7,388)	18,451,544	120,802	18,564,958
Net position - beginning, as restated (Note 1)	2,809,439	144,147,445	7,343,243	154,300,127
Net position - ending	\$ 2,802,051	\$ 162,598,989	\$ 7,464,045	\$ 172,865,085

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

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# COMPONENT UNIT FINANCIAL STATEMENTS

## Major Component Units

### FLORIDA HOUSING FINANCE CORPORATION

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

### UNIVERSITY OF FLORIDA

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

### CITIZENS PROPERTY INSURANCE CORPORATION

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

## Nonmajor Component Units

Nonmajor component units are presented beginning on page 235.

2014 STATE OF FLORIDA CAFR

**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**JUNE 30, 2014**  
(in thousands)

	Florida Housing Finance Corporation	University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units
<b>ASSETS</b>				
Cash and cash equivalents	\$ 409,234	\$ 143,417	\$ 1,180,598	\$ 751,517
Pooled investments with State Treasury	485,323	736,963	.....	1,614,888
Other investments	1,816,497	799,285	13,292,382	4,558,874
Receivables, net	203,541	558,999	332,603	874,859
Due from component units/primary	.....	70,226	.....	308,648
Inventories	.....	29,179	.....	39,220
Restricted cash and cash equivalents	.....	29,181	15,339	447,152
Restricted pooled investments with State Treasury	.....	144,361	.....	574,967
Restricted investments	.....	2,200,825	.....	3,272,192
Other loans and notes receivable, net	2,480,353	36,975	113,194	51,530
Other assets	4,422	274,847	368,301	300,734
Capital assets, net	.....	2,938,979	12,362	19,781,402
Total assets	<u>5,399,370</u>	<u>7,963,237</u>	<u>15,314,779</u>	<u>32,575,983</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Accum. decrease in fair value -hedging derivatives	.....	42,052	.....	17,916
Amount deferred on refunding of debt	.....	631	.....	3,653
Total deferred outflows of resources	.....	<u>42,683</u>	.....	<u>21,569</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	145,097	377,057	1,495,561	915,409
Due to component units/primary	.....	33,747	.....	87,059
Long-term liabilities				
Due within one year	303,811	207,201	2,029,444	563,620
Due in more than one year	2,881,052	1,439,021	4,456,496	5,019,497
Total liabilities	<u>3,329,960</u>	<u>2,057,026</u>	<u>7,981,501</u>	<u>6,585,585</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred service concession arrangement receipts	.....	.....	.....	337
Accum. increase in fair value -hedging derivatives	.....	.....	.....	4,293
Amount deferred on refunding of debt	.....	11,668	.....	.....
Total deferred inflows of resources	.....	<u>11,668</u>	.....	<u>4,630</u>
<b>NET POSITION</b>				
Net investment in capital assets	.....	1,902,997	12,362	16,805,947
Restricted for				
Debt service	.....	4,433	.....	45,149
Other	1,939,203	1,097,087	.....	3,341,924
Funds held for permanent endowment				
Expendable	.....	392,006	.....	385,341
Nonexpendable	.....	1,196,783	.....	2,218,566
Unrestricted	130,207	1,343,920	7,320,916	3,210,410
Total net position	<u>\$ 2,069,410</u>	<u>\$ 5,937,226</u>	<u>\$ 7,333,278</u>	<u>\$ 26,007,337</u>

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

Totals

6/30/14

\$	2,484,766
	2,837,174
	20,467,038
	1,970,002
	378,874
	68,399
	491,672
	719,328
	5,473,017
	2,682,052
	948,304
	<u>22,732,743</u>
	<u>61,253,369</u>
	59,968
	<u>4,284</u>
	<u>64,252</u>
	2,933,124
	120,806
	3,104,076
	<u>13,796,066</u>
	<u>19,954,072</u>
	337
	4,293
	<u>11,668</u>
	<u>16,298</u>
	18,721,306
	49,582
	6,378,214
	777,347
	3,415,349
	<u>12,005,453</u>
\$	<u><u>41,347,251</u></u>

2014 STATE OF FLORIDA CAFR

**STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

Functions/Programs	Expenses	Program Revenues			Florida Housing Finance Corporation
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Florida Housing Finance Corporation	\$ 220,312	\$ 132,116	\$ .....	\$ .....	\$ (88,196)
University of Florida	4,394,164	2,886,541	750,375	61,373	.....
Citizens Property Insurance Corporation	1,475,142	1,937,203	.....	.....	.....
Nonmajor component units	11,207,959	3,225,823	3,738,323	502,380	.....
<b>Total component units</b>	<b>\$ 17,297,577</b>	<b>\$ 8,181,683</b>	<b>\$ 4,488,698</b>	<b>\$ 563,753</b>	<b>(88,196)</b>

General revenues

Property taxes	.....
Investment earnings (losses)	.....
Gain (loss) on sale of capital assets	.....
Payments from the State of Florida	.....
Miscellaneous	230,580
Contributions to permanent funds	.....
<b>Total general revenues and contributions</b>	<b>230,580</b>
Change in net position	142,384
Net position - beginning, as restated (Note 1)	1,927,026
<b>Net position - ending</b>	<b>\$ 2,069,410</b>

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

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Net (Expense) Revenue and Changes in Net Position			
University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/14
\$ .....	\$ .....	\$ .....	\$ (88,196)
(695,875)	.....	.....	(695,875)
.....	462,061	.....	462,061
.....	.....	(3,741,433)	(3,741,433)
(695,875)	462,061	(3,741,433)	(4,063,443)
.....	.....	468,554	468,554
313,883	112,333	718,163	1,144,379
(4,183)	.....	(7,619)	(11,802)
619,852	.....	2,852,247	3,472,099
128,225	959	466,098	825,862
31,583	.....	25,605	57,188
1,089,360	113,292	4,523,048	5,956,280
393,485	575,353	781,615	1,892,837
5,543,741	6,757,925	25,225,722	39,454,414
\$ 5,937,226	\$ 7,333,278	\$ 26,007,337	\$ 41,347,251

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

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

Component units, as defined in Governmental Accounting Standards Board (GASB) Codification Section 2100, *Defining the Financial Reporting Entity*, and Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, are legally separate organizations for which the elected officials of the state are financially accountable. Financial accountability is the ability of the state to appoint a voting majority of an organization's governing board and to impose its will upon the organization. When the state does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the financial reporting entity if: (1) an organization is fiscally dependent upon the state because its resources are held for the direct benefit of the state or can be accessed by the state *and* (2) the potential exists for the organization to provide specific financial benefits to, or impose specific financial burdens on the state. In addition, component units can be other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading.

### Blended Component Units

A component unit is reported as blended when either (1) the component unit's governing body is substantively the same as the governing body of the state, *and* (a) there is a financial benefit or burden relationship between the governing body of the state and the component unit, *or* (b) management of the governing body of the state has operational responsibility for the component unit, *or* (2) the component unit provides services entirely, or almost entirely, to the state or otherwise exclusively, or almost exclusively, benefits the state, *or* (3) the component unit's outstanding debt is expected to be repaid entirely or almost entirely with resources of the state.

The following component units provide services entirely or almost entirely to the primary government, or have outstanding debt that is expected to be paid entirely or almost entirely with state resources:

- Citrus Commission (Department of Citrus)
- Corrections Foundation, Inc.
- Florida Board of Governors
- Florida Clerks of Court Operations Corporation
- Florida Engineers Management Corporation
- Florida Prepaid College Board
- Florida School for the Deaf and the Blind
- Florida Surplus Lines Service Office
- Florida Water Pollution Control Financing Corporation
- Inland Protection Financing Corporation
- Prescription Drug Monitoring Program Foundation\*
- Scripps Florida Funding Corporation
- Space Florida
- State Board of Administration of Florida (SBA)
- State Board of Education (SBE)
- Volunteer Florida
- Wireless Emergency Telephone System
- Workforce Florida, Inc.

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

\* The state's financial statements do not include amounts relating to this component unit. The assets of this component unit at June 30, 2014, are approximately \$2,186,000.

## Discretely Presented Component Units

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

In addition, financial data for discretely presented component units that are considered major are reported in separate columns in the basic financial statements for component units. Discretely presented component units that are considered nonmajor are combined and reported in one column in the component unit financial statements and are aggregated by type in the combining statements. The state's financial statements are reported for the fiscal year ended June 30, 2014. The state's component units' financial statements are reported for the most recent fiscal year for which an audit report is available. Some component units have a fiscal year other than June 30. Accordingly, amounts reported by the state as due from and to component units on the statement of net position may not agree with amounts reported by the component units as due from and to the state. Refer to Section D of this note for more information on major fund determination and presentation. The state's discretely presented component units are grouped into the following categories:

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

### ***State Universities***

#### ***Major:***

- University of Florida

#### ***Nonmajor:***

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

### ***Florida College System Institutions***

#### ***Nonmajor:***

- Broward College
- Chipola College
- College of Central Florida
- Daytona State College
- Eastern Florida State College
- Edison State College
- Florida Gateway College
- Florida Keys Community College
- Florida State College at Jacksonville
- Gulf Coast State College
- Hillsborough Community College
- Indian River State College
- Lake-Sumter State College
- Miami Dade College
- North Florida Community College
- Northwest Florida State College
- Palm Beach State College
- Pasco-Hernando State College
- Pensacola State College
- Polk State College
- Santa Fe College
- Seminole State College of Florida
- South Florida State College
- St. Johns River State College

- St. Petersburg College
- State College of Florida, Manatee-Sarasota
- Tallahassee Community College
- Valencia College

**Florida Housing Finance Corporation (Major).** Pursuant to Section 420.504, Florida Statutes (F.S.), this corporation was created as an entrepreneurial public corporation organized to provide and promote public welfare by administering the governmental function of financing or refinancing housing and related facilities in Florida. This entity has a December 31 year-end.

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

**Nonmajor:**

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

**Citizens Property Insurance Corporation (Major).** Pursuant to Section 627.351(6), F.S., this corporation was created to provide certain residential property and casualty insurance coverage to qualified risks in the state under specified circumstances. This entity has a December 31 year-end. For additional information, refer to Note 14B.

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

**Nonmajor:**

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

- Wildlife Alert Reward Association\*
- Wildlife Foundation of Florida, Inc.\*

\*The state's financial statements do not include amounts relating to several component units. The assets and revenues relating to these component units totaled \$89 million and \$70 million, respectively. These amounts represent one percent or less of total aggregate component unit assets and revenues.

### Joint Ventures

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

***Apalachicola-Chattahoochee-Flint River Basin (ACFRB) Commission.*** Section 373.69, F.S., provided for the creation of an interstate administrative agency to promote interstate comity, remove causes of present and future controversies, equitably apportion the surface waters of the ACFRB, and engage in water planning. Operational funding required by the Commission is equally shared among the party states.

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

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

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

### Related Organizations

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

### Contact

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

Department of Financial Services  
 Bureau of Financial Reporting  
 Statewide Financial Reporting Section  
 200 East Gaines Street  
 Tallahassee, Florida 32399-0364  
 Telephone: (850) 413-5511  
 Department Website: <http://www.myfloridacfo.com>

Joint ventures may be contacted directly for their financial statements.

## B. Basic Financial Statements

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

## Government-wide Financial Statements

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

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

## Fund Financial Statements

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

### C. Basis of Accounting

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

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

### D. Basis of Presentation

#### Major Funds

GASB Codification Section 2200, *Comprehensive Annual Financial Report*, sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses for either fund category or the governmental and enterprise funds combined) for the determination of major funds. GASB Codification Section 2200 further requires that the reporting government's main operating fund (the General Fund) always be reported as a major fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining statements. The state reports the following major funds:

#### Major Governmental Funds

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

**Environment, Recreation and Conservation** – a special revenue fund that accounts for the operations of various programs such as air pollution control, water quality assurance, ecosystem management, and marine resources conservation. Transfers from other funds, pollutant tax collections, and federal grants are its major sources of revenue.

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

**Health and Family Services** – a special revenue fund that includes funds used to operate various health and family service-related programs such as health care, elder affairs, and public assistance. Grants and funding from the federal government are the predominant sources of revenue for this fund.

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

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

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

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

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

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

**Reemployment Assistance** – an enterprise fund that accounts for contributions, benefit payments, grants, loans, and investments for the Unemployment Compensation Fund, which was created to pay reemployment assistance benefits to eligible individuals.

### **Fund Types**

Additionally, the state reports the following fund types:

#### **Internal Service Funds**

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

- **Employee Health and Disability** - includes funds that account for state employees' health and disability plans.
- **Data Centers** – includes funds that account for services provided by data processing centers operated by various agencies.
- **Communications and Facilities** – includes funds that primarily account for services provided by the Department of Management Services such as those related to the construction, operation, and maintenance of public facilities, and management and operation of the SUNCOM (state communication) Network.
- **Other** – includes funds that account for services provided to other state agencies such as legal services, records management, and community services (inmate work squads).

#### **Fiduciary Fund Types**

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

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

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

**Agency Funds** - funds that are used to report resources held by the state in a purely custodial capacity. For example, these funds account for asset and liability balances related to retiree health care, taxes collected and held by the Department of Revenue for other entities, and student funds held by the Florida School for the Deaf and the Blind.

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

## E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

### Cash and Cash Equivalents

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

### Investments

Florida Statutes authorize the state to invest in various instruments. The state reports investments in accordance with GASB Codification Section I50, *Investments*.

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

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

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

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

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

For private market investments, where no readily ascertainable market value exists (including limited partnerships, hedge funds, direct-owned real estate, and real estate pooled funds), fair values for the individual investments are based on the net asset value (capital account balance) at the closest available reporting period, as communicated by the general partner and/or investment manager, adjusted for subsequent contributions and distributions. The valuation techniques vary based upon investment type and involve a certain degree of judgment. The most significant input into the net asset value of an entity is the value of its investment holdings. The net asset value is provided by the general partner and/or investment manager and reviewed by management.

Annually, the financial statements of all private market investments are audited by independent auditors. Private market investments in which the SBA has a controlling interest are also required to be valued annually by independent, licensed external appraisers selected by an appraisal management company retained by the SBA.

All derivative financial instruments are reported at fair value in the statements of net position. The instruments are adjusted to fair value at least monthly, with valuation changes recognized in investment earnings. Gains and losses are recorded in the statements of changes in net position as “net increase (decrease) in fair market value” during the period.

Because of the inherent uncertainty of the valuation using pricing methodologies other than the quoted market prices, the estimated fair values may differ from the values that would have been used had a ready market existed.

Investment detail is included in Note 2.

### **Inventories**

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

### **Capital Assets**

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

### **Deferred Outflows of Resources**

A consumption of net assets by the government that is applicable to a future reporting period is presented as a deferred outflow of resources.

### **Long-term Liabilities**

Refer to Note 8 for information on bonds payable and certificates of participation, Note 9 for information on installment purchases, capital leases, and public-private partnership agreements, and Note 10 for changes in long-term liabilities.

### **Compensated Absences Liability**

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

### **Deferred Inflows of Resources**

A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period.

### **Components of Net Position**

The government-wide statement of net position classifies net position into the following categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. The “net investment in capital assets” component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. “Restricted” net position is reported when constraints are placed on net position that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. “Unrestricted” net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.” When both restricted and unrestricted resources are to be used for the same purpose, the agency responsible for administering the resources determines the flow assumption used to identify the portion of expenses paid from restricted resources. At June 30, 2014, the government-wide statement of net position reported a restricted net position of \$23.7 billion, of which \$14.8 billion is restricted by enabling legislation.

**Components of Fund Balance**

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

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

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

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

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

Fund Balances Classifications and Special Revenue by Purpose – GASB Codification Section 2200, *Comprehensive Annual Financial Report*, requires presentation of governmental fund balances and special revenue fund revenues by specific purpose. In the basic financial statements, the fund balance classifications are presented in the aggregate. The table presented below displays further detail of nonspendable fund balance and appropriation of resources existing at June 30, 2014 (in thousands).

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
<b>Fund balances:</b>							
<b>Nonspendable:</b>							
Inventory and Prepaid Items	\$ 20,154	\$ 475	\$ .....	\$ 39,300	\$ 10,538	\$ 1,910	\$ 72,377
Long-term Receivables and Advances	15,988	25,170	154	.....	.....	.....	41,312
Permanent Fund Principal	.....	.....	.....	.....	.....	17,743	17,743
Total	36,142	25,645	154	39,300	10,538	19,653	131,432
<b>Restricted:</b>							
Grantors/Contributors	126	14,306	1,032	12,378	.....	26,231	54,073
Enabling Legislation	55,635	21,663	.....	57,387	50	359,089	493,824
Constitutional Provision	.....	12,790	427,353	.....	.....	5,466	445,609
Creditors	9,019	48,083	924,233	6,107	.....	1,412,638	2,400,080
Federal Government	25,616	1,909,056	49,517	127,522	23,720	114,722	2,250,153
Total	90,396	2,005,898	1,402,135	203,394	23,770	1,918,146	5,643,739
<b>Committed:</b>	903,183	660,056	453,828	1,424,987	2,441,153	940,033	6,823,240
<b>Unassigned:</b>	5,444,736	.....	(808,982)	.....	.....	.....	4,635,754
Total Fund Balances	\$ 6,474,457	\$ 2,691,599	\$ 1,047,135	\$ 1,667,681	\$ 2,475,461	\$ 2,877,832	\$ 17,234,165

Section 215.32(2)(b)4.a, F.S., provides that the unappropriated cash balances from selected trust funds may be authorized by the Legislature for transfer to the Budget Stabilization Fund and the General Revenue Fund through the General Appropriation Act. The amounts indicated below were identified in the State's 2014 General Appropriations Act as being unappropriated June 30, 2014, cash balances that are to be transferred to and from the funds indicated during the 2014-15 fiscal year.

Transfer to (from) Fund	\$ 151,100	\$ (43,000)	\$ .....	\$ (83,000)	\$ .....	\$ (25,100)	\$ .....
Transfer from Non-Governmental Funds	120,651	.....	.....	.....	.....	.....	120,651
Totals	\$ 271,751	\$ (43,000)	\$ .....	\$ (83,000)	\$ .....	\$ (25,100)	\$ 120,651

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

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

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

For additional information, refer to Note 11.

## **G. Nonmonetary Transactions**

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

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

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

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

## **I. Accounting and Reporting Changes**

The state implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify certain items that were previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources and that recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of this standard required the reclassification of financial statement elements that would have previously been reported as deferred revenue to deferred inflows of resources, deferred amount on refunding (a component of bonds payable) to deferred outflows of resources or deferred inflows of resources, and unamortized costs of debt issuances to expense.

The state implemented GASB Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*. This standard resolves conflicting guidance that resulted from the issuance of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB Statement No. 66 removes the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service funds type. It also modifies the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. Adoption of this statement had no impact on the State's financial statements.

The Defined Benefit Pension Plans reported by the state as part of the Pension and Other Employee Benefits Trust Funds implemented GASB Statement No. 67, *Financial Reporting for Pensions Plans - an amendment of GASB Statement No. 25*. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures - an amendment of GASB Statements No. 25 and 27*. This statement requires changes to the notes to the financial statements and required supplementary information for pension plans. Refer to Note 6 for additional information on the state's Defined Benefit Pension Plans and where to obtain a copy of the stand-alone Florida Retirement System comprehensive annual financial report.

GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, is effective for fiscal year 2015. The effect of the implementation of this standard on the state’s financial statements has not been determined.

The state implemented GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee and specifies information required for disclosure. Adoption of this statement had no impact on the state’s financial statements.

**J. Fund Equity Reclassifications and Restatements**

Net position at June 30, 2013, has been adjusted as follows (in thousands):

	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>		
	Proprietary Funds		Component Units		
	Hurricane Catastrophe Fund	Defined Benefit Pension Plan	Florida Housing Finance Corporation	University of Florida	Other State Universities
<b>Net Position, June 30, 2013, as previously reported</b>	\$ 8,295,264	\$ 129,852,528	\$ 1,933,231	\$ 5,544,098	\$ 10,357,284
<b>Implementation of New Accounting Standards</b>					
Implementation of GASB Statement No. 65; debt issuance costs expensed	(10,299)	.....	(6,205)	(357)	(6,211)
Implementation of GASB Statement No. 67; removal of DROP liability	.....	3,209,149	.....	.....	.....
<b>Net Position, June 30, 2013, as restated</b>	<u>\$ 8,284,965</u>	<u>\$ 133,061,677</u>	<u>\$ 1,927,026</u>	<u>\$ 5,543,741</u>	<u>\$ 10,351,073</u>

**K. Budget Stabilization Fund**

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

In prior fiscal years, the Florida Legislature authorized the transfer of funds from the Budget Stabilization Fund to the General Revenue Fund. These transfers are required to be repaid in accordance with Section 215.32, F.S. The Budget Stabilization Fund had \$924.8 million in cash at June 30, 2014. The planned repayment schedule is presented below. An additional repayment was made in June 2014, resulting in a remaining balance of \$428,962,900. Both of these funds are included within the General Fund; therefore, pursuant to generally accepted governmental accounting principles, the advances to other funds and advances from other funds were eliminated.

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

## NOTE 2 - DEPOSITS AND INVESTMENTS

### A. Deposits

At June 30, 2014, the state's deposits in financial institutions totaled approximately \$1.8 billion for primary government and \$3.0 billion for discretely presented component units.

#### 1. Custodial Credit Risk

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

The CFO determines the collateral requirements and collateral pledging level for each Qualified Public Depository (QPD) following guidelines outlined in Section 280.04, F.S., and Department of Financial Services Rules, Chapter 69C-2, Florida Administrative Code. Collateral pledging levels include 25, 50, 125, and 200 percent of a QPD's average daily deposit balance, or, if needed, an amount as prescribed by the CFO. Section 280.13, F.S., outlines eligible types of collateral including direct obligations of the United States (U.S.) Government, federal agency obligations fully guaranteed by the U.S. Government, certain federal agency obligations, state and local government obligations, corporate bonds, and letters of credit issued by a Federal Home Loan Bank. Also, with the CFO's permission, eligible collateral includes collateralized mortgage obligations, real estate mortgage investment conduits and securities or other interests in any open-end management investment company registered under the Investment Company Act of 1940. However, the portfolio of the investment company must be limited to direct obligations of the U.S. Government and to repurchase agreements fully collateralized by such direct obligations of the U.S. Government, and the investment company must take delivery of such collateral either directly or through an authorized custodian.

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

At June 30, 2014, the following deposits were not secured pursuant to Chapter 280, F.S., and were exposed to custodial credit risk because they were uninsured and (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the state's name (in thousands).

#### Custodial Credit Risk As of June 30, 2014

Custodial Credit Risk	Bank Statement Balance (in U.S. \$)	
	Primary Government	Component Units
(1)	\$ 654,690	\$ 308,333
(2)	.....	483,588
(3)	.....	16,254
Total deposits subject to custodial credit risk	\$ 654,690	\$ 808,175

#### 2. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. Under Section 215.47, F.S., and subject to the limitations and conditions of the State Constitution or of the trust agreement relating to a trust fund, moneys available for investments by the State Board of Administration (SBA) may be invested in fixed income obligations or stocks denominated in foreign currency. The SBA has developed total fund investment policies for the investment of assets in the Florida Retirement System (FRS) Pension Trust Fund and the Lawton Chiles Endowment Fund (LCEF) that set ranges on investments by asset class in each fund. Under the FRS Pension Trust Fund and LCEF investment policy statements approved by SBA Trustees on August 20, 2013, and June 17, 2014, respectively, foreign and domestic equity securities are included in the global equity asset class. The FRS Pension Trust Fund and LCEF have target allocations to global equities of 52% and 71%, respectively, with policy ranges from 44-65% for FRS and 61-81% for LCEF, but within these ranges there are no limits on the amount of foreign equity securities that are not denominated in U.S. dollars. The Florida Prepaid Program's comprehensive

investment plan limits investment in foreign equities to 25% of total equities, with the target for total equities to be the lesser of 15% of the total fund, or the actuarial reserve. In all cases, Florida law limits the exposure to foreign securities to 35% of the total fund. The investment plans may be modified in the future if the SBA or Florida Prepaid adopts changes. This investment activity in foreign investments resulted in deposits in foreign currency as of June 30, 2014, as illustrated in the following schedule (in thousands):

**Foreign Currency Deposits Held**

**As of June 30, 2014**

Currency	Bank Statement Balance (in U.S. \$)			
	FRS Pension		Florida Prepaid	
	Trust Fund	LCEF	Investment Plan	Program and Total
Australian dollar	\$ 24,905	\$ 217	\$ 35	\$ 25,157
Brazilian real	4,200	37	.....	4,237
British pound sterling	30,249	356	32	30,637
Canadian dollar	60,334	13	.....	60,347
Chilean peso	147	.....	.....	147
Columbian peso	17	.....	.....	17
Danish krone	261	.....	.....	261
Egyptian pound	261	.....	.....	261
Euro currency unit	70,375	546	203	71,124
Hong Kong dollar	18,116	9	28	18,153
Hungarian forint	158	.....	.....	158
Indian rupee	3,467	.....	.....	3,467
Indonesian rupiah	612	50	.....	662
Israeli shekel	739	.....	.....	739
Japanese yen	39,835	166	426	40,427
Malaysian ringgit	548	68	.....	616
Mauritius rupee	204	.....	.....	204
Mexican peso	1,892	1	.....	1,893
New Zealand dollar	186	11	14	211
Nigerian naira	207	.....	.....	207
Norwegian krone	2,402	10	13	2,425
Omani rial	442	.....	.....	442
Pakistan rupee	8	.....	.....	8
Philippines peso	139	.....	.....	139
Polish zloty	10	4	.....	14
Qatari riyal	576	.....	.....	576
Russian ruble	163	.....	.....	163
Singapore dollar	4,479	.....	59	4,538
South African rand	1,859	.....	.....	1,859
South Korean won	824	74	.....	898
Swedish krona	4,929	.....	51	4,980
Swiss franc	1,389	.....	.....	1,389
Taiwan new dollar	11,797	.....	.....	11,797
Thailand baht	76	7	.....	83
Turkish new lira	652	30	.....	682
UAE dirham	2,723	.....	.....	2,723
Other	127	21	.....	148
Total deposits subject to foreign currency risk	<u>\$ 289,308</u>	<u>\$ 1,620</u>	<u>\$ 861</u>	<u>\$ 291,789</u>

**B. Investments**

At June 30, 2014, the state's investments reported in governmental and business-type activities and fiduciary funds totaled \$226.3 billion, consisting of pooled investments with the State Treasury in the amount of \$21.2 billion and other investments in the amount of \$205.1 billion. The State Treasury also had holdings at June 30, 2014, of \$3.6 billion for discretely presented component units in total. These investments are not reported as part of the primary government and may be different from the amounts reported by some component units due to different reporting periods. Other investments for discretely presented component units totaled \$25.2 billion.

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

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

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

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

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

Per Section 17.61(1), F.S., the State Treasury shall invest all general revenue funds, trust funds, all agency funds of each state agency, and of the judicial branch. As a result, state agencies and the judicial branch are considered involuntary participants in pooled investments with the State Treasury. The total involuntary participation as of June 30, 2014, was \$18 billion or 73% of the pool.

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

**Condensed Statement of Fiduciary Net Position**  
**June 30, 2014**

<b>ASSETS</b>	
Current and Other Assets	\$ 25,566,404
Total Assets	<u>25,566,404</u>
<b>LIABILITIES</b>	
Other Liabilities	2,746,035
Total Liabilities	<u>2,746,035</u>
<b>NET POSITION</b>	
Net position held for Internal Pool Participants	21,403,112
Net position held for External Pool Participants	1,417,257
	<u>\$ 22,820,369</u>

**Condensed Statement of Changes in Fiduciary Net Position**  
**June 30, 2014**

<b>ADDITIONS</b>	
Net income (loss) from investing activity	\$ 421,241
<b>DEDUCTIONS</b>	
Distributions paid and payable	<u>(421,241)</u>
<b>DEPOSITOR ACTIVITY</b>	
Deposits	139,719,981
Withdrawals	(137,038,458)
Excess (deficiency) of deposits over withdrawals	<u>2,681,523</u>
Change in net position	2,681,523
Net position, beginning	<u>20,138,846</u>
Net position, ending	<u>\$ 22,820,369</u>

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

**Summary of Investment Holdings**

	Par	Fair Value	Range of Interest Rates *	Range of Maturity Dates
Commercial paper	\$ 337,700	\$ 337,691	0.05%-0.19%	7/2/2014-8/4/2014
Repurchase agreements	2,930,462	2,930,462	0.03%-0.09%	7/1/2014-7/7/2014
U.S. guaranteed obligations	4,871,542	4,806,080	0.12%-31.84%	8/10/2014-12/20/2062
Federal agencies	5,068,165	5,099,968	0.12%-18.00%	7/15/2014-4/1/2056
Bonds and notes - domestic	5,620,624	4,958,245	0.00%-10.38%	7/15/2014-7/1/2114
Bonds and notes - international	825,169	855,054	0.14%-9.63%	7/14/2014-12/20/2054
Federal agencies discounted securities	2,727,654	2,723,225	0.00%-4.10%	7/2/2014-3/25/2042
U.S. guaranteed obligations discounted securities	964,499	960,991	0.02%-3.14%	7/3/2014-5/15/2030
Commingled STIF	642,876	642,876	N/A	N/A
Unemployment compensation funds	1,658,310	1,658,310	N/A	N/A
Totals	<u>\$ 25,647,001</u>	<u>\$ 24,972,902</u>		

\* The coupon rate in effect at June 30, 2014, is reported. If a security is discounted, the purchase yield is reported.

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

The schedule below discloses the detail of the State Treasury holdings at fair value at June 30, 2014, as well as reconciliation to the basic financial statements (in thousands):

**Schedule of Pooled Investments with State Treasury  
As of June 30, 2014**

<u>Investment type</u>	<u>Fair Value</u>
Commercial paper	\$ 309,996
Repurchase agreements	1,580,829
U.S. guaranteed obligations	5,767,071
Federal agencies	7,777,974
Bonds and notes - domestic	4,588,467
Bonds and notes - international	738,451
Commingled STIF	642,876
Unemployment compensation funds pooled with U.S. Treasury	1,658,310
Total investments excluding security lending collateral**	<u>23,063,974</u>
Lending collateral investments:	
Repurchase agreements	1,349,633
Federal agencies	45,219
Commercial paper	27,695
Bonds and notes - domestic	369,778
Bonds and notes - international	116,603
Total lending collateral investments	<u>1,908,928</u>
Total investments	24,972,902
Cash on deposit	<u>593,502</u>
Total State Treasury holdings	25,566,404
Adjustments:	
Outstanding warrants	(408,952)
Outstanding deposits	(64,257)
SPIA Revolving Account*	(7,575)
Unsettled securities liability	<u>(360,093)</u>
Reconciled balance, June 30, 2014	<u><u>\$ 24,725,527</u></u>
Reconciliation to the basic financial statements (in thousands):	
Pooled investments with State Treasury	
Governmental activities	\$ 14,737,449
Business-type activities	3,074,320
Fiduciary funds	3,295,734
Component units	2,837,174
Component units timing difference	2,058
Total pooled investments with State Treasury	<u>23,946,735</u>
Restricted pooled investments with State Treasury	
Business-type activities	59,464
Component units	719,328
Total restricted pooled investments with State Treasury	<u>778,792</u>
Total pooled investments with State Treasury	<u><u>\$ 24,725,527</u></u>

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

\*\*This amount excludes the Florida Birth-Related Neurological Injury Compensation Association's (NICA) participation in Treasury's Short Term Investment Fund. NICA's portion represents less than a tenth of a percent of the total investments held at Treasury.

**Other Investments**

Other investments in various funds of the state are primarily managed by the SBA. The largest of these funds managed by the SBA is the FRS Pension Trust Fund (Defined Benefit Pension Fund), whose total investments represented 76% of total other investments at June 30, 2014. Investments in the FRS Investment Plan Trust Fund (Defined Contribution Pension Fund) represents 4.4% of total other investment, while investments in the Florida Hurricane Catastrophe Fund and the Florida Prepaid College Trust Fund represented another 6.3% and 6.3%, respectively, of total other investments. Section 215.47, F.S., allows the SBA to invest funds in a range of instruments, including security lending agreements, reverse repurchase agreements, and alternative investments (including limited partnerships and hedge funds).

The schedule below discloses other investments at fair value and their total carrying value at June 30, 2014, as well as reconciliation to the basic financial statements (in thousands):

**Schedule of Other Investments  
As of June 30, 2014**

Investment type	Fair value			Total
	FRS Pension Trust Fund	Managed by SBA	Not managed by SBA	
Certificates of deposit	\$ 1,417,426	\$ 2,871,131	\$ 3,740	\$ 4,292,297
Commercial paper	6,161,121	6,446,025	.....	12,607,146
Money market funds	9,734	2,581,742	27,150	2,618,626
Repurchase agreements	1,150,000	3,664,866	.....	4,814,866
U.S. guaranteed obligations	9,274,839	8,377,414	48,886	17,701,139
Federal agencies	8,819,935	5,487,409	3,168	14,310,512
Domestic bonds and notes	7,170,452	2,419,459	1,461,961	11,051,872
Domestic bonds and notes commingled funds	.....	2,573,933	.....	2,573,933
International bonds and notes	2,593,571	529,936	2,151	3,125,658
Domestic stocks	44,070,462	1,219,856	13,203	45,303,521
Domestic equity commingled funds	.....	3,825,278	.....	3,825,278
International stocks	38,330,351	493,421	5,032	38,828,804
International equity commingled funds	7,501,662	1,572,063	.....	9,073,725
Alternative investments	16,501,387	.....	.....	16,501,387
Real estate investments	9,910,420	.....	.....	9,910,420
Self-Directed brokerage accounts	.....	123,082	.....	123,082
Option contracts purchased	2,389	.....	2,447	4,836
Swap contracts (debt related)	1,492	.....	.....	1,492
Mutual funds	.....	.....	1,860,589	1,860,589
Deferred compensation annuities	.....	.....	29,601	29,601
Limited partnerships	.....	.....	17	17
Total investments excluding lending collateral	152,915,241	42,185,615	3,457,945	198,558,801
Lending collateral investments:				
Certificates of deposit	.....	1,407,394	.....	1,407,394
Commercial paper	.....	682,462	.....	682,462
Repurchase agreements	4,471,397	360,816	.....	4,832,213
Domestic bonds and notes	115,537	117,164	.....	232,701
Security lending collateral pool	.....	58	.....	58
International bonds and notes	31,326	35,077	.....	66,403
Total lending collateral investments	4,618,260	2,602,971	.....	7,221,231
Total investments for all types - fair value	\$ 157,533,501	\$ 44,788,586	\$ 3,457,945	\$ 205,780,032
Total investments for all types - carrying value	\$ 157,533,501	\$ 44,788,502	\$ 3,456,517	\$ 205,778,520
% of total other investments	76%	22%	2%	

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

	Governmental activities	Business-type activities	Fiduciary funds	Component Units <sup>1</sup>	Total
Other investments	\$ 1,263,459	\$ 14,499,184	\$ .....	\$ 773,464	\$ 16,536,107
Restricted investments	.....	1,093,419	.....	.....	1,093,419
Long-term investments	235,638	11,449,312	171,925,840	.....	183,610,790
Security lending collateral <sup>2</sup>	.....	.....	4,618,260	.....	4,618,260
Timing and other differences <sup>3</sup>	(11,671)	(4,048)	(3,751)	(60,586)	(80,056)
<b>Total other investments</b>	<b>\$ 1,487,426</b>	<b>\$ 27,037,867</b>	<b>\$ 176,540,349</b>	<b>\$ 712,878</b>	<b>\$ 205,778,520</b>

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

<sup>2</sup>Other investments and Restricted investments for Governmental and Business-type activities include security lending collateral. Refer to Note 2 A(2) Schedule of Other Investments and B(5) Schedule of Other Investments on Loan Under Security Lending Agreements for additional information.

<sup>3</sup>Differences between participant balances posted and actual investments. Some Component Units have fiscal year ends other than June 30, 2014.

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

**FRS Pension Trust Fund**  
**Securities Pledged as Collateral for Futures and Swaps Contracts**  
**As of June 30, 2014**

Investment Type	Fair Value
U.S. guaranteed obligations	\$ 25,169
Domestic stocks	23,156
<b>Total</b>	<b>\$ 48,325</b>

The FRS Pension Trust Fund also held short positions in investments at June 30, 2014. Short investment positions are reported as liabilities on the Statement of Fiduciary Net Positions. The schedule below presents the short investment positions at fair value at June 30, 2014, (in thousands):

**FRS Pension Trust Fund**  
**Short Investment Positions**  
**As of June 30, 2014**

Investment Type	Fair Value
U.S. guaranteed obligations	\$ (84,698)
Federal agencies	(95,122)
Option contracts	(123)
<b>Total</b>	<b>\$ (179,943)</b>

The SBA issued a separate report (financial statements and notes) pertaining to the Local Government Surplus Funds Trust Fund (an external investment pool) within the state's Investment Trust Fund for the period ended June 30, 2014. This report may be obtained from the Chief Operating & Financial Officer, State Board of Administration of Florida, 1801 Hermitage Boulevard, Suite 101, Tallahassee, Florida 32308, (850) 488-4406.

*Component Units*

The schedule below discloses other investments reported at fair value and total carrying value, as of June 30, 2014, for discretely presented component units and a reconciliation to the basic financial statements (in thousands). Those investments held with the State Treasury as of June 30, 2014, are excluded.

**Schedule of Other Investments  
For Discretely Presented Component Units  
As of June 30, 2014**

Investment type	Fair value
Certificates of deposit	\$ 48,168
Commercial paper	70,685
Repurchase agreements	170,112
Money market funds	393,597
U.S. guaranteed obligations	3,564,668
Federal agencies	3,117,325
Domestic bonds & notes	10,358,976
International bonds & notes	52,759
Domestic stocks	1,036,409
International stocks	348,665
Real estate investments	57,686
Mutual funds	2,782,193
Investment agreements	3,160,763
Total other investments for all types - fair value	<u>\$ 25,162,006</u>
Total other investments for all types - carrying value	<u>\$ 25,166,591</u>
Reconciliation of carrying value to the basic financial statements:	
Other investments	\$ 20,467,038
Restricted investments	5,473,017
Less SBA Investments*	(773,464)
Total other investments for component units	<u>\$ 25,166,591</u>

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

At June 30, 2014, 71.9% of total other investments for discretely presented component units belonged to the following major component units: Florida Housing Finance Corporation, University of Florida, and Citizens Property Insurance Corporation.

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

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

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

The State Treasury follows the investment guidelines set forth in Section 17.57, F.S., for reducing exposure to investment credit risk. The State Treasury’s rated debt investments as of June 30, 2014, were rated by the nationally recognized statistical rating organizations (NRSRO), Standard and Poor’s (S&P) and Moody’s, and the ratings are presented below using the applicable rating scale (in thousands):

**State Treasury  
Credit Quality Ratings  
As of June 30, 2014**

S&P rating**	Moody's rating**	Total*	Commercial paper	Federal agencies	Domestic bonds & notes	International bonds & notes
AAA		\$ 888,808	\$ .....	\$ .....	\$ 864,324	\$ 24,484
AA		8,524,683	.....	7,479,346	813,879	231,458
A		2,518,865	.....	.....	2,124,039	394,826
A-1		362,691	337,691	.....	25,000	.....
BBB		830,652	.....	.....	685,323	145,329
BB		9,677	.....	.....	9,677	.....
B		1,244	.....	.....	1,244	.....
Below B		14	.....	.....	14	.....
	Aaa	440,180	.....	.....	424,060	16,120
	Aa	5,961	.....	.....	5,961	.....
	A	4,400	.....	.....	1,870	2,530
	B	251	.....	.....	251	.....
	Below B	1,402	.....	.....	1,402	.....
Not rated		385,355	.....	343,847	1,201	40,307
		13,974,183	\$ 337,691	\$ 7,823,193	\$ 4,958,245	\$ 855,054
Not rated		5,767,071	U.S. guaranteed obligations			
Not rated		642,876	Commingled STIF			
Not rated		2,930,462	Repurchase agreements			
		<u>\$ 23,314,592</u>				

\*The remaining (\$1,658,310) (in thousands) reported for Pooled Investments with State Treasury is comprised primarily of investments with the U.S. Treasury Unemployment Compensation Funds Pool and outstanding warrants as presented in the Schedule of Pooled Investments with the State Treasury.

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

The State Treasury’s investment policies allow for unlimited investments in U.S. obligations and certain Federal agency obligations. For other investments, the investment policies address concentration of credit risk by placing limits on amounts invested per issuer (taking into account the maturity date and duration of the investment). In addition, the policies also address limits on certain investments by credit ratings. Limits on amounts invested are expressed in dollar amounts per issuer and also in total amounts per investment type as a percentage of the investment pool’s market value. As of June 30, 2014, more than five percent of the State Treasury’s investment pool is invested in Federal Home Loan Bank System (FHLB), Federal National Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB), and the Federal Home Loan Mortgage Corporation (FHLMC). These investments are approximately 9 percent, 9 percent, 8 percent, and 6 percent of the State Treasury’s investments pool, respectively.

### ***Other Investments***

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

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

**Short-term Portfolio** – Securities must be high quality at the time of purchase. For short-term investment ratings, this is defined as the highest applicable rating from one of the three NRSROs – S&P A-1, Moody’s P-1, Fitch F1. For long-term investment ratings, this is defined as a minimum mid-single A rating from one of the three NRSROs – S&P A, Moody’s A2, Fitch A.

**Mortgage Index Portfolio** – Securities are generally limited to those issued by the Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC). No specific credit rating criteria are listed.

**Intermediate Aggregate Less MBS Portfolio** – Securities should be rated investment grade by at least one of the three NRSROs at the time of purchase. Minimum ratings include S&P BBB-, Moody’s Baa3, and Fitch BBB-. This portfolio primarily contains U.S. Treasuries, government agencies, and corporates.

**Core Portfolios** – Securities should generally be rated investment grade by one of the three NRSROs at the time of purchase. Minimum ratings include S&P BBB-, Moody’s Baa3, and Fitch BBB-. Securities of a single issuer are generally limited to 5% of the market value of the portfolio (excluding U.S. Treasuries and Agencies). These portfolios can contain: U.S. Treasuries, government agencies; investment grade residential mortgage backed, commercial mortgage-backed and asset-backed securities; investment grade foreign sovereign debt; municipals; and corporate.

**Lending Portfolios** – Under investment policy guidelines in effect for the FRS Pension Trust Fund and the LCEF for the fiscal year ended June 30, 2014, cash collateral must be invested in tri-party qualified repurchase agreement transactions in which the subject securities there under will be repurchased by the seller thereof no later than one business day from the purchase date, and such repurchase obligations are collateralized by U.S. Government Securities having a market value of at least 100% of the market value of securities subject to being repurchased. “U.S. Government Securities” means any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States, or any certificate of deposit for any of the foregoing, including without limitation notes, bonds and other debt securities issued by the FNMA and the FHLMC. In addition to tri-party repurchase agreements, investments purchased under previous investment policy guidelines are being held to maturity in existing lending portfolios. The previous investment policy guidelines contained short-term rating requirements that were similar to the current short-term portfolio rating requirements. Repurchase agreements were required to be fully collateralized.

For the Florida Lottery lending program, investments with an original maturity of 13 months or less, at the time of purchase must carry a program or instrument rating of, or if unrated be issued or guaranteed as to principal and interest, by an issuer for guarantor whose existing comparable short-term debt obligations have received the highest applicable rating by at least one NRSRO (S&P A-1; Moody’s P-1; Fitch F1). Other investments with remaining maturities greater than 13 months but less than or equal to two years, at the time of purchase must carry a program or instrument rating of, or if unrated be issued or guaranteed as to principal and interest, by an issuer or guarantor whose existing comparable long-term debt obligations have a rating of either A or higher by S&P, A2 or higher by Moody’s, or A or higher by Fitch, except in the case of asset-backed securities which must have a rating of AAA by S&P, Aaa by Moody’s, or AAA by Fitch. For investments with remaining maturity greater than two years, at the time of purchase must carry a program or instrument rating of, or if unrated be issued or guaranteed as to principal and interest, by an issuer or guarantor whose existing comparable long-term debt obligations have a rating of either AA- or higher by S&P, Aa3 or higher by Moody’s, or AA- or higher by Fitch, except in the case of asset-backed securities which must have a rating of AAA by S&P, Aaa by Moody’s, or AAA by Fitch. Rating requirements do not apply to securities and instruments issued or guaranteed by the U.S. Government, its agencies or instrumentalities, repurchase agreements and shares of money market funds.

For the Florida Prepaid Program lending program, short-term obligations should be limited to obligations rated in the highest rating category by all NRSROs, or if only rated by one NRSRO, then rated at the time of purchase in the highest rating category by that NRSRO (S&P A-1, Moody’s P-1, Fitch F1 or equivalent). A “short-term obligation” means any eligible security or instrument (other than a repurchase agreement) which has an original maturity of 397 days or less at the time of purchase or has a put that entitles the holder to receive the principal amount at specified intervals not exceeding 397 days. With respect to bonds

and other long-term obligations, investment is limited to obligations at the time of purchase in one of the two highest rating categories by at least two NRSROs, or if only rated by one NRSRO, then rated at the time of purchase in one of the two highest rating categories by that NRSRO, or those of comparable quality in the case of unrated securities. The minimum permissible credit rating for long-term obligations is AA- or its equivalent. A "long-term obligation" means any eligible security or instrument (other than a repurchase agreement) which has a remaining maturity of greater than 397 days at the time of purchase and is not subject to a demand feature in 397 days or less.

The FRS Pension Trust Fund did not hold any investments with a single issuer representing 5% or more of the fund's fair market value at June 30, 2014. The schedule below discloses credit quality ratings on investments held in the FRS Pension Trust Fund at June 30, 2014 (in thousands).

**FRS Pension Trust Fund  
Credit Quality Ratings  
As of June 30, 2014**

Credit Rating <sup>1</sup>		Total <sup>2</sup>	Certificates of deposit	Commercial paper	Money market funds	Federal agencies	Domestic bonds and notes	International bonds and notes
S&P	Moody							
A-1/AAAm		\$ 6,205,549	\$ .....	\$ 6,086,121	\$ 9,734	\$ .....	\$ 99,994	\$ 9,700
AAA		1,210,780	.....	.....	.....	.....	741,520	469,260
AA		2,124,682	200,001	.....	.....	862,020	722,731	339,930
A		3,266,171	.....	.....	.....	.....	2,495,226	770,945
BBB		2,866,826	.....	.....	.....	.....	2,181,082	685,744
BB		132,475	.....	.....	.....	.....	79,962	52,513
B		14,884	.....	.....	.....	.....	14,884	.....
CCC		37,033	.....	.....	.....	.....	37,033	.....
D		8,270	.....	.....	.....	.....	8,270	.....
Not rated	Aaa	662,420	.....	.....	.....	17,471	526,844	118,105
Not rated	Aa	62,554	.....	.....	.....	.....	50,145	12,409
Not rated	A	78,733	.....	.....	.....	.....	58,414	20,319
Not rated	Baa	140,454	.....	.....	.....	.....	72,306	68,148
Not rated	Ba	1,083	.....	.....	.....	.....	1,083	.....
Not rated	B	836	.....	.....	.....	.....	836	.....
Not rated	Caa	10,268	.....	.....	.....	.....	10,268	.....
Not rated	Not rated	9,496,084	1,217,425	75,000	.....	7,940,444	185,391	77,824
		<u>26,319,102</u>	<u>\$ 1,417,426</u>	<u>\$ 6,161,121</u>	<u>\$ 9,734</u>	<u>\$ 8,819,935</u>	<u>\$ 7,285,989</u>	<u>\$ 2,624,897</u>
Not rated	Not rated	5,621,397	Repurchase agreements					
Not rated	Not rated	9,274,839	U.S. guaranteed obligations					
Not rated	Not rated	44,070,462	Domestic stocks					
Not rated	Not rated	38,330,351	International stocks					
Not rated	Not rated	7,501,662	International equity commingled funds					
Not rated	Not rated	16,501,387	Alternative investments					
Not rated	Not rated	9,910,420	Real estate investments					
Not rated	Not rated	2,389	Options purchased					
Not rated	Not rated	1,492	Swaps					
		<u>\$ 157,533,501</u>	Total investments					

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

<sup>2</sup> All FRS investments are included in this schedule, including security lending collateral investments.

All futures, options and swaps contracts held by the FRS Pension Trust Fund at June 30, 2014, were exchange traded; therefore, minimizing counterparty credit risk through the use of a futures and swap clearing merchant and a clearing house.

Counterparty credit ratings for spot and forward foreign currency exchange contracts held in the FRS Pension Trust Fund at June 30, 2014, are listed below (in thousands).

**FRS Pension Trust Fund**  
**Foreign Currency Exchange Contract Counterparty Credit Ratings**  
**As of June 30, 2014**

Counterparty Credit Rating (Long Term) <sup>1</sup>			Receivable	Payable	Net Unrealized
S&P	Moody	Fitch	Fair Value	Fair Value	Gain (Loss)
AA/A-1	Aaa/P-1	AA/F1	\$ 306,633	\$ (309,891)	\$ (3,258)
AA/A-1	Aa/P-1	AA/F1	2,489	(2,482)	7
AA/A-1	NR/P-1	AA/F1	46,893	(46,926)	(33)
A/A-1	Aa/P-1	AA:F1	34,051	(34,017)	34
A/A-1	Aa/P-1	A:F1	877,604	(879,384)	(1,780)
A/A-1	A/P-1	AA/F1	3,483	(3,483)	.....
A/A-1	A/P-1	A/F1	769,752	(770,448)	(696)
A/A-1	NR/P-1	AA/F1	26	(26)	.....
A/A-1	NR/P-1	A/F1	24,701	(24,681)	20
A/A-1	NR/P-1	NR/NR	379,387	(379,607)	(220)
A/A-1	NR/NR	NR/NR	790	(794)	(4)
NR:NR	NR/P-1	NR/NR	249,017	(249,618)	(601)
NR:NR	NR/NR	A/F1	8,685	(8,669)	16
NR:NR	NR:NR	NR/NR	413,176	(413,434)	(258)
Total:			\$ 3,116,687	\$ (3,123,460)	\$ (6,773)

<sup>1</sup> If no rating exists, "NR" is reported.

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The schedule below discloses credit quality ratings on investments held in all funds managed by the SBA (except the FRS Pension Trust Fund) at June 30, 2014, (in thousands).

**All SBA Managed Funds (except FRS Pension Trust Fund)**  
**Credit Quality Ratings**  
**As of June 30, 2014**

Credit Rating <sup>1</sup>		Total <sup>2</sup>	Certificates of deposit	Commercial paper	Money market funds	Federal agencies	Domestic bonds and notes	Domestic bonds and notes commingled funds	International bonds and notes
S&P	Moody								
A-1/AAAm		\$ 8,673,793	\$ .....	\$ 7,044,685	\$ 1,479,117	\$ .....	\$ .....	\$ .....	\$ 149,991
AAA		151,413	.....	.....	.....	.....	150,555	.....	858
AA		3,502,615	196,225	.....	.....	2,254,420	735,160	151,883	164,927
A		708,864	8,418	.....	.....	.....	590,368	.....	110,078
BBB		679,856	.....	.....	.....	.....	542,217	.....	137,639
BB		5,235	.....	.....	.....	.....	5,235	.....	.....
Not rated	P-1	3,999	3,999	.....	.....	.....	.....	.....	.....
Not rated	Aaa	157,439	.....	.....	.....	14,198	142,019	.....	1,222
Not rated	Aa	250,224	235,224	.....	.....	.....	15,000	.....	.....
Not rated	A	196	.....	.....	.....	.....	.....	.....	196
Not rated	Baa	262	.....	.....	.....	.....	160	.....	102
Not rated	Not rated	11,017,836	3,834,659	83,802	1,102,625	3,218,791	355,909	2,422,050	.....
		<u>25,151,732</u>	<u>\$ 4,278,525</u>	<u>\$ 7,128,487</u>	<u>\$ 2,581,742</u>	<u>\$ 5,487,409</u>	<u>\$ 2,536,623</u>	<u>\$ 2,573,933</u>	<u>\$ 565,013</u>
Not rated	Not rated	4,025,682	Repurchase agreements						
Not rated	Not rated	8,377,414	U.S. guaranteed obligations						
Not rated	Not rated	58	Security lending collateral pool						
Not rated	Not rated	1,219,856	Domestic stocks						
Not rated	Not rated	3,825,278	Domestic equity commingled funds						
Not rated	Not rated	493,421	International stocks						
Not rated	Not rated	1,572,063	International equity commingled funds						
Not rated	Not rated	123,082	Self-directed brokerage accounts						
		<u>\$ 44,788,586</u>	Total investments						

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

<sup>2</sup>All investments are included in this schedule, including security lending collateral investments.

Counterparty credit ratings for spot foreign currency exchange contracts held in the Lawton Chiles Endowment Fund at June 30, 2014, are listed below (in thousands).

**Lawton Chiles Endowment Fund**  
**Foreign Currency Exchange Contract Counterparty Credit Ratings**  
**As of June 30, 2014**

Counter Party Credit Rating (Long/Short) <sup>1</sup>			Receivable	Payable	Net Unrealized
S&P	Moody	Fitch	Fair Value	Fair Value	Gain (Loss)
A/A-1	Aa/P-1	AA/F1	\$ 327	\$ (327)	\$ .....
A/A-1	NR/P-1	A/F1	1,483	(1,487)	(4)
NR/NR	NR/NR	A/F1	51	(51)	.....
Total:			<u>\$ 1,861</u>	<u>\$ (1,865)</u>	<u>\$ (4)</u>

<sup>1</sup>If no rating exists, "NR" is reported.

The Local Government Surplus Funds Trust Fund held investments with Bank of America (13.79%), Deutsche Bank (7.26%), and Sumitomo Mitsui Banking Corp (5.15%) in excess of 5% of the Fund's fair value.

The Florida Hurricane Catastrophe Fund held investments with Bank of Nova Scotia (7.00%), Mitsubishi UFJ Financial Group (5.16%), Federal Home Loan Bank System (10.15%), Federal Farm Credit Banks (7.00%), Federal Agricultural Mortgage Corp. (7.77%) and RBC Capital (7.90%) in excess of 5% of the Florida Hurricane Catastrophe Fund's fair value.

The Florida Prepaid College Program held investments with the Federal National Mortgage Association (5.29%) in excess of 5% of the Florida Prepaid College Program's fair value.

**Component Units**

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

<b>Major Component Units Credit Quality Ratings As of June 30, 2014</b>								
Component Unit	Commercial Paper	Federal agencies	Bonds & notes	Mutual funds	Money market funds	Total	S&P rating	
Florida Housing Finance Corporation (FHFC) *	\$ .....	\$ 56,723	\$ .....	\$ .....	\$ .....	\$ 56,723	AA+	
FHFC (continued)	.....	.....	36,164	.....	.....	36,164	AAA-AA-	
FHFC (continued)	.....	.....	15,315	.....	.....	15,315	AAA-AA+	
FHFC (continued)	.....	.....	118,282	.....	.....	118,282	AAA-B+	
FHFC (continued)	.....	.....	13,877	.....	.....	13,877	AAA-A	
FHFC (continued)	.....	.....	4,468	.....	.....	4,468	AAA-D	
University of Florida (UF)**	.....	.....	3,859	11,760	.....	15,619	AAA	
UF (continued)	.....	.....	6,982	52,618	.....	59,600	AA	
UF (continued)	.....	.....	4,040	30,340	.....	34,380	A	
UF (continued)	.....	.....	2,993	78,341	.....	81,334	Less than A	
	<u>\$ .....</u>	<u>\$ 56,723</u>	<u>\$ 205,980</u>	<u>\$ 173,059</u>	<u>\$ .....</u>	<u>\$ 435,762</u>		

Component Unit	Certificates of deposit	Federal agencies	Bonds & notes	Mutual funds	Other	Total	S&P rating	
Citizens Property Insurance Corporation (CPIC)	\$ .....	\$ .....	\$ 9,159,372	\$ .....	\$ .....	\$ 9,159,372	A+	
CPIC (continued)	.....	3,936,175	.....	.....	.....	3,936,175	AA+	
CPIC (continued)	.....	.....	.....	.....	.....	.....	AAA	
CPIC (continued)	.....	.....	.....	.....	179,778	179,778	Default	
	<u>\$ .....</u>	<u>\$ 3,936,175</u>	<u>\$ 9,159,372</u>	<u>\$ .....</u>	<u>\$ 179,778</u>	<u>\$ 13,275,325</u>		

\* Florida Housing Finance Corporation (FHFC) reported total investments with a fair value in the amount of \$266 million subject to concentration of credit risk. These investments and amounts were issued by FannieMae (\$266 million).

\*\*University of Florida (UF) reported total investments with a fair value in the amount of \$47 million subject to concentration of credit risk. These investments and amounts were issued by Florida Hedged Strategies Fund, LLC (\$11 million), US Bank Commercial Paper (\$18 million) and various other issuers (\$18 million).

**2. Custodial Credit Risk**

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

**Pooled Investments with the State Treasury**

The State Treasury does not have an overall policy addressing custodial credit risk. However, as required by negotiated trust and custody contracts, many of the state's investments were held in the state's name by the Treasury's custodial financial institutions at June 30, 2014. Investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department, included the following (in thousands):

<b>State Treasury Custodial Credit Risk As of June 30, 2014</b>	
	Fair value
Invested security lending collateral:	
Repurchase agreements	\$ 1,349,633
Commercial paper	27,695
Bonds and notes - domestic	369,778
Bonds and notes - international	116,603
Federal agencies	45,219
Total	<u>\$ 1,908,928</u>

**Other Investments**

The SBA’s custodial credit risk policy states that custodial credit risk will be minimized through the use of trust accounts maintained at top tier third party custodian banks. To the extent possible, negotiated trust and custody contracts shall require that all deposits, investments, and collateral be held in accounts in the SBA’s name, or in the case of certain foreign investments, in an omnibus client account, but separate and apart from the assets of the custodian banks. This policy applies to investments evidenced by cash or securities, and does not apply to investments evidenced by contractual agreements such as private equity or real estate investments. As required by negotiated trust and custody contracts, many of the state’s investments were held in the state’s name (or, in the case of certain foreign investments, in an omnibus client account) by the SBA’s custodial financial institutions at June 30, 2014. Investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department, included the following (in thousands):

**Other Investments  
Custodial Credit Risk  
As of June 30, 2014**

	FRS Pension Trust Fund	Other funds
Invested security lending collateral:		
Certificates of deposit	\$ .....	\$ 1,407,394
Commercial paper	.....	682,462
Repurchase agreements	2,864,861	360,816
Domestic bonds and notes	115,537	117,164
International bonds and notes	13,268	35,077
Total	<u>\$ 2,993,666</u>	<u>\$ 2,602,913</u>

**Component Units**

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

**Major Component Unit  
Custodial Credit Risk  
As of June 30, 2014**

Component unit / Investment type	Fair value
University of Florida	
Mutual and/or Commingled Funds	\$ 56,900
Bonds & notes	17,874
Mutual funds	2,571
Total	<u>\$ 77,345</u>

**3. Interest Rate Risk**

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

**Pooled Investments with the State Treasury**

Through its investment policy, the State Treasury manages its exposure to interest rate risk by limiting either the maturities or durations of the various investment strategies used for the investment pool. The maximum effective weighted duration allowed is in the Long Duration portfolio, which is six (6) years or the benchmark’s effective duration, if higher. In addition, the security lending portfolios manage exposure to interest rate risk by limiting the weighted average maturity. The maximum weighted average maturity for the security lending portfolio is 120 days.

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

**Debt Investments  
As of June 30, 2014**

Investment type	Fair value	Effective weighted duration (in years)	Security Lending Market Value	Weighted average maturity (in days)
Commercial paper	309,996	0.06	27,695	35.00
Repurchase agreements	1,580,829	0.01	1,349,633	1.00
U.S. guaranteed obligations:				
U.S. Treasury bonds and notes	4,507,443	3.39	.....	
U.S. Treasury strips	17,364	7.58	.....	
U.S. Treasury bills	943,626	0.42	.....	
GNMA mortgage-backed pass-through	172,397	3.43	.....	
GNMA TBA pass-through	22,009	4.09	.....	
GNMA collateralized mortgage obligations (CMO's)	21,292	2.40	.....	
GNMA CMO's - interest only	9,730	(6.96)	.....	
SBA asset-backed	65,104	4.22	.....	
NCUA - CMO's	8,106	0.51	.....	
Federal agencies				
Discount notes	2,012,470	0.27	45,219	25.25
Unsecured bonds & notes	3,591,678	0.87	.....	
Mortgage-backed pass-through	1,424,483	3.71	.....	
TBA mortgage-backed pass-through	343,847	3.25	.....	
Mortgage-backed CMO's	393,932	3.46	.....	
Mortgage-backed CMO's - principal only	213	4.30	.....	
Mortgage-backed CMO's - interest only	11,351	3.91	.....	
Bonds and notes - domestic				
Corporate	2,956,988	5.87	369,778	46.61
Corporate asset-backed	545,597	0.94	.....	
Non-government backed CMO's & CMBS*	846,066	3.43	.....	
Non-government backed CMO's & CMBS* - interest only	2,704	0.66	.....	
Municipal/provincial	237,112	6.21	.....	
Bonds and notes - international				
Government & Agency	122,574	5.30	116,603	46.89
Corporate	615,877	5.55	.....	
Commingled STIF	642,876	.....	.....	
Total portfolio effective duration and weighted average maturity		2.55		13.71
Total debt investments**	<u>\$ 21,405,664</u>		<u>\$ 1,908,928</u>	

\* Commercial Mortgage-Backed Securities (CMBS)

\*\* The remaining (\$1,658,310) (in thousands) reported for Pooled Investments with State Treasury is comprised primarily of investment with the U.S. Treasury Unemployment Compensation Funds Pool and outstanding warrants as presented in the Schedule of Pooled Investments with the State Treasury.

Presented below is effective weighted duration for derivative investments in the State Treasury at June 30, 2014.

**Derivative Investments**  
As of June 30, 2014

Investment type	Fair value	Effective weighted duration (in years)
Futures	\$ .....	8.32
Total derivative investments	<u>\$ .....</u>	

**Other Investments**

The SBA manages its exposure to interest rate risk through various investment policies. Policies and interest rate risk disclosures for debt investments within the FRS Pension Trust Fund are presented below.

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

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

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

*Intermediate Aggregate Less MBS Index Portfolio* – Portfolio duration should remain within plus or minus 0.25 years of the Barclays Capital U.S. Intermediate Aggregate Bond Index less the MBS index component.

*Core Portfolios* – Portfolio duration should remain within plus or minus 0.50–1.25 years of the Barclays Capital U.S. Intermediate Aggregate Bond Index duration.

*Security Lending Portfolios* – The investment policy guidelines in effect for the FRS Pension Trust Fund and the LCEF for the fiscal year ended June 30, 2014, allow investment only in overnight repurchase agreements that are fully collateralized by U.S. government and/or agency securities. Investments that were purchased under the previous investment policy guidelines are still held in the lending programs, but are slowly paying down. Previous guidelines included a maximum WAM for a portfolio of 60 to 90 days, depending on the lending program. For investments that had floating interest rates, interest rate reset dates were used to calculate the WAM.

For the Florida Lottery lending program, investment policy guidelines require a maximum WAM for a portfolio of 90 days (for separately managed investments).

For the Florida Prepaid lending program, investment policy guidelines state that the maximum rate sensitivity is 60 days, for non-term loans. For cash collateral invested in connection with term loans, which are loans collateralized by cash where the agreed date of maturity of the loan or the date of renegotiation of the rebate rate for the loan is greater than one business day, the investment policy guidelines allow the rate of sensitivity to exceed 60 days. The “rate sensitivity” of a security or instrument shall mean (a), in the case of a fixed rate security or instrument (i) the date on which final payment is due or (ii) the principal amount can be recovered through demand (if applicable) or (b) in the case of a floating or variable rate security or instrument, the shorter of the period of time remaining until either (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand (if applicable).

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

**FRS Pension Trust Fund  
Debt Investments  
As of June 30, 2014**

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	\$ .....	N/A	\$ 1,417,426	36
Commercial paper	.....	N/A	6,161,121	44
Money market funds	.....	N/A	9,734	1
Repurchase agreements	.....	N/A	5,621,397	1
U.S. guaranteed obligations:				
U.S. Treasury bills	1,210	0.30	.....	N/A
U.S. Treasury bonds and notes	7,017,469	3.43	.....	N/A
Index linked government bonds	310,208	6.58	.....	N/A
U.S. government guaranteed	50,998	5.71	.....	N/A
GNMA mortgage-backed	835,698	3.65	.....	N/A
GNMA commitments to purchase (TBAs)	955,045	3.79	.....	N/A
GNMA CMO's and CMBS	96,139	3.42	.....	N/A
GNMA interest-only CMO's	2,768	(9.01)	.....	N/A
GNMA interest-only inverse floating CMO's	5,304	13.36	.....	N/A
Federal agencies:				
Unsecured bonds and notes	920,222	3.35	.....	N/A
Agency strips	13,502	3.22	.....	N/A
Mortgage-backed (FNMA, FHLMC)	4,146,137	3.76	.....	N/A
FNMA, FHLMC commitments to purchase (TBAs)	2,457,672	3.76	.....	N/A
Mortgage-backed CMO's and CMBS	1,256,539	3.80	.....	N/A
Interest-only CMO's	7,492	(0.69)	.....	N/A
Interest-only inverse floating CMO's	14,795	7.82	.....	N/A
Inverse floating CMO's	1,097	3.97	.....	N/A
Principal-only CMO's	2,479	6.04	.....	N/A
Domestic bonds and notes:				
Corporate	5,145,435	4.23	.....	N/A
Non-government asset and mortgage-backed	605,561	1.27	74,924	27
Non-government backed CMO's and CMBS	1,383,541	3.24	18,453	25
Municipal/provincial	50,761	3.11	.....	N/A
Real estate mortgage loans	7,313	6.17	.....	N/A
International bonds and notes:				
Government and regional	616,017	3.11	.....	N/A
Government agency	304,510	3.32	.....	N/A
Corporate	1,626,507	4.06	.....	N/A
Non-government asset and mortgage-backed	25,524	3.38	.....	N/A
Non-government backed CMO's and CMBS	21,013	0.04	31,326	27
Futures contracts - long <sup>1</sup>	.....	2.59	.....	N/A
Futures contracts - short <sup>1</sup>	.....	9.40	.....	N/A
Options purchased <sup>2</sup>	318	See Note 2	.....	N/A
Swap contracts <sup>1</sup>	1,492	0.44	.....	N/A
<b>Total debt investments</b>	<b>\$ 27,882,766</b>		<b>\$ 13,334,381</b>	

<sup>1</sup> The futures and swap contracts effective weighted duration was calculated using notional values rather than fair values. For foreign futures, local notional value was converted to a U.S. \$ value based on foreign exchange rates at June 30, 2014.

<sup>2</sup> An option's effective weighted duration measures the rate of change of price with respect to yield. The effective weighted duration was (890.58) at June 30, 2014.

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

**FRS Pension Trust Fund  
Sold Short Debt Investment Positions  
As of June 30, 2014**

Investment type	Fair value (duration)	Effective weighted duration (in years)
GNMA commitments to sell (TBAs)	\$ (84,698)	3.84
FNMA, FHLMC commitments to sell (TBAs)	(95,122)	3.99
Options sold <sup>1</sup>	(123)	See Note <sup>1</sup>
Total debt investments sold short <sup>2</sup>	<u>\$ (179,943)</u>	

<sup>1</sup> An option's effective weighted duration measures the rate of change of price with respect to yield. Effective weighted duration was (1,608.36) at June 30, 2014

<sup>2</sup> Investments sold short are reported as liabilities on the Statement of Fiduciary Net Position.

Presented below are interest rate risk schedules for all debt-related investments managed by the SBA (excluding the FRS Pension Trust Fund), as of June 30, 2014 (in thousands). Certain investment types may be presented using two or more interest rate risk methods, if the investment types are managed using different techniques. For example, if investments are purchased to match scheduled debt payments, to coincide with Lottery prize payouts, or are entirely client directed investments, the investments are presented using the segmented time distribution method. If investments are in a portfolio that contains weighted average maturity restrictions, the investments are presented using this method. If investments are subject to certain restrictions on duration, then that method is used. Individual investments are only included in one of the following three methods scheduled below.

**Debt Investments Managed by SBA (except FRS Pension Trust Fund)  
That Use Segmented Time Distribution Method  
As of June 30, 2014**

Investment type	Total fair value	Investment maturities (in years)						
		Less than or equal to 1	> 1 to 3	> 3 to 5	> 5 to 10	>10 to 15	> 15 to 20	> 20
U.S. guaranteed obligations:								
U.S. Treasury bills	\$ 152,692	\$ 152,692	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
U.S. Treasury bonds, notes, and SLGS*	692,631	417,569	274,329	336	397	.....	.....	.....
U.S. Treasury strips	444,534	89,202	109,946	42,856	85,612	70,014	32,927	13,977
Federal agencies:								
Unsecured bonds and notes	19,515	17,150	2,365	.....	.....	.....	.....	.....
Total debt investments	<u>\$ 1,309,372</u>	<u>\$ 676,613</u>	<u>\$ 386,640</u>	<u>\$ 43,192</u>	<u>\$ 86,009</u>	<u>\$ 70,014</u>	<u>\$ 32,927</u>	<u>\$ 13,977</u>

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

**Debt Investments Managed by SBA (except FRS Pension Trust Fund)  
That Use Weighted Average Maturity Method or Duration Method  
As of June 30, 2014**

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	\$ 3,012	1.21	\$ 4,275,513	53
Commercial paper	.....	N/A	7,128,487	51
Money market funds	1,102,335	0.09	1,479,407	1
Repurchase agreements	.....	N/A	4,025,682	5
U.S. guaranteed obligations:				
U.S. Treasury bills	101,789	0.11	84,446	231
U.S. Treasury bonds and notes	339,639	3.10	954,348	34
U.S. Treasury strips	5,187,507	10.02	.....	N/A
Index linked government bonds	151,692	5.37	.....	N/A
U.S. government guaranteed	108,074	5.11	.....	N/A
GNMA mortgage-backed	88,468	4.99	.....	N/A
GNMA commitments to purchase (TBAs)	45,920	4.74	.....	N/A
GNMA CMO's	25,674	2.70	.....	N/A
Federal agencies:				
Discount notes	67,978	0.34	482,228	114
Unsecured bonds and notes	139,309	7.04	3,160,891	130
Agency strips	780,499	8.03	.....	N/A
Mortgage-backed (FNMA, FHLMC)	503,608	4.31	.....	N/A
FNMA, FHLMC commitments to purchase (TBAs)	323,399	3.42	.....	N/A
Mortgage-backed CMO's	9,982	2.64	.....	N/A
Domestic bonds and notes:				
Corporate	1,138,811	2.18	1,058,218	89
Non-government asset and mortgage-backed	83,657	2.43	21,559	23
Non-government backed CMO's and CMBS	176,378	1.73	.....	N/A
Non-government backed interest-only CMO's	39,030	3.53	.....	N/A
Municipal/provincial	3,970	8.43	15,000	7
Domestic bonds and notes commingled funds	2,573,933	5.35	.....	N/A
Security lending collateral pool	.....	N/A	58	27
International bonds and notes:				
Government and regional	6,776	7.71	14,014	2
Government agency	28	2.74	.....	N/A
Corporate	268,222	6.37	273,920	34
Non-government asset and mortgage-backed	.....	N/A	1,222	14
Non-government backed CMO's and CMBS	.....	N/A	831	42
Total debt investments	<u>\$ 13,269,690</u>		<u>\$ 22,975,824</u>	

**Component Units**

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

**Major Component Units  
Debt Investments  
That Use Segmented Time Distribution Method  
As of June 30, 2014**

Component unit / Investment type	Total fair value	Investment maturities (in years)			
		Less than or equal to 1	> 1 to 5	> 5 to 10	> 10
University of Florida					
U.S. guaranteed obligations	\$ 2,640	\$ .....	\$ 2,640	\$ .....	\$ .....
Federal agencies	.....	.....	.....	.....	.....
Bonds & notes	17,874	1,001	15,875	999	.....
Mutual funds	173,059	10,608	104,330	58,121	.....
Total debt investments	\$ 193,573	\$ 11,609	\$ 122,845	\$ 59,120	\$ .....

**Major Component Units  
Debt Investments  
That Use Duration or Weighted Average Maturity Method  
As of June 30, 2014**

Component unit / Investment type	Fair value (duration)	Modified duration (in years)	Fair value (WAM)	Weighted Average maturity (in years)
Florida Housing Finance Corporation				
U.S. guaranteed obligations	\$ 30,647	2.01	\$ .....	N/A
Federal agencies	26,076	1.09	.....	N/A
Bonds & notes	188,106	1.03	.....	N/A
Citizens Property Insurance Corporation				
U.S. guaranteed obligations	.....	N/A	1,532,329	2.31
Federal agencies	.....	N/A	2,403,846	3.19
Bonds & notes	.....	N/A	9,339,149	3.56
Total debt investments	\$ 244,829		\$ 13,275,324	

**4. Foreign Currency Risk**

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

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

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

***Other Investments***

The FRS Pension Trust Fund, the LCEF, and the Florida Prepaid College Program had exposure to foreign currency risk at June 30, 2014. These funds are managed primarily by the use of "asset classes".

The FRS Pension Trust Fund investment policy, approved on August 20, 2013, by the Trustees, limits the global equity asset class (including domestic and foreign equities) to a policy range of 44-65% and a target allocation of 52%. All asset classes may hold non-U.S. securities, depending on portfolio guidelines. Within the global equity asset class, the FRS Pension Trust Fund holds units in international equity commingled funds. The FRS Pension Trust Fund owns only a portion of the overall investment in the funds, which are also owned by other investors. Equity linked notes are participatory notes that allow the FRS Pension Trust Fund to participate in certain foreign equity markets where direct participation is not possible due to local government regulations, tax policies, or other reasons. The FRS Pension Trust Fund's unit holdings in the overall investments or notes themselves may be valued in U.S. dollars, but a portion of the underlying assets are exposed to foreign currency risk in various currencies. Within the alternative investment asset class, the FRS Pension Trust owns an interest in several alternative investment commingled funds (primarily limited partnerships) with other investors and, therefore, owns only a portion of the overall investment in the funds. The alternative investment funds denominated in Euro currency units are included in the foreign currency risk below. For the

alternative investment funds denominated in U.S. dollars, some of the underlying investments may be exposed to foreign currency risk in various currencies. Alternative investments with potential exposure to foreign currency risk totaled \$15.4 billion as of June 30, 2014.

For the LCEF, Trustees approved an investment policy on June 17, 2014, that set the global equity asset class with a policy range of 61-81% and a target allocation of 71%. Other asset classes in the LCEF may hold non-U.S. securities as well, depending on portfolio guidelines.

The Florida Prepaid Program's comprehensive investment plan limits investment in foreign equities to 25% of total equities, with the target for total equities to be the lesser of 15% of the total fund, or the actuarial reserve. In all cases, Florida law limits the total exposure to foreign securities to 35% of the total fund. There is no requirement that this exposure to foreign currency be hedged through forward currency contracts, although the managers use them in many cases.

Presented below in U.S. dollars are the FRS Pension Trust Fund, Lawton Chiles Endowment Fund, and Florida Prepaid College Fund investments exposed to foreign currency risk as of June 30, 2014, listed in total, by currency (in thousands).

**FRS Pension Trust Fund, Lawton Chiles Endowment Fund (LCEF), and Florida Prepaid College Program  
Investments Exposed to Foreign Currency Risk (fair values in U.S.\$, in thousands)  
As of June 30, 2014**

Currency	FRS Pension Trust Fund Investment Type			LCEF	Florida Prepaid Program
	Equity	Alternative Investments	Fixed Income	Investment type	and Investment Plan Investment type
Australian dollar	\$ 1,500,677	\$ .....	\$ .....	\$ 9,161	\$ 18,675
Brazilian real	554,045	.....	.....	5,969	.....
British pound sterling	6,031,443	.....	.....	18,987	45,969
Canadian dollar	1,950,334	.....	.....	11,707	.....
Chilean peso	26,378	.....	.....	.....	.....
Danish krone	434,702	.....	.....	1,636	6,002
Egyptian pound	16,188	.....	.....	.....	.....
Euro currency unit <sup>1</sup>	8,644,626	688,890	.....	48,426	72,773
Hong Kong dollar	2,003,462	.....	.....	8,480	5,542
Hungarian forint	23,983	.....	.....	.....	.....
Indian rupee	583,259	.....	.....	.....	.....
Indonesian rupiah	195,700	.....	.....	1,635	.....
Israeli shekel	79,259	.....	.....	.....	.....
Japanese yen	5,270,606	.....	.....	30,401	54,611
Kenyan shilling	23,835	.....	.....	.....	.....
Malaysian ringgit	149,889	.....	.....	3,129	.....
Mexican peso	228,515	.....	.....	1,897	.....
New Zealand dollar	51,608	.....	.....	286	475
Nigerian naira	274,465	.....	.....	.....	.....
Norwegian krone	16,663	.....	.....	4,470	4,980
Omani rial	74,487	.....	195	.....	.....
Philippines peso	87,073	.....	.....	383	.....
Polish zloty	57,543	.....	.....	2,308	.....
Qatari riyal	21,915	.....	.....	.....	.....
Singapore dollar	517,973	.....	.....	1,150	2,967
South African rand	460,743	.....	.....	8,727	.....
South Korean won	893,168	.....	.....	8,581	.....
Swedish krona	833,529	.....	.....	6,701	7,866
Swiss franc	2,615,882	.....	.....	10,853	20,537
Taiwan new dollar	650,522	.....	.....	8,817	.....
Thailand baht	228,880	.....	.....	2,531	.....
Turkish lira	201,323	.....	.....	843	.....
Other	104,972	.....	.....	.....	.....
Equity linked notes (various currencies)	49,751	.....	.....	.....	.....
International equity commingled funds	7,501,662	.....	.....	.....	.....
Total investments subject to foreign currency risk	\$ 42,359,060	\$ 688,890	\$ 195	\$ 197,078	\$ 240,397

<sup>1</sup> FRS Pension Trust Fund's equity exposure to Euro currency units includes one stock call option with a fair value at June 30, 2014, of \$2,070,702.

In addition to the investments presented above, the FRS Pension Trust Fund holds positions in futures contracts that are subject to foreign currency risk. A futures contract is an agreement between two parties, a buyer and a seller, to exchange a particular good for a particular price at a particular date in the future, all of which are specified in a contract common to all participants in a market on an organized futures exchange. Upon entering into a futures contract, collateral is deposited with the broker, in the SBA's name, in accordance with the initial margin requirements of the broker. Futures contracts are marked to market daily by the board of trade or exchange on which they are traded. The resulting gain/loss is received/paid the following day until the contract expires. The frequency of cash flows depends upon specified collateral and margin limits mutually agreed upon by the SBA and the third-party broker. The margin payments are exposed to foreign currency risk. The FRS Pension Trust Fund's futures contract positions at June 30, 2014, that have exposure to foreign currency risk are presented below (values in thousands).

**FRS Pension Trust Fund**  
**Futures Positions Exposed to Foreign Currency Risk**  
**As of June 30, 2014**

	Currency	Number of Contracts <sup>1</sup>	In Local Currency			Unrealized Gain/(Loss) (in U.S. \$)
			Notional Traded Exposure	Notional Market Exposure	Unrealized Gain/(Loss) <sup>2</sup>	
Stock Index Futures:						
GBP FTSE 100 Index	British pound sterling	434	29,149	29,126	(23)	\$ (39)
Canada S&P/TSE 60 Index	Canadian dollar	154	26,299	26,602	303	\$ 284
DAX Index	Euro currency unit	12	2,979	2,958	(21)	\$ (28)
DJ Euro STOXX 50	Euro currency unit	1,094	35,722	35,358	(364)	\$ (499)
Yen Denom NIKKIE 225	Japanese yen	22	166,760	166,815	55	\$ 1
TOPIX Index Future	Japanese yen	221	2,742,702	2,790,125	47,423	\$ 468

<sup>1</sup> Long positions are positive and short positions are negative.

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

The FRS Pension Trust Fund, LCEF, and the Florida Prepaid Program and Investment Plan also enter into foreign currency exchange contracts which are agreements to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. In the FRS Pension Trust Fund a currency overlay program is used to seek additional value and is run independently of the underlying equity assets. Currently, there are two types of foreign currency contracts being utilized by the FRS Pension Trust Fund. Spot currency contracts are used primarily for trade settlement and currency repatriation and are valued at spot (traded) currency rates. Forward currency contracts are valued at interpolated forward rates and are generally used to mitigate currency risk for changes in value associated with foreign holdings, payables and/or receivables. These contracts are recorded as receivables and payables on the Statement of Fiduciary Net Position. The LCEF and Florida Prepaid Plans currently utilize only spot currency contracts. All of the contracts are subject to foreign currency risk. A schedule of the FRS Pension Trust Fund's foreign currency exchange contracts outstanding at June 30, 2014, is presented below, by currency (in thousands).

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FRS Pension Trust Fund  
Foreign Currency Exchange Contracts  
As of June 30, 2014

Currency to Buy	Amount to Buy (Local Currency)	Currency to Sell	Amount to Sell (Local Currency)	Receivable Fair Value (in U.S. \$)	Payable Fair Value (In U.S. \$)	Net Unrealized Gain/(Loss) (In U.S. \$)
Australian dollar	2,513	U.S. dollar	(2,362)	\$ 2,371	\$ (2,362)	\$ 9
Brazilian real	135,339	U.S. dollar	(59,650)	60,617	(59,650)	967
British pound sterling	25,367	U.S. dollar	(43,127)	43,370	(43,127)	243
British pound sterling	212	Euro currency unit	(265)	363	(363)	....
Canadian dollar	40,099	U.S. dollar	(37,350)	37,622	(37,350)	272
Chilean peso	14,654,356	U.S. dollar	(26,398)	26,360	(26,398)	(38)
Columbian peso	8,938,708	U.S. dollar	(4,700)	4,729	(4,700)	29
Czech koruna	1,868,328	U.S. dollar	(92,750)	93,251	(92,750)	501
Euro currency unit	257	Swiss franc	(313)	352	(353)	(1)
Euro currency unit	64,611	U.S. dollar	(88,113)	88,469	(88,113)	356
Hong Kong dollar	432,591	U.S. dollar	(55,814)	55,796	(55,814)	(18)
Hungarian forint	11,328,205	U.S. dollar	(49,950)	49,987	(49,950)	37
Indian rupee	2,845,671	U.S. dollar	(47,342)	47,016	(47,342)	(326)
Indonesian rupiah	404,777,782	U.S. dollar	(33,764)	33,764	(33,764)	....
Israeli shekel	121,411	U.S. dollar	(35,150)	35,395	(35,150)	245
Japanese yen	2,728,567	Hong Kong dollar	(208,794)	26,949	(26,929)	20
Japanese yen	4,112,725	U.S. dollar	(40,478)	40,603	(40,478)	125
Malaysian ringgit	213,475	U.S. dollar	(66,037)	66,295	(66,037)	258
Mexican peso	50,795	New Zealand dollar	(4,500)	3,895	(3,912)	(17)
Mexican peso	1,158,300	U.S. dollar	(88,556)	88,909	(88,556)	353
New Zealand dollar	47,199	U.S. dollar	(41,009)	41,230	(41,009)	221
Nigerian naira	10,106	U.S. dollar	(62)	62	(62)	....
Norwegian krone	36,306	U.S. dollar	(6,057)	5,913	(6,057)	(144)
Philippines peso	1,901,483	U.S. dollar	(43,400)	43,542	(43,400)	142
Polish zloty	183,261	U.S. dollar	(60,094)	60,143	(60,094)	49
Qatari riyal	620	U.S. dollar	(170)	170	(170)	....
Romanian leu	92,270	U.S. dollar	(28,522)	28,727	(28,522)	205
Russian ruble	1,579,628	U.S. dollar	(44,820)	45,577	(44,820)	757
Singapore dollar	101,957	U.S. dollar	(81,562)	81,787	(81,562)	225
South African rand	269,068	U.S. dollar	(25,178)	25,112	(25,178)	(66)
South Korean won	76,711,230	U.S. dollar	(74,967)	75,716	(74,967)	749
Swedish krona	6,420	U.S. dollar	(960)	960	(960)	....
Swiss franc	1,138	U.S. dollar	(1,274)	1,283	(1,274)	9
Taiwan new dollar	1,132,893	U.S. dollar	(37,850)	38,017	(37,850)	167
Thailand baht	1,244,592	U.S. dollar	(38,247)	38,215	(38,247)	(32)
Turkish lira	136,892	U.S. dollar	(63,192)	63,896	(63,192)	704
U.S. dollar	99,259	Australian dollar	(106,690)	99,259	(100,305)	(1,046)
U.S. dollar	28,870	Brazilian real	(65,927)	28,870	(29,320)	(450)
U.S. dollar	30,286	British pound sterling	(17,940)	30,286	(30,665)	(379)
U.S. dollar	79,175	Canadian dollar	(86,507)	79,175	(81,072)	(1,897)
U.S. dollar	7,900	Chilean peso	(4,438,594)	7,900	(7,963)	(63)
U.S. dollar	1,100	Colombian peso	(2,094,400)	1,100	(1,108)	(8)
U.S. dollar	69,726	Czech koruna	(1,409,538)	69,726	(70,361)	(635)
U.S. dollar	192	Danish krone	(1,048)	192	(193)	(1)
U.S. dollar	396,809	Euro currency unit	(291,025)	396,809	(398,510)	(1,701)
U.S. dollar	13	Ghanaian cedi	(45)	13	(13)	....
U.S. dollar	359	Hong Kong dollar	(2,783)	359	(359)	....
U.S. dollar	49,650	Hungarian forint	(11,197,362)	49,650	(49,439)	211
U.S. dollar	14,822	Indian rupee	(897,658)	14,822	(14,791)	31
U.S. dollar	18,927	Indonesian rupiah	(226,845,220)	18,927	(18,917)	10
U.S. dollar	40,168	Israeli shekel	(138,571)	40,168	(40,399)	(231)
U.S. dollar	246,747	Japanese yen	(25,217,757)	246,747	(248,987)	(2,240)
U.S. dollar	439	Kenyan shilling	(38,483)	439	(439)	....
U.S. dollar	27,929	Malaysian ringgit	(90,549)	27,929	(28,118)	(189)
U.S. dollar	100,010	Mexican peso	(1,304,763)	100,010	(100,328)	(318)
U.S. dollar	19,834	New Zealand dollar	(23,324)	19,834	(20,390)	(556)
U.S. dollar	10,189	Norwegian krone	(61,984)	10,189	(10,088)	101
U.S. dollar	133	Omani rial	(51)	133	(133)	....
U.S. dollar	8	Pakistan rupee	(824)	8	(8)	....
U.S. dollar	35,950	Philippines peso	(1,577,626)	35,950	(36,126)	(176)
U.S. dollar	53,070	Polish zloty	(162,446)	53,070	(53,325)	(255)
U.S. dollar	1,057	Qatari riyal	(3,848)	1,057	(1,058)	(1)
U.S. dollar	28,685	Romanian leu	(93,416)	28,685	(29,084)	(399)
U.S. dollar	33,200	Russian ruble	(1,167,330)	33,200	(33,681)	(481)
U.S. dollar	90,751	Singapore dollar	(113,509)	90,751	(91,054)	(303)
U.S. dollar	33,945	South African rand	(369,576)	33,945	(34,307)	(362)
U.S. dollar	24,343	South Korean won	(24,823,930)	24,343	(24,483)	(140)
U.S. dollar	27,519	Swedish krona	(185,113)	27,519	(27,681)	(162)
U.S. dollar	64,481	Swiss franc	(57,731)	64,481	(65,119)	(638)
U.S. dollar	38,000	Taiwan new dollar	(1,138,064)	38,000	(38,190)	(190)
U.S. dollar	46,600	Thailand baht	(1,514,815)	46,600	(46,511)	89
U.S. dollar	37,036	Turkish lira	(80,489)	37,036	(37,429)	(393)
U.S. dollar	2,978	UAE dirham	(10,945)	2,978	(2,980)	(2)
UAE dirham	236	U.S. dollar	(64)	64	(64)	....
Total				\$ 3,116,687	\$ (3,123,460)	\$ (6,773)

Schedules of the Lawton Chiles Endowment Fund's and the Florida Prepaid Investment Plan's foreign currency exchange contracts outstanding at June 30, 2014, is presented below, by currency (in thousands)

**Lawton Chiles Endowment Fund**  
**Foreign Currency Exchange Contracts**  
**As of June 30, 2014**

Currency to Buy	Amount to Buy (Local Currency)	Currency to Sell	Amount to Sell (Local Currency)	Receivable Fair Value (in U.S. \$)	Payable Fair Value (in U.S. \$)	Net Unrealized Gain/Loss (in U.S. \$)
U.S. dollar	577	Australian dollar	(613)	\$ 577	\$ (579)	\$ (2)
U.S. dollar	21	Brazilian real	(46)	21	(21)	.....
U.S. dollar	356	British pound sterlin	(208)	355	(356)	(1)
U.S. dollar	12	Canadian dollar	(13)	12	(12)	.....
U.S. dollar	540	Euro currency unit	(396)	541	(542)	(1)
U.S. dollar	50	Indonesian rupiah	(594,882)	50	(50)	.....
U.S. dollar	101	Japanese yen	10,290	101	(101)	.....
U.S. dollar	68	Malasian ringgit	(220)	68	(68)	.....
U.S. dollar	11	New Zealand dollar	(13)	11	(11)	.....
U.S. dollar	21	Peruvian sol	(58)	21	(21)	.....
U.S. dollar	74	South Korean won	(74,821)	74	(74)	.....
U.S. dollar	30	Turkish lira	(63)	30	(30)	.....
Total				\$ 1,861	\$ (1,865)	\$ (4)

**Florida Prepaid Investment Plan**  
**Foreign Currency Exchange Contracts**  
**As Of June 30, 2014**

Currency to Buy	Amount to Buy (Local Currency)	Currency to Sell	Amount to Sell (Local Currency)	Receivable Fair Value (in U.S. \$)	Payable Fair Value (in U.S. \$)	Net Unrealized Gain/Loss (in U.S. \$)
U.S. dollar	23	Euro currency unit	(17)	\$ 23	\$ (23)	\$ ....
Total				\$ 23	\$ (23)	\$ ....

**Component Units**

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

**5. Security Lending**

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

Section 17.61(1), F.S., authorizes the State Treasury to participate in a security lending program. Agents of the State Treasury loan securities including U.S. government and federally guaranteed obligations, bonds, and notes to broker/dealers for collateral with a simultaneous agreement to return the collateral for the same securities in the future. Collateral for loaned securities cannot be less than 100 percent of the fair value of the underlying security plus accrued interest. Such collateral may consist of cash or government securities. Cash collateral is invested by the agent in investments authorized by Section 17.57, F.S. Maturities of investments made with cash collateral generally are not matched to maturities of the securities loaned because security loan agreements are generally open-ended with no fixed expiration date. Since the collateral under security lending agreements (including accrued interest) exceeded the fair value of the securities underlying those agreements (including accrued interest), the Treasury had no credit risk exposure at June 30, 2014. If a situation occurs where an agent does not receive collateral sufficient to offset the fair value of any securities lent or the borrowers fail to return the securities or fail to pay the State Treasury for income distributions by the securities' issuers while the securities are on loan, the agent is required to indemnify the State Treasury for any

losses that might occur. The State Treasury received \$1,905,158,075 cash collateral for securities loaned to others. Since the State Treasury does not have the ability to pledge or sell non-cash collateral securities, any non-cash portion of the collateral is not reported on the balance sheet. Securities held with others under security lending agreements with cash collateral totaled \$1,861,973,976. There were no securities held with others under security lending agreements with non-cash collateral. Security lending asset and liability balances are allocated at fiscal year end and reported among all participating funds of the primary government. The securities held with others under security lending agreements as of June 30, 2014, are as follows (fair value equals carrying value of investment on loan): Domestic bonds and notes of \$487,232,877, Federal agencies of \$77,480,672, International bonds and notes of \$90,930,713, and U.S. guaranteed obligations of \$1,206,329,714.

### ***Other Investments***

Through the SBA, various funds, including the FRS Pension Trust Fund, the Florida Lottery Trust Fund, the LCEF, and the Florida Prepaid College Program participate in security lending programs. Initial collateral requirements for securities on loan range from 100% to 105%, depending on the lending agent, the type of security lent and the type of collateral received. The SBA had received and invested \$7,309,747,571 in cash and \$2,408,964,079 in U.S. government securities as collateral for the lending programs as of June 30, 2014. At June 30, 2014, the collateral held for the security lending transactions exceeded the fair value of the securities underlying the agreements (including accrued interest). All security lending programs have indemnity clauses requiring the lending agent to assume borrower's risk from default. The SBA does not have the ability to pledge or sell the non-cash collateral securities, so the non-cash portion is not reported on the balance sheet or the Statement of (Fiduciary) Net Position. Maturities of investments made with cash collateral generally are not matched to maturities of the securities loaned, because security loan agreements are generally open-ended with no fixed expiration date. As such, investments made with cash collateral are primarily in short-term investments. However, investments purchased for some security lending programs included investments with final maturities of six months or more representing a range of approximately 0% to 50% of total collateral invested. There are no restrictions on the amount of securities that can be loaned at one time to one borrower for most funds.

At June 30, 2014, the collateral re-investment portfolios for the FRS Pension Trust Fund and the LCEF were primarily reinvested in overnight repurchase agreements (repos) in order to maximize earnings and reduce risk. The portfolios contain some legacy non-repo securities that will remain until they are either sold or mature. All new lending in the FRS Pension Trust Fund and the LCEF are done using one-day repos of U.S. Government guaranteed securities as re-investment. At June 30, 2014, there were three lending agents, including the master custodian and two third-party agents.

The schedule below discloses the fair value and carrying value of investments on loan at June 30, 2014 (in thousands):

**Schedule of Other Investments on Loan Under Security Lending Agreements  
As of June 30, 2014**

Securities on Loan for Cash Collateral, by Security type	Fair value of Securities on Loan <sup>1</sup>		Total
	FRS Pension Trust Fund	Other funds Managed by SBA	
Certificates of deposit	\$ 2,001	\$ .....	\$ 2,001
U.S. guaranteed obligations	120,702	2,277,886	2,398,588
Federal agencies	176,026	27,025	203,051
Domestic bonds and notes	240,573	97,538	338,111
International bonds and notes	192,621	36,981	229,602
Domestic stocks	2,540,426	115,908	2,656,334
International stocks	1,231,741	29,120	1,260,861
<b>Total securities on loan for cash collateral</b>	<b>\$ 4,504,090</b>	<b>\$ 2,584,458</b>	<b>\$ 7,088,548</b>
Securities on Loan for Non-Cash Collateral, by Security type			
U.S. guaranteed obligations	\$ .....	\$ 12,797	\$ 12,797
Domestic bonds and notes	.....	75	75
International bonds and notes	.....	1,455	1,455
Domestic stocks	2,240,654	160	2,240,814
International stocks	107,161	588	107,749
<b>Total securities on loan for non-cash collateral</b>	<b>2,347,815</b>	<b>\$ 15,075</b>	<b>2,362,890</b>
<b>Total securities on loan</b>	<b>\$ 6,851,905</b>	<b>\$ 2,599,533</b>	<b>\$ 9,451,438</b>

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

## 6. Derivatives

A derivative instrument is defined as a financial instrument or other contract that has all of the following characteristics:

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

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

### *Pooled Investments with the State Treasury*

Pursuant to the State Treasury's established investment policy guidelines, interest rate futures are used as part of the investment strategy related to interest rate risk, duration adjustments, and yield curve strategies. Although put and call options on any security are permitted under the State Treasury's investment guidelines, interest rate futures were the only type of derivative held as of June 30, 2014. The State Treasury did not utilize derivatives for hedging activities during the fiscal year ending June 30, 2014. All of the State Treasury investment derivatives were reported at fair value in the accompanying financial statements as of June 30, 2014.

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

	Changes in Fair Value		Fair Value at June 30, 2014		Notional (in U.S. \$)
	Classification	Amount	Classification	Amount	
<b>State Treasury</b>					
Investment derivative instruments:					
Futures	Investment Income	\$ (5,276)	Receivable/(Payable)	\$ (1,292)	\$ (128,400)
This schedule includes both long and short positions.					

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

**Other Investments**

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

A futures contract is an agreement between two parties, a buyer and a seller, to exchange a particular good for a particular price at a particular date in the future, all of which are specified in a contract common to all participants in a market on an organized futures exchange. Upon entering in to a futures contract, collateral (cash and/or securities) is deposited with the broker, in SBA’s name, in accordance with the initial margin requirements of the broker. Futures contracts are marked to market daily by the board of trade or exchange on which they are traded. The resulting gain/loss is received/paid the following day until the contract expires. The frequency of cash flows depends on specified collateral and margin limits mutually agreed upon by the SBA and third-party clearing broker. Future contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Fiduciary Net Position. Losses may arise from future changes in the value of the underlying instrument.

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

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

A swap is a contractual agreement to exchange a stream of periodic payments utilizing a central clearing house (new regulation requirements that went into effect in fiscal year 2014), whereby, each party in the transaction enters into a contract with the central counterparty. These agreements may be over-the-counter or exchange-traded. Upon entering into a swap contract through a clearing house, collateral is deposited with the broker, in SBA’s name, in accordance with the initial margin requirements of the broker. Swaps are available in and between all active financial markets. Examples include:

Interest rate swap - An agreement between two parties where one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps often exchange a fixed payment for a floating payment that is linked to an interest rate.

Credit default swap - An agreement that allows one party to “buy” protection from another party for losses that might be incurred as a result of default by a specified reference credit (or credits). The “buyer” of protection pays a premium for the protection, and the “seller” of protection agrees to make a payment to compensate the buyer for losses incurred if a defined credit event occurs.

A summary of investment derivatives traded in the FRS Pension Trust Fund is presented below (in thousands). As of June 30, 2014, all of the SBA investment derivatives were reported at fair value.

	Increase/(Decrease) in Fair Value		Fair Value at June 30, 2014		Notional (in U.S. \$)
	Classification	Amount (in U.S. \$)	Classification	Amount (in U.S. \$)	
<b>Fiduciary funds (FRS Pension Trust Fund)</b>					
Investment derivative instruments:					
Futures <sup>1</sup>	Investment Income	\$ 93,583	Receivable/(Payable)	\$ 1,018	\$4,846,806
Options	Investment Income	1,635	Investment/(Liability) <sup>2</sup>	195	1,641,000
Forward currency contracts	Investment Income	(432)	Receivable/(Payable) <sup>3</sup>	(6,820)	(6,820)
Interest rate swaps	Investment Income	158	Investment	5	13,250
Credit default swaps	Investment Income	1,458	Investment	1,487	75,000

<sup>1</sup> The total unrealized gain for open futures contracts at June 30, 2014, was \$1,017,702 in the FRS Pension Trust Fund. Cash payments in the amount of \$13,601,802 had already been settled with the broker on or before June 30, 2014. Outstanding remaining net futures margin at June 30, 2014, totaled \$14,619,504 for the FRS Pension Trust Fund, which is reported gross on the Statement of Fiduciary Net Position as "Accounts receivable" and "Accounts payable and accrued liabilities".

<sup>2</sup> Purchased options are reported as investments and short sales of options are reported as liabilities on the Statement of Fiduciary Net Position. This schedule nets both long and short positions.

<sup>3</sup> The total receivable and payable notional and fair values (in U.S. \$) for forward currency contracts in the FRS Pension Trust Fund were \$2,967,243,022 and (\$2,974,062,780) as of June 30, 2014. These amounts are included in "Foreign currency contracts receivable" and "Foreign currency contracts payable" on the Statement of Fiduciary Net Position.

## 7. Commitments

Each year the FRS Pension Trust Fund enters into a number of agreements that commit the Fund, upon request, to make additional investment purchases (i.e., capital commitments) up to predetermined amounts over certain investment time periods. The unfunded capital commitments that are not reported on the FRS Pension Trust Fund Statement of Fiduciary Net Position totaled \$9.9 billion as of June 30, 2014.

**NOTE 3 - RECEIVABLES AND PAYABLES**

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

**GOVERNMENTAL ACTIVITIES**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Accounts receivable	\$ 102,903	\$ 13,212	\$ 654	\$ 714,219	\$ 6,548
Contracts & grants receivable	.....	140	.....	.....	3
Due from Federal government	2,317	13,424	9,906	1,930,087	27,109
Due from other governmental units	65	805	.....	.....	112,932
Interest & dividends receivable	15,742	2,050	1,145	242	4,756
Loans & notes receivable	66,592	128,201	285	.....	11
Fees receivable	127,597	21	.....	.....	.....
Taxes receivable	3,165,519	20,340	55,132	.....	207,317
Allowance for uncollectibles	(1,832,836)	(9,555)	(849)	(19,490)	(7,904)
<b>Receivables, net</b>	<b>\$ 1,647,899</b>	<b>\$ 168,638</b>	<b>\$ 66,273</b>	<b>\$ 2,625,058</b>	<b>\$ 350,772</b>
Loans & notes receivable from other governments	\$ 42,685	\$ 1,128,987	\$ .....	\$ .....	\$ 821,768
Long-term interest receivable	.....	.....	.....	.....	390
Other loans & notes receivable	15,593	.....	1,489	303,042	773
Allowance for uncollectibles	(89)	.....	(1,335)	(266,728)	(7,883)
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 58,189</b>	<b>\$ 1,128,987</b>	<b>\$ 154</b>	<b>\$ 36,314</b>	<b>\$ 815,048</b>

(Continued below)

	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts receivable	\$ 231,534	\$ 1,069,070	\$ 17,829	394,313	\$ 1,481,212
Contracts & grants receivable	71,760	71,903	.....	.....	71,903
Due from Federal government	73,613	2,056,456	.....	.....	2,056,456
Due from other governmental units	12,768	126,570	4,075	.....	130,645
Interest & dividends receivable	1,965	25,900	569	.....	26,469
Loans & notes receivable	123,726	318,815	.....	.....	318,815
Fees receivable	228	127,846	.....	.....	127,846
Taxes receivable	15,266	3,463,574	.....	.....	3,463,574
Allowance for uncollectibles	(123,366)	(1,994,000)	.....	.....	(1,994,000)
<b>Receivables, net</b>	<b>\$ 407,494</b>	<b>\$ 5,266,134</b>	<b>\$ 22,473</b>	<b>\$ 394,313</b>	<b>\$ 5,682,920</b>
Loans & notes receivable from other governments	\$ 837,890	\$ 2,831,330	\$ .....	\$ .....	\$ 2,831,330
Long-term interest receivable	.....	390	.....	.....	390
Other loans & notes receivable	143,736	464,633	.....	.....	464,633
Allowance for uncollectibles	(8,747)	(284,782)	.....	.....	(284,782)
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 972,879</b>	<b>\$ 3,011,571</b>	<b>\$ .....</b>	<b>\$ .....</b>	<b>\$ 3,011,571</b>

**BUSINESS-TYPE ACTIVITIES**

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance
Accounts receivable	\$ 8,484	\$ 49,097	\$ 158,080	\$ 77,530	\$ 272,575
Due from Federal government	.....	.....	.....	.....	1,457
Due from other governmental units	459	.....	.....	.....	2,044
Interest & dividends receivable	1,680	531	2,101	24,343	115,251
Loans & notes receivable	.....	.....	.....	307,681	.....
Fees receivable	6,896	.....	.....	.....	2,993
Taxes receivable	.....	.....	.....	.....	486,230
Allowance for uncollectibles	.....	(2,094)	(19,977)	(4)	(435,762)
<b>Receivables, net</b>	<b>\$ 17,519</b>	<b>\$ 47,534</b>	<b>\$ 140,204</b>	<b>\$ 409,550</b>	<b>\$ 444,788</b>

Loans & notes receivable	\$ 76,751	\$ .....	\$ .....	\$ .....	\$ .....
Allowance for uncollectibles	.....	.....	.....	.....	.....
Future contract premiums and other receivables	.....	.....	.....	1,637,012	.....
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 76,751</b>	<b>\$ .....</b>	<b>\$ .....</b>	<b>\$ 1,637,012</b>	<b>\$ .....</b>

(Continued below)

	Nonmajor Enterprise Funds	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts receivable	\$ 40,787	\$ 606,553	\$ 66,464	\$ 673,017
Due from Federal government	.....	1,457	.....	1,457
Due from other governmental units	14,240	16,743	.....	16,743
Interest & dividends receivable	338	144,244	.....	144,244
Loans & notes receivable	1,013	308,694	.....	308,694
Fees receivable	147	10,036	.....	10,036
Taxes receivable	.....	486,230	.....	486,230
Allowance for uncollectibles	(37,638)	(495,475)	.....	(495,475)
<b>Receivables, net</b>	<b>\$ 18,887</b>	<b>\$ 1,078,482</b>	<b>\$ 66,464</b>	<b>\$ 1,144,946</b>
Loans & notes receivable	\$ 6,815	\$ 83,566	\$ .....	\$ 83,566
Allowance for uncollectibles	(1,285)	(1,285)	.....	(1,285)
Future contract premiums and other receivables	.....	1,637,012	.....	1,637,012
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 5,530</b>	<b>\$ 1,719,293</b>	<b>\$ .....</b>	<b>\$ 1,719,293</b>

**COMPONENT UNITS**

Accounts receivable	\$ 1,610,810
Contracts & grants receivable	195,552
Due from Federal government	19,200
Due from other governmental units	192,679
Interest & dividends receivable	118,705
Loans & notes receivable	221,551
Allowance for uncollectibles	(388,495)
<b>Receivables, net</b>	<b>\$ 1,970,002</b>
Other loans & notes receivable	\$ 2,963,322
Allowance for uncollectibles	(281,270)
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 2,682,052</b>

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

**GOVERNMENTAL ACTIVITIES**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Accounts payable	\$ 192,780	\$ 21,966	\$ 10,348	\$ 201,224	\$ 199,555
Accrued salaries & wages	65,959	829	38	33,143	12,040
Claims payable	.....	.....	.....	.....	.....
Construction contracts	176	.....	.....	.....	228,709
Deposits payable	179	479	.....	9	5,484
Due to Federal government	.....	.....	.....	142,511	1,503
Due to other governmental units	143,198	18,502	.....	23,485	7,366
Other payables	.....	.....	.....	.....	.....
Vouchers payable	8,816	.....	.....	.....	157
<b>Accounts payable and accrued liabilities</b>	<b>\$ 411,108</b>	<b>\$ 41,776</b>	<b>\$ 10,386</b>	<b>\$ 400,372</b>	<b>\$ 454,814</b>

*(Continued below)*

	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts payable	\$ 160,622	\$ 786,495	\$ 25,840	172,625	\$ 984,960
Accrued salaries & wages	8,654	120,663	2,401	.....	123,064
Claims payable	.....	.....	134,268	.....	134,268
Construction contracts	66	228,951	.....	.....	228,951
Deposits payable	556	6,707	.....	.....	6,707
Due to Federal government	1,397	145,411	1	.....	145,412
Due to other governmental units	20,449	213,000	.....	.....	213,000
Other payables	2,905	2,905	4,900	.....	7,805
Vouchers payable	257	9,230	.....	.....	9,230
<b>Accounts payable and accrued liabilities</b>	<b>\$ 194,906</b>	<b>\$ 1,513,362</b>	<b>\$ 167,410</b>	<b>\$ 172,625</b>	<b>\$ 1,853,397</b>

**BUSINESS-TYPE ACTIVITIES**

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance
Accounts payable	\$ 100	\$ 5,409	\$ 150,780	\$ 461,525	\$ 29,771
Accrued interest payable	.....	.....	47,851	.....	.....
Accrued salaries & wages	.....	60	.....	.....	.....
Construction contracts	68,701	.....	.....	.....	.....
Deposits payable	238	2,219	.....	.....	.....
Other payables	.....	.....	.....	.....	.....
<b>Accounts payable and accrued liabilities</b>	<b>\$ 69,039</b>	<b>\$ 7,688</b>	<b>\$ 198,631</b>	<b>\$ 461,525</b>	<b>\$ 29,771</b>

(Continued below)

	Nonmajor Enterprise Funds	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts payable	\$ 30,368	\$ 677,953	\$ 318	\$ 678,271
Accrued interest payable	.....	47,851	.....	47,851
Accrued salaries & wages	2,820	2,880	.....	2,880
Construction contracts	.....	68,701	.....	68,701
Deposits payable	101	2,558	.....	2,558
Other payables	9	9	.....	9
<b>Accounts payable and accrued liabilities</b>	<b>\$ 33,298</b>	<b>\$ 799,952</b>	<b>\$ 318</b>	<b>\$ 800,270</b>

**COMPONENT UNITS**

Accounts payable	\$ 691,218
Accrued interest payable	65,642
Accrued salaries & wages	257,240
Claims payable	1,487,200
Construction contracts	76,782
Deposits payable	323,777
Due to Federal government	3,143
Due to other governmental units	10,165
Vouchers payable	17,957
<b>Accounts payable and accrued liabilities</b>	<b>\$ 2,933,124</b>

**NOTE 4 – TAXES**

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

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
Sales and use tax	\$ 21,259,671	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ 21,259,671
Fuel taxes:							
Motor fuel tax	.....	.....	.....	.....	2,360,459	.....	2,360,459
Pollutant tax	.....	234,663	.....	.....	.....	.....	234,663
Aviation fuel tax	.....	.....	.....	.....	39,388	.....	39,388
Solid minerals severance tax	.....	35,033	.....	.....	.....	.....	35,033
Oil and gas production tax	10,838	.....	.....	.....	.....	.....	10,838
Total fuel taxes	10,838	269,696	.....	.....	2,399,847	.....	2,680,381
Corporate income tax	2,043,380	.....	.....	.....	.....	.....	2,043,380
Documentary stamp tax	1,806,604	.....	.....	.....	.....	.....	1,806,604
Intangible personal property tax	254,236	.....	.....	.....	.....	.....	254,236
Communications service tax	914,260	.....	402,925	.....	.....	.....	1,317,185
Estate tax	839	.....	.....	.....	.....	.....	839
Gross receipts utilities tax	.....	7,181	607,156	.....	.....	.....	614,337
Beverage and tobacco taxes:							
Alcoholic beverage tax	439,120	.....	.....	.....	.....	13,235	452,355
Cigarette tax	1,151,190	.....	.....	.....	.....	.....	1,151,190
Smokeless tobacco tax	27,564	.....	.....	.....	.....	.....	27,564
Total beverage and tobacco taxes	1,617,874	.....	.....	.....	.....	13,235	1,631,109
Other taxes:							
Insurance premium tax	908,555	.....	.....	.....	.....	9,138	917,693
Hospital public assistance tax	.....	.....	.....	958,587	.....	.....	958,587
Citrus excise tax	.....	.....	.....	.....	.....	31,149	31,149
Pari-mutuel wagering tax	6,826	.....	1	.....	.....	190,164	196,991
Total other taxes	915,381	.....	1	958,587	.....	230,451	2,104,420
Total	\$ 28,823,083	\$ 276,877	\$ 1,010,082	\$ 958,587	\$ 2,399,847	\$ 243,686	\$ 33,712,162

	Sales and Use Tax
Governmental fund statements	\$ 21,259,671
Government-wide accruals	(3,713)
Government-wide statements	\$ 21,255,958

**NOTE 5 - CAPITAL ASSETS**

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

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

<b>Capital Asset Category</b>	<b>Financial Statement Capitalizing Threshold</b>	<b>Estimated Useful Life (in Years)</b>
<b>Land and other nondepreciable assets</b>	Capitalize all	Not depreciable
<b>Nondepreciable infrastructure</b>	Capitalize all	Not depreciable
<b>Construction work in progress</b>	\$100,000 when work is completed	Not depreciable
<b>Buildings, equipment, and other depreciable assets</b>		
Buildings and building improvements	\$100,000	5 - 50
Infrastructure and infrastructure improvements (depreciable)	\$100,000	3 - 50
Leasehold improvements	\$100,000	2 - 15
Intangible assets	\$4,000,000	2 - 30
Property under capital lease	Threshold correlates to asset category	2 - 20
Furniture and equipment	\$1,000 and \$250 for non-circulated books	2 - 25
Works of art and historical treasures	Items capitalized as of June 30, 1999, remain capitalized; capitalize unless considered a collection	5 - 50
Library resources	\$25	5 - 50
Other capital assets	\$1,000	3 - 20

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

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

Depreciation expense charged to functions of governmental activities for the year ended June 30, 2014, is as follows (in thousands):

General Government	\$	69,317
Education		10,337
Human Services		31,963
Criminal Justice & Correction		95,595
Natural Resources & Environment		52,970
Transportation		38,459
State Courts		3,298
<b>Total depreciation expense (governmental activities)</b>	<b>\$</b>	<b>301,939</b>

Primary government capital asset activities for the fiscal year ended June 30, 2014, are as follows (in thousands):

**GOVERNMENTAL ACTIVITIES**

	Balance		Balance	
	July 1, 2013	Increases	Decreases	June 30, 2014
<b>Capital assets, not being depreciated:</b>				
Land and other nondepreciable assets	\$ 17,474,839	\$ 287,101	\$ 50,482	\$ 17,711,458
Infrastructure and infrastructure improvements - nondepreciable	37,662,552	1,556,173	274,973	38,943,752
Construction work in progress	7,759,436	326,503	1,066,632	7,019,307
<b>Total capital assets, not being depreciated</b>	<b>62,896,827</b>	<b>2,169,777</b>	<b>1,392,087</b>	<b>63,674,517</b>
<b>Capital assets, being depreciated:</b>				
Buildings and building improvements	4,898,417	366,051	117,600	5,146,868
Infrastructure and infrastructure improvements	700,137	19,212	1,142	718,207
Leasehold improvements	1,064	3	.....	1,067
Property under capital lease	176,998	.....	546	176,452
Furniture and equipment	1,776,601	273,699	287,943	1,762,357
Works of art and historical treasures	1,897	82	36	1,943
Library resources	29,998	78	54	30,022
Other	75,582	159	2,152	73,589
<b>Total capital assets, being depreciated</b>	<b>7,660,694</b>	<b>659,284</b>	<b>409,473</b>	<b>7,910,505</b>
<b>Less accumulated depreciation for:</b>				
Buildings and building improvements	2,325,407	139,496	11,905	2,452,998
Infrastructure and infrastructure improvements	361,353	28,392	965	388,780
Leasehold improvements	549	76	.....	625
Property under capital lease	66,603	8,292	541	74,354
Furniture and equipment	1,359,568	119,940	135,110	1,344,398
Works of art and historical treasures	827	142	32	937
Library resources	14,998	1,239	53	16,184
Other	49,840	4,362	1,999	52,203
<b>Total accumulated depreciation</b>	<b>4,179,145</b>	<b>301,939</b>	<b>150,605</b>	<b>4,330,479</b>
<b>Total capital assets, being depreciated, net</b>	<b>3,481,549</b>	<b>357,345</b>	<b>258,868</b>	<b>3,580,026</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 66,378,376</b>	<b>\$ 2,527,122</b>	<b>\$ 1,650,955</b>	<b>\$ 67,254,543</b>

**BUSINESS-TYPE ACTIVITIES**

	Balance		Balance	
	July 1, 2013	Increases	Decreases	June 30, 2014
<b>Capital assets, not being depreciated:</b>				
Land and other nondepreciable assets	\$ 885,690	\$ 25,216	\$ 952	\$ 909,954
Infrastructure and infrastructure improvements - nondepreciable	6,903,264	447,266	.....	7,350,530
Construction work in progress	647,531	935,663	31,617	1,551,577
<b>Total capital assets, not being depreciated</b>	<b>8,436,485</b>	<b>1,408,145</b>	<b>32,569</b>	<b>9,812,061</b>
<b>Capital assets, being depreciated:</b>				
Buildings and building improvements	386,063	31,648	8,454	409,257
Infrastructure and infrastructure improvements	1,169	47	.....	1,216
Leasehold improvements	79	.....	.....	79
Furniture and equipment	199,296	43,459	18,506	224,249
Library resources	4	3	.....	7
Other	51,443	4,487	25	55,905
<b>Total capital assets, being depreciated</b>	<b>638,054</b>	<b>79,644</b>	<b>26,985</b>	<b>690,713</b>
<b>Less accumulated depreciation for:</b>				
Buildings and building improvements	140,090	12,241	8,693	143,638
Infrastructure and infrastructure improvements	238	71	.....	309
Leasehold improvements	47	11	.....	58
Furniture and equipment	115,182	25,463	15,803	124,842
Library resources	1	1	.....	2
Other	31,391	9,740	34	41,097
<b>Total accumulated depreciation</b>	<b>286,949</b>	<b>47,527</b>	<b>24,530</b>	<b>309,946</b>
<b>Total capital assets, being depreciated, net</b>	<b>351,105</b>	<b>32,117</b>	<b>2,455</b>	<b>380,767</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 8,787,590</b>	<b>\$ 1,440,262</b>	<b>\$ 35,024</b>	<b>\$ 10,192,828</b>

Component units' capital asset activities for the fiscal year ended June 30, 2014, are as follows (in thousands):

<b>COMPONENT UNITS</b>				
	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
<b>Capital assets, not being depreciated:</b>				
Land and other non-depreciable assets	\$ 6,322,224	\$ 142,914	\$ 47,284	\$ 6,417,854
Construction work in progress	1,640,879	869,210	935,468	1,574,621
<b>Total capital assets, not being depreciated</b>	<b>7,963,103</b>	<b>1,012,124</b>	<b>982,752</b>	<b>7,992,475</b>
<b>Capital assets, being depreciated:</b>				
Buildings and building improvements	16,946,002	640,202	190,871	17,395,333
Infrastructure and infrastructure improvements	2,397,984	267,618	29,426	2,636,176
Leasehold improvements	317,216	14,914	3,503	328,627
Property under capital lease	147,146	3,865	14,353	136,658
Furniture and equipment	3,165,250	248,408	164,128	3,249,530
Works of art and historical treasures	3,519	463	21	3,961
Library resources	892,100	28,987	21,700	899,387
Other	305,176	35,786	8,098	332,864
<b>Total capital assets, being depreciated</b>	<b>24,174,393</b>	<b>1,240,243</b>	<b>432,100</b>	<b>24,982,536</b>
<b>Less accumulated depreciation for:</b>				
Buildings and building improvements	5,394,113	460,327	46,650	5,807,790
Infrastructure and infrastructure improvements	932,800	86,242	21,515	997,527
Leasehold improvements	102,717	13,994	1,271	115,440
Property under capital lease	62,440	7,842	10,577	59,705
Furniture and equipment	2,199,775	238,120	139,136	2,298,759
Works of art and historical treasures	1,386	232	14	1,604
Library resources	699,206	40,829	20,806	719,229
Other	215,510	33,216	6,512	242,214
<b>Total accumulated depreciation</b>	<b>9,607,947</b>	<b>880,802</b>	<b>246,481</b>	<b>10,242,268</b>
<b>Total capital assets, being depreciated, net</b>	<b>14,566,446</b>	<b>359,441</b>	<b>185,619</b>	<b>14,740,268</b>
<b>Component units capital assets, net</b>	<b>\$ 22,529,549</b>	<b>\$ 1,371,565</b>	<b>\$ 1,168,371</b>	<b>\$ 22,732,743</b>

## NOTE 6 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

### A. Pensions

The plan administrator for the Florida Retirement System and the Retiree Health Insurance Subsidy Program (plans) prepares and publishes its own stand-alone comprehensive annual financial report, including financial statements and required supplementary information. Copies of this report can be obtained from the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (844) 377-1888 or (850) 907-6500; by email at [rep@dms.myflorida.com](mailto:rep@dms.myflorida.com); or at the Division's website ([www.frs.myflorida.com](http://www.frs.myflorida.com)). The plans implemented GASB Statement No. 67, *Financial Reporting for Pensions Plans - an amendment of GASB Statement No. 25*, for the fiscal year ended June 30, 2014. Further information is included in the stand-alone comprehensive annual financial report.

#### 1. The Florida Retirement System

The Florida Retirement System (FRS) was created in Chapter 121, Florida Statutes (F.S.), effective December 1, 1970, by consolidating and closing these existing plans to new members: the Teachers' Retirement System (Chapter 238, F.S.), the State and County Officers and Employees' Retirement System (Chapter 122, F.S.), and the Highway Patrol Pension Trust Fund (Chapter 321, F.S.). In 1972, the Judicial Retirement System (Section 121.046, F.S.) was closed and consolidated into the FRS. The FRS was created to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution plan is the FRS Investment Plan. Effective July 1, 2007, the Institute of Food and Agricultural Sciences (IFAS) Supplemental Retirement Program, established under Section 121.40, F.S., was consolidated under the Florida Retirement System defined benefit plan as a closed retirement plan. Participation in the IFAS Supplemental Retirement Program does not constitute membership in the FRS.

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

FRS membership is compulsory for all employees filling a regularly established position in a state agency, county agency, state university, state community college, or district school board. Participation by cities, municipalities, special districts, charter schools, and metropolitan planning organizations, although optional, is generally irrevocable after election to participate is made. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University System Optional Retirement Program.

There are five general classes of membership, as follows:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* - Members in senior management level positions in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, and assistant capital collateral representatives. Members of the Elected Officers' Class may elect to withdraw from the FRS or participate in the SMSC in lieu of the Elected Officers' Class.
- *Special Risk Class* - Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers (from July 1, 2001 through June 30, 2014), certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.
- *Special Risk Administrative Support Class* - Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.

- *Elected Officers' Class (EOC)* - Members who are elected state and county officers and the elected officers of cities and special districts that choose to place their elected officials in this class.

Since July 1, 2001, the FRS Pension Plan has provided for vesting of benefits after six years of creditable service. Members not actively working in a position covered by the FRS on July 1, 2001, must return to covered employment for up to one work year to be eligible to vest with less service than was required under the law in effect before July 1, 2001. Members initially enrolled on or after July 1, 2001, through June 30, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. Members are eligible for normal retirement when they have met the requirements listed below. Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5% benefit reduction for each year prior to the normal retirement age.

- *Regular Class, Senior Management Service Class, and Elected Officers' Class Members* – For members initially enrolled in the FRS before July 1, 2011, six or more years of creditable service and age 62, or the age after completing six years of creditable service if after age 62. Thirty years of creditable service regardless of age before age 62.

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

- *Special Risk Class and Special Risk Administrative Support Class Members* – For members initially enrolled in the FRS before July 1, 2011, six or more years of Special Risk Class service and age 55, or the age after completing six years of Special Risk Class service if after age 55. Twenty-five years of special risk service regardless of age before age 55. A total of 25 years of service including special risk service and up to four years of active duty wartime service and age 52. Without six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

For members initially enrolled in the FRS on or after July 1, 2011, eight or more years of Special Risk Class service and age 60, or the age after completing eight years of Special Risk Class service if after age 60. Thirty years of special risk service regardless of age before age 60. Without eight years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the requirements of the Regular Class.

Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value by membership class. Members are also eligible for in-line-of-duty or regular disability and survivors' benefits. Pension benefits of retirees and annuitants are increased each July 1 by a cost-of-living adjustment. If the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Pension Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

The Deferred Retirement Option Program (DROP) became effective July 1, 1998, subject to provisions of Section 121.091(13), F.S. Defined benefit plan members who reach normal retirement are eligible to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a maximum of 60 months. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. Monthly retirement benefits remain in the FRS Trust Fund during DROP participation and accrue interest. As of June 30, 2014, the FRS Trust Fund projected \$3,389,125,451 in accumulated benefits and interest for 38,058 current and prior participants in the DROP.

The FRS is a cost-sharing multiple-employer public-employee retirement system with two primary plans. The Department of Management Services, Division of Retirement administers the FRS Pension Plan. The State Board of Administration invests the assets of the Pension Plan held in the FRS Trust Fund. Costs of administering the FRS Pension Plan are funded through earnings on investments of the FRS Trust Fund. Reporting of the FRS is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

The State Board of Administration administers the defined contribution plan officially titled the FRS Investment Plan. Service retirement benefits are based upon the value of the member's account upon retirement. The FRS Investment Plan provides vesting after one year of service for Investment Plan contributions regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, six years of service (including the service credit represented by the transferred funds) is required to be vested for these funds and the

earnings on the funds. The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. The Investment Plan member directs the investment from the options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.03% of payroll and by forfeited benefits of plan members. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

All participating employers must comply with statutory contribution requirements. Section 121.031(3), F.S., requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Legislature as guidance for funding decisions. Employer and employee contribution rates are established in Section 121.71, F.S. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and Investment Plan rates) are recommended by the actuary but set by the Legislature. Statutes require that any unfunded actuarial liability (UAL) be amortized within 30 plan years. Pursuant to Section 121.031(3) (f), F.S., any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves for all defined benefit pension plans at June 30, 2014, was \$150,014,335,000. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

**FRS Retirement Contribution Rates:**

Membership Class	Uniform Employer Rates Recommended by Actuarial Valuation as of July 1, 2012 for Fiscal Year 2013-2014*	July 1, 2013 Statutory Rates* (Ch. 121, F.S.)
Regular	5.72%	5.72%
Senior Management Service	17.08%	17.08%
Special Risk	17.83%	17.83%
Special Risk Administrative Support	34.73%	34.73%
Elected Officers - Judges	27.05%	27.05%
Elected Officers - Legislators/Attorneys/Cabinet	31.37%	31.37%
Elected Officers - County	31.80%	31.80%
Deferred Retirement Option Program - applicable to members from all of the above classes or plans	11.64%	11.64%

\* Rates indicated are uniform rates for all FRS members created by blending the FRS Investment Plan and FRS Pension Plan rates and including UAL contribution rates. These rates do not include a 0.03% contribution for the FRS Investment Plan administration and educational program fee. In addition, the July 1, 2013, statutory employer rates do not include 3.00% mandatory employee contribution required for all membership classed except for members in the Deferred Retirement Option Program.

**FRS Participating Employers:**

State Agencies	45
County Agencies	396
District School Boards	67
Universities	12
State Colleges	28
Cities*	186
Special Districts*	262
Hospitals*	6
Other	12
<b>Total Participating Employers</b>	<b>1,014</b>

\* This total includes 26 cities, 5 independent hospitals, and 12 independent special districts that are closed to new FRS members as of January 1, 1996.

**FRS Membership:**

Member Types	Regular Class	SMSC	Special Risk	Special Risk Admin Supp	EOC	Total
Active:						
Non-vested	131,220	1,471	16,930	3	349	149,973
Vested	412,214	6,320	51,663	81	1,838	472,116
DROP Participants	32,878	669	4,240	6	265	38,058
Current Retirees and Beneficiaries	324,853	3,531	31,348	171	2,313	362,216
Vested Terminated	103,387	1,352	6,290	17	389	111,435
<b>Total Members</b>	<b>1,004,552</b>	<b>13,343</b>	<b>110,471</b>	<b>278</b>	<b>5,154</b>	<b>1,133,798</b>

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

**FRS Participation by the State of Florida**

The State of Florida contributes to the FRS as a participating employer. State participation for the following disclosure includes the employees of state agencies and the State University System that elect to participate in the FRS. The state contributes to both the defined benefit and defined contribution plans within the FRS. For the fiscal year ended June 30, 2014, the state’s total covered payroll includes 125,246 active members and 8,483 DROP participants. The total contributions were equal to the required contributions for each year. Covered payroll refers to FRS-eligible compensation paid by the state to active FRS-participating employees on which contributions are owed. The state’s contributions represented 22.00% of the total contributions required of all participating employers. The table below provides information on contributions for the fiscal year ended June 30, 2014 and the two preceding years:

State Share	Fiscal Year Ended June 30,		
	2014	2013	2012
<b>FRS Defined Benefit Plan:</b>			
Employer Contributions	\$ 473,915,249	\$ 273,078,027	\$ 238,711,455
Employee Contributions	125,008,226	127,395,166	113,221,250
<b>FRS Defined Contribution Plan:</b>			
Employer Contributions	57,818,150	53,146,281	94,289,195
Employee Contributions	33,827,464	33,007,209	29,118,663
<b>Total Contributions</b>	<b>\$ 690,569,089</b>	<b>\$ 486,626,683</b>	<b>\$ 475,340,563</b>
Covered Payroll (State share)	\$ 5,525,070,727	\$ 5,435,607,912	\$ 5,555,137,141
State Percent of Covered Payroll	12.50%	8.95%	8.56%

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

**2. Retiree Health Insurance Subsidy Program**

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, F.S. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. For the fiscal year ended June 30, 2014, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, F.S. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2014, the contribution rate was 1.20% of payroll pursuant to Section 112.363, F.S. The state contributed 100% of its statutorily required contributions for the current and preceding two years. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

The Other Required Supplementary Information section of this report includes actuarial and other information regarding this HIS Program. The table below provides additional information for the HIS as of June 30 (in thousands where amounts are dollars):

	Fiscal Year Ended June 30,		
	2014	2013	2012
Recipients	323,098	310,139	297,303
Contributions	\$ 342,567	\$ 327,574	\$ 322,610
Benefits paid	\$ 407,276	\$ 390,973	\$ 374,444
Trust Fund net position	\$ 93,385	\$ 157,928	\$ 220,346

**3. Funded Status for Defined Benefit Pension Plans**

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

Pension Plan	Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Annualized Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
FRS	July 1, 2013	\$ 131,680,615	\$ 154,125,953	\$ 22,445,338	85.44%	\$ 24,568,642 <sup>(1)</sup>	91.36%
HIS	July 1, 2012	\$ 220,346	\$ 9,018,467	\$ 8,798,121	2.44%	\$ 31,345,990 <sup>(2)</sup>	28.07%

Additional information as of the actuarial valuation date is as follows:

	<u>FRS</u>	<u>HIS</u>
Valuation date	July 1, 2013	July 1, 2012
Actuarial cost method	Entry Age	Entry Age Normal
Amortization method	Level Percentage of Pay, Closed	Level Percentage of Pay, Open
Equivalent single amortization period	Weighted average of 28 Years <sup>(3)</sup>	30 Years <sup>(3)</sup>
Asset valuation method	5-Year Smoothed Method	Market Value
Actuarial assumptions:		
Investment rate of return	7.75% <sup>(4)</sup>	4.00% <sup>(4)</sup>
Projected salary increases	5.85% <sup>(4, 5)</sup>	5.85% <sup>(4, 5)</sup>
Cost-of-living adjustments	3.00%	0.00%

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

<sup>(2)</sup> Includes Deferred Retirement Option Program (DROP) and Investment Plan payroll.

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

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

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

The FRS schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to actuarial accrued liability for benefits. The Retiree HIS schedule of funding progress presents information about the actuarial value of plan assets relative to the actuarial accrued liability for benefits as of July 1, 2012.

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

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

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

The employing universities were statutorily required to contribute 5.15% of the participants' gross monthly compensation from July 2013 through June 2014. When applicable, a portion of the total contribution is transferred to the FRS Trust Fund to help amortize any unfunded actuarial liability (UAL). There was also a UAL payment required of 2.19% for fiscal year 2013-14. In accordance with Chapter 60U-2, Florida Administrative Code, 0.01% of the employer contribution rate was used for the administration of the SUSORP program and 5.14% was distributed to the provider companies designated by the participant. Effective July 1, 2011, there is a mandatory employee contribution of 3%. A participant may contribute by salary reduction an amount not to exceed the percentage contributed by the university. Additional information pertaining to the SUSORP is as follows:

Members		18,228		
Payroll	\$	1,522,076,738		
Contributions:				
Employee	\$	81,837,071	5.38%	of payroll
Employer	\$	111,682,292	7.34%	of payroll

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

Section 121.055, F.S., created the SMSOAP as an optional retirement program for state members of the Senior Management Service Class. The SMSOAP is a defined contribution plan that provides full and immediate vesting of all contributions paid on behalf of the participants to the participating provider companies to invest as directed to provide retirement and death benefits. Employees in eligible state positions may make an irrevocable election to participate in the SMSOAP in lieu of the Senior Management Service Class. Employers were required to contribute 6.27% of covered payroll from July 2013 through June 2014. When applicable, a portion of the total contribution is transferred to the FRS Trust Fund to help amortize the unfunded actuarial liability (UAL). There was a UAL payment of 12.27% required for fiscal year 2013-14. The employers' contributions were paid to the provider companies designated by the participant. Effective July 1, 2011, there is a mandatory employee contribution of 3%. A participant may contribute by salary reduction an amount not to exceed the percentage contributed by the employer. Additional information pertaining to the SMSOAP is as follows:

Members		30		
Payroll	\$	3,258,908		
Contributions:				
Employee	\$	140,775	4.32%	of payroll
Employer	\$	630,981	19.36%	of payroll

**B. Other Postemployment Benefits (OPEB)**

The following is based on the September 26, 2014, update to the July 1, 2013, actuarial valuation of the State Employees' Health Insurance Program Retiree healthcare benefits as of July 1, 2013.

Plan Description

The state implicitly subsidizes the healthcare premium rates paid by retirees by allowing them to participate in the same group health plan offered to active employees. Although retirees pay 100% of the premium amount, the premium cost to the retiree is implicitly subsidized due to increasing health care costs with age and the commingling of the claims experience in a single risk pool with a single premium determination for active employees and retirees under age 65. Section 110.123, F.S., authorizes the offering of health insurance benefits to retired state and university employees. Section 112.0801, F.S., requires all public

employers that offer benefits through a group insurance plan to allow their retirees to continue participation in the plan. The law also requires the claims experience of the retirees under 65 group to be combined with the claims experience of active employees for premium determination and the premium offered to retired employees to be no more than the premium applicable to active employees. Retirees under age 65 pay the same premium amounts as applicable to active employees. Retirees over age 65 are included in the overall risk pool but pay a lesser premium amount than is applicable to active employees because the plan is secondary payer to Medicare Parts A and B. The State Employees' Group Health Insurance Program (Program) operates as a cost-sharing multiple-employer defined benefit health plan; however, current administration of the Program is not through a formal trust and therefore disclosure requirements are those applicable to an agency multiple-employer plan. The Division of State Group Insurance within the Department of Management Services is designated by Section 110.123, F.S., to be responsible for all aspects of the purchase of healthcare for state and university employees and retirees under the Program.

There are twenty-one participating employers including the primary government of the state, the twelve state universities, and other governmental entities. There was an average enrollment of 171,960 contracts including 36,238 retirees and 135,722 employees and COBRA participants for fiscal year 2013-2014. Employees must make an election to participate in the plan within 31 days of the effective date of their retirement to be eligible to continue in the plan as a retiree. Four types of health plans are offered to eligible participants: a standard statewide Preferred Provider Organization (PPO) Plan, a Health Investor PPO Plan, a standard Health Maintenance Organization (HMO) Plan, and a Health Investor HMO Plan. HMO coverage is available only to those retirees who live or work in the HMO's service area. The four PPO and HMO options are considered managed-care plans and have specific provider networks.

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

Funding Policy

Benefit provisions are described by Section 110.123, F.S., and along with contributions, can be amended by the Florida Legislature. The state has not advance-funded OPEB costs or the net OPEB obligation. The Self-Insurance Estimating Conference develops official information for determining the budget levels needed for the state's planning and budgeting process. The Governor's recommended budget and the General Appropriations Act provide for a premium level necessary for funding the program each year on a pay-as-you-go basis. Monthly premiums, through June 2014 coverage, for active employees and retirees under the age of 65 for the standard plan were \$641.52 and \$1,444.06 for single and family contracts, respectively. Retirees over the age of 65 pay premiums for a Medicare supplement. Monthly premiums, through June 2014 coverage, for the standard Preferred Provider Organization Plan were \$359.61 for a single contract, \$719.22 for two Medicare eligible members, and \$1,036.90 for a family contract when only one member is Medicare eligible. The following schedules regarding OPEB cost, net OPEB obligation and OPEB funded status disclose only the State of Florida's share of the OPEB. Refer to Other Required Supplementary Information for information on the OPEB plan as a whole.

Actuarially-Determined Annual OPEB Cost and Net OPEB Obligation as of June 30, 2014 and the two preceding fiscal years (dollars in thousands):

	2014	2013	2012
Annual required contribution (ARC)	\$ 399,026	\$ 327,829	\$ 330,167
Interest on the net OPEB obligation	37,540	28,412	19,093
Adjustments to the ARC	(32,534)	(24,624)	(16,547)
Annual OPEB Cost	404,032	331,617	332,713
Employer contribution	(99,706)	(103,428)	(99,734)
Increase/(decrease) in net OPEB obligation	304,326	228,189	232,979
Net OPEB obligation - July 1	938,498	710,309	477,330
Net OPEB obligation - June 30	<u>\$1,242,824</u>	<u>\$ 938,498</u>	<u>\$ 710,309</u>
Percent of annual OPEB cost contributed	24.68%	31.19%	29.98%

Funded Status – State Share

The funded status of the plan as of June 30, 2014, was as follows (dollars in thousands):

Actuarial valuation date	July 1, 2013
Actuarial accrued liability (AAL)	\$ 5,771,534
Actuarial value of plan assets	.....
Unfunded actuarial accrued liability (UAAL)	<u>\$ 5,771,534</u>
Actuarial value of assets as a percentage of the AAL	0.00%
Covered payroll -- State share	\$ 4,367,874
UAAL (State) as a percentage of covered payroll	132.14%

Actuarial Methods and Assumptions

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

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

The entry age actuarial cost method was used for the actuarial valuation as of July 1, 2013. This method allocates the value of a member’s benefit as a level percentage of pay between entry age and retirement age. Allocating costs as a level percentage of pay, even though the benefits are not pay-related, helps with budgeting for these employee benefits costs as a percentage of payroll. Actuarial assumptions included a 3% inflation rate, a 4% return on invested assets, and a 4% payroll growth rate. Initial healthcare cost trend rates used for the Preferred Provider Organization (PPO) Plans are 7.21%, 7.89%, and 7.59% for the first three years followed by 7.70% in the fourth year grading to 5.0% over the course of 70 years. For the Health Maintenance Organization (HMO) Plans, initial healthcare cost trend rates of 6.95%, 7.64%, and 7.75% for the first three years followed by 8.10% in the fourth year and grading to 5.0% over the course of 70 years. The unfunded actuarial accrued liability is being amortized as a level percentage of pay - on an open basis, over a 30 year period.

**NOTE 7 - COMMITMENTS AND OPERATING LEASES****A. Construction Commitments**

Road and bridge construction projects, supervised by the Department of Transportation, are included in the Department of Transportation work program, which is updated during each budget cycle. As of June 30, 2014, the Department had available approximately \$9.4 billion in budget authority committed on executed contracts arising from both current and prior year projects. Other major construction commitments of the State of Florida at June 30, 2014, totaled \$184 million. Refer to Note 5 for additional disclosures relating to construction in progress. Construction commitments for component units totaled \$1.8 billion.

**B. Florida Ports Financing Commission Revenue Bonds**

The state has enacted legislation obligating it to remit annually \$25 million to a designated trustee for the purpose of repaying the debt on certain Florida Ports Financing Commission revenue bonds. The Florida Ports Financing Commission is not part of the state's reporting entity. These revenue bonds do not create or constitute a legal obligation or debt of the state. Funding for the annual remittance comes from the State of Florida, Department of Transportation's portion of motor vehicle registration fees, which was \$504,611,895 for the fiscal year ended June 30, 2014. The table below represents the Florida Ports Financing Commission revenue bonds outstanding as of June 30, 2014. The bonds noted below were issued in May 2011 with proceeds used to defease the Commission's Series 1996 and Series 1999 bonds:

Series	Amount
2011A	\$ 9,775,000
2011B	127,170,000
2011A (Intermodal)	64,115,000
2011B (Intermodal)	45,210,000
Total	\$ 246,270,000

**C. Operating Leases**

Operating leases are not recorded on the balance sheets or statements of net position; however, operating lease payments are recorded as expenditures/expenses when incurred. Total operating lease payments for the state's governmental activities, business-type activities, and component units were \$132.6 million, \$10 million, and \$60.5 million, respectively, for the year ended June 30, 2014. The following is a schedule of future non-cancelable operating lease payments for the primary government and component units at June 30, 2014 (in thousands):

	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2015	\$ 125,047	\$ 7,056	\$ 52,053
2016	117,741	6,701	35,916
2017	109,144	6,616	29,405
2018	104,523	5,963	24,673
2019	97,216	3,214	19,785
2020-2024	113,935	6,075	50,220
2025-2029	9,345	4,204	15,601
2030-2034	965	3,098	10,696
2035-2039	779	.....	2,621
2040-2044	793	.....	2,961
2045-2049	.....	.....	610
2050-2054	.....	.....	610
2055-2059	.....	.....	329
2060-2064	.....	.....	142
2065-2069	.....	.....	142
2070-2074	.....	.....	142
2075-2079	.....	.....	142
2080-2084	.....	.....	142
2085-2089	.....	.....	57
Total	\$ 679,488	\$ 42,927	\$ 246,247

**D. Encumbrances**

As of June 30, 2014, encumbrances for major and nonmajor governmental funds were (in thousands):

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
<b>Encumbrances:</b>	\$ 144,735	\$ 10,477	\$ 147,589	\$ 54,687	\$ 37,442	\$ 273,958	\$ 668,888

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

Bonds payable at June 30, 2014, are as follows (in thousands):

Bond Type	Original Amount	Amount Outstanding	Interest Rates	Annual Maturity To
Governmental Activities:				
Road and Bridge Bonds	\$ 1,879,965	\$ 1,638,090	3.000%-6.375%	2041
SBE Capital Outlay Bonds	765,850	391,310	2.000%-5.000%	2030
Lottery Education Bonds	3,173,860	2,421,187	3.000%-6.584%	2032
Public Education Bonds	11,642,270	9,786,140	2.000%-6.000%	2041
State University System Bonds	241,960	189,495	3.000%-6.500%	2033
University Auxiliary Bonds	1,195,540	983,226	2.000%-7.500%	2043
Inland Protection Bonds	96,730	73,280	4.260%-5.400%	2024
Florida Forever Bonds	1,679,225	1,273,705	3.000%-7.045%	2029
Water Pollution Control Bonds	614,775	432,880	2.750%-5.500%	2031
Florida Facilities Pool Bonds	479,060	310,110	3.500%-5.750%	2039
State Infrastructure Bank Bonds	123,615	59,910	4.250%-5.000%	2027
Seaport Investment Bonds	138,145	131,950	4.000%-5.000%	2043
Everglades Restoration Bonds	288,550	227,850	0.130%-6.450%	2032
	22,319,545	17,919,133		
Unamortized premiums (discounts) on bonds payable	.....	812,839		
Total Bonds Payable	\$ 22,319,545	\$ 18,731,972		
Business-type Activities:				
Toll Facilities Bonds	\$ 3,339,645	\$ 2,821,955	2.875%-6.800%	2043
Florida Hurricane Catastrophe Fund Bonds	3,300,920	3,000,920	1.298%-5.000%	2021
	6,640,565	5,822,875		
Unamortized premiums (discounts) on bonds payable	.....	136,999		
Total Bonds Payable	\$ 6,640,565	\$ 5,959,874		

## 2. Types of Bonds

**Road and Bridge Bonds** are issued to finance the cost of acquiring real property, or the rights to real property for state roads, or to finance the cost of state bridge construction. The bonds, serial and term, are secured by a pledge of a portion of the state-assessed motor fuel tax revenues, and by a pledge of the full faith and credit of the state.

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

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

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

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

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

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

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

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

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

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

**Seaport Investment Program Bonds** are issued primarily to finance improvements at various seaports within the State of Florida. The bonds, serial and term, are secured by a first lien on the annual allocation of certain fees derived from motor vehicle certificates to the Seaport Investment Program.

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

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

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

**3. Pledged Revenues (in thousands):**

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

Bond Type	Revenue <sup>3</sup>	Less Operating Expenses	Net Available for Debt Service	Debt Service			Coverage Ratio	Final Maturity	Remaining Debt Service	Revenue Ratio <sup>4</sup>
				Principal	Interest <sup>5</sup>	Total Debt Service				
Florida Turnpike (Toll Facility)	808,374	157,343	651,031	116,398	130,033	246,431	2.64	2043	4,403,295	80.54%
Florida Forever/P2000/Everglades <sup>1</sup>	1,049,500	.....	1,049,500	97,960	72,963	170,923	6.14	2032	2,036,667	100.00%
Lottery Education <sup>1,2</sup>	1,498,409	.....	1,498,409	194,105	118,649	312,754	4.79	2032	2,915,847	100.00%
Alligator Alley (Toll Facility)	26,755	8,272	18,483	1,740	1,707	3,447	5.36	2027	44,845	69.08%
State Infrastructure Bank	69,407	.....	69,407	10,710	3,491	14,201	4.89	2027	72,198	100.00%
Florida Hurricane Catastrophe	1,789,747	17,650	1,772,097	300,000	88,295	388,295	4.56	2016	3,000,920	99.01%
State University System Bonds	55,766	.....	55,766	12,835	8,796	21,631	2.58	2033	234,935	100.00%
University Auxiliary Bonds <sup>7</sup>										
Parking System Revenue Bonds										
Florida International University	13,762	5,032	8,730	2,655	3,023	5,678	1.54	2043	136,245	63.44%
University of South Florida	13,783	7,661	6,122	2,285	1,272	3,557	1.72	2026	34,188	44.42%
Florida Agricultural & Mechanical University	2,216	1,501	715	180	53	233	3.07	2018	931	32.27%
University of Florida	12,499	7,176	5,323	2,260	870	3,130	1.70	2028	25,179	42.59%
Florida Atlantic University	7,161	3,164	3,997	1,300	779	2,079	1.92	2032	26,181	55.82%
University of Central Florida	19,251	3,335	15,916	3,275	1,639	4,914	3.24	2032	49,800	82.68%
Florida State University	11,045	3,027	8,018	3,620	1,994	5,614	1.43	2031	58,527	72.59%
Housing System Revenue Bonds										
Florida Agricultural & Mechanical University	11,146	7,297	3,849	2,684	3,228	5,912	0.65	2032	94,429	34.53%
Florida International University	30,469	16,622	13,847	5,175	4,521	9,696	1.43	2041	158,706	45.45%
University of Florida	52,210	35,004	17,206	3,500	3,040	6,540	2.63	2033	117,352	32.96%
Florida Atlantic University	15,898	7,153	8,745	2,795	2,971	5,766	1.52	2036	96,151	55.01%
University of Central Florida	29,316	17,450	11,866	3,125	5,117	8,242	1.44	2042	158,270	40.48%
Florida State University	42,203	18,193	24,010	4,285	6,886	11,171	2.15	2040	242,742	56.89%
Student Health and Wellness Center Revenue Bonds										
University of Central Florida	14,127	.....	14,127	375	242	617	22.90	2024	6,182	100.00%
Florida State University	13,851	.....	13,851	1,155	1,228	2,383	5.81	2030	38,082	100.00%
University of North Florida	4,248	.....	4,248	420	627	1,047	4.06	2036	26,970	100.00%
Bookstore Revenue Bonds										
University of Central Florida	1,840	548	1,292	240	53	293	4.41	2017	878	70.22%
Student Services Center Revenue Bonds										
University of Florida	21,347	.....	21,347	1,045	1,571	2,616	8.16	2033	61,427	100.00%
Water Pollution Control Bonds	90,394	.....	90,394	34,840	22,025	56,865	1.59	2031	594,131	100.00%
Inland Protection Bonds	192,444	.....	192,444	5,885	2,931	8,816	21.83	2024	94,483	100.00%
Seaport Investment Program	200,000	.....	200,000	6,195	2,387	8,582	23.30	2043	248,884	100.00%

<sup>1</sup> Operating Expenses are not listed for various programs. For these programs, either no operating expenses reduce revenues available for debt service, or, in the case of the Lottery, include expenses unrelated to the operation of the program, such as payment of lottery prizes. Instead, for these programs, the revenue shown is the amount available to pay debt service.

<sup>2</sup> Source Department of Lottery, Audited Financial Statements.

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

<sup>4</sup> Revenue Ratio is calculated as Net Available for Debt Service divided by Revenue.

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

#### **4. State Debt Limitations**

Section 215.98, F.S., establishes the ratio of tax-supported debt service to tax-supported revenues as the benchmark debt ratio for purposes of setting the state's legal debt margin. Under the policy, if the ratio exceeds 6%, additional tax-supported debt may be authorized only if the legislature determines the additional debt is in the best interest of the state. If the ratio exceeds 7%, additional tax-supported debt may be authorized only if the legislature determines it is necessary to address a critical state emergency. During the fiscal year 2013-14, the ratio improved to below 6%, primarily due to a decrease in debt service and an increase in tax revenues. Chapter 2013-41, Section 45, Laws of Florida, provided the legislature's determination that the authorization and issuance of debt for the 2013-14 fiscal year was in the best interest of the state and necessary to address a critical state emergency.

**5. Debt Service Requirements**

Annual debt service requirements to amortize bonds at June 30, 2014, are as follows (in thousands):

Year Ending June 30	Primary Government					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 1,013,554	\$ 856,528	\$ 1,870,082	\$ 446,070	\$ 224,525	\$ 670,595
2016	1,075,109	807,407	1,882,516	469,205	202,651	671,856
2017	1,092,908	755,674	1,848,582	965,810	176,483	1,142,293
2018	1,116,121	703,025	1,819,146	139,845	158,412	298,257
2019	1,098,874	649,117	1,747,991	647,235	146,229	793,464
2020-2024	5,449,661	2,441,012	7,890,673	1,660,365	495,174	2,155,539
2025-2029	3,630,995	1,279,842	4,910,837	574,630	301,290	875,920
2030-2034	2,179,641	600,274	2,779,915	495,805	180,304	676,109
2035-2039	1,158,355	173,972	1,332,327	340,845	66,241	407,086
2040-2044	103,915	8,697	112,612	83,065	7,273	90,338
Bonds Payable and Interest	17,919,133	8,275,548	26,194,681	5,822,875	1,958,582	7,781,457
Unamortized premiums (discounts)	812,839	.....	812,839	136,999	.....	136,999
Total bonds payable and interest	<u>\$ 18,731,972</u>	<u>\$ 8,275,548</u>	<u>\$ 27,007,520</u>	<u>\$ 5,959,874</u>	<u>\$ 1,958,582</u>	<u>\$ 7,918,456</u>

Year Ending June 30	Component Units		
	Principal	Interest	Total
2015	\$ 950,220	\$ 659,424	\$ 1,609,644
2016	2,188,531	294,780	2,483,311
2017	1,293,423	231,471	1,524,894
2018	396,541	196,730	593,271
2019	482,894	177,873	660,767
2020-2024	1,422,105	643,725	2,065,830
2025-2029	871,778	454,407	1,326,185
2030-2034	859,891	289,437	1,149,328
2035-2039	680,724	148,242	828,966
2040-2044	473,289	47,914	521,203
2045-2049	47,792	2,537	50,329
2050-2054	3,965	56	4,021
Bonds payable and interest	9,671,153	3,146,596	12,817,749
Unamortized premiums (discounts)	167,279	.....	167,279
Total bonds payable and interest	<u>\$ 9,838,432</u>	<u>\$ 3,146,596</u>	<u>\$ 12,985,028</u>

Annual debt service requirements for university capital improvement debt payable at June 30, 2014, are as follows (in thousands):

Year Ending June 30	Universities		
	Principal	Interest	Total
2015	\$ 47,084	\$ 41,942	\$ 89,026
2016	50,546	40,421	90,967
2017	48,646	38,298	86,944
2018	50,421	36,234	86,655
2019	51,765	34,024	85,789
2020-2024	258,626	135,530	394,156
2025-2029	230,435	81,069	311,504
2030-2034	150,444	35,929	186,373
2035-2039	51,877	11,959	63,836
2040-2044	21,449	1,848	23,297
Total capital improvement debt payable and interest	961,293	457,254	1,418,547
Unamortized premiums (discounts)	12,745	.....	12,745
Total capital improvement debt payable and interest	<u>\$ 974,038</u>	<u>\$ 457,254</u>	<u>\$ 1,431,292</u>

**6. Advance Refundings and Current Refundings**

During the fiscal year ended June 30, 2014, the state took advantage of favorable conditions and issued bonds for the purpose of refunding previously issued bonds. The refundings of these bond series were made in order to obtain lower interest rates and the resulting savings in debt service payments over the life of the bonds. The economic gains obtained by these refundings are the differences between the present value of old debt service and new debt service requirements.

The proceeds of the current refundings were used to immediately call the refunded bonds or deposited in Special Purpose Investment Accounts with the State Treasury and used to call refunded bonds within 90 days of the issuance of the refunding bonds. The proceeds of the advance refundings were deposited in Special Purpose Investment Accounts with the State Treasury and economically defeased the refunded bonds. The funds deposited along with the interest earned and other available funds were sufficient to meet the future principal and interest payments on the refunded bonds as they became due.

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

**Advance Refundings****Governmental Activities**

State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series 2012B in the amount of \$234,715,000 along with additional funds of \$5,263,789 were used to advance refund \$244,190,000 of the State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series 2004A maturing in the years 2015 through 2034. The refunding resulted in debt savings of \$60,226,829, an economic gain of \$44,669,451, and a deferred loss on refunding of \$646,453.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2013 Series C in the amount of \$297,965,000 along with additional funds of \$1,296,728 were used to advance refund \$163,020,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2003 Series C maturing in the years 2015 through 2034 and \$159,580,000 of the State of Florida, Full of Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2004 Series A maturing in the years 2015 through 2034. The refunding resulted in debt savings of \$64,062,790, an economic gain of \$47,213,119, and a deferred loss on refunding of \$83,725.

**Business-type Activities**

State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2013C in the amount of \$267,405,000, in part, along with additional funds of \$6,039,091 were used to advance refund \$110,210,000 of the State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2004A maturing in the years 2015 through 2026. The refunding resulted in debt savings of \$13,481,136, an economic gain of \$11,294,622, and a deferred loss on refunding of \$7,580,981.

**Current Refundings**

**Governmental Activities**

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2014 Series A in the amount of \$108,840,000 along with additional funds of \$1,954,188 were used to refund \$122,210,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2004 Series B maturing in the years 2015 through 2026. The refunding resulted in debt savings of \$19,149,320, an economic gain of \$16,391,383, and a deferred loss on refunding of \$4,223,413.

State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds, 2014 Series A in the amount of \$24,555,000, in part, along with additional funds of \$90,338 were used to refund \$13,735,000 of the State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Bonds, 2004 Series A maturing in the years 2015 through 2024. The refunding resulted in debt savings of \$1,829,496, an economic gain of \$1,652,213, and a deferred loss on refunding of \$176,582.

State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2013A in the amount of \$48,365,000, in part, along with \$178,348 were used to refund \$3,175,000 of the State of Florida, Board of Regents Florida International University Parking Facility Revenue Bonds, Series 1999 maturing in the years 2014 through 2019 and \$12,730,000 of the State of Florida, Florida Board of Education Florida International University Parking Facility Revenue Bonds, Series 2002 maturing in the years 2014 through 2022. The refunding resulted in debt savings of \$1,142,450, an economic gain of \$1,001,780, and a deferred loss on refunding of \$48,539.

State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series 2014A in the amount of \$46,085,000, in part, were used to refund \$13,795,000 of the State of Florida, Florida Board of Education Florida State University Housing Facility Revenue Bonds, Series 2004A maturing in the years 2015 through 2024 and a portion of bonds maturing in 2034. The refunding resulted in a debt savings of \$1,751,872, an economic gain of \$1,422,104, and a deferred loss on refunding of \$273,933.

**Business-type Activities**

State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2013B in the amount of \$206,035,000 along with additional funds of \$6,862,583 were used to refund \$234,550,000 of the State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2003A maturing in the years 2014 through 2022. The refunding resulted in debt savings of \$26,798,302, an economic gain of \$25,158,732, and a deferred loss on refunding of \$3,933,236.

**7. Prior-year Defeased Bonds**

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

	Principal at 6/30/2014
<u>Governmental Activities</u>	
University Auxilliary Bonds	\$ 1,344
<u>Business-type Activities</u>	
Toll Facilities	\$ 12,000

**8. Arbitrage Regulations**

The state complies with federal arbitrage regulations.

**9. Direct Interest**

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

<u>Governmental Activities</u>	<u>Interest</u>
Education:	
SBE Capital Outlay Bonds	\$ 17,300
Lottery Education Bonds	97,332
Public Education Bonds	416,669
State University System Bonds	7,802
University Auxiliary Bonds	40,406
Total Education	<u>579,509</u>
Natural Resources and Environment:	
Inland Protection Bonds	3,383
Everglades Restoration Bonds	6,856
Water Pollution Control Bonds	17,292
Florida Forever Bonds	54,780
Total Natural Resources and Environment	<u>82,311</u>
Transportation:	
Road and Bridge Bonds (Right of Way)	74,325
State Infrastructure Bonds	3,072
Seaport Bonds	2,500
Total Transportation	<u>79,897</u>
Total Direct Interest	<u>\$ 741,717</u>

**10. Governmental Activities – Unrestricted Net Position Deficit**

Governmental activities reflect a negative unrestricted net position balance of \$9.8 billion at June 30, 2014. This deficit is primarily the result of education-related bonds in which the state is responsible for the debt, but the state colleges, state universities, or the local school districts own the capital assets. Because the state does not own these capital assets, the bonded debt is not netted on the line item "Net investment in capital assets." Instead, this bonded debt is netted with unrestricted net position. Education-related bonds include SBE Capital Outlay Bonds; PECO Bonds; State University System Improvement Bonds; and Lottery Education Bonds; which have a total ending balance at June 30, 2014, of \$13.4 billion. The state has an additional \$1.0 billion in other bonds, including Florida Forever bonds in which the state does not own the related capital assets. The resources related to the payment of this debt will be provided from future revenue sources. If these bonds were removed, the adjusted unrestricted net position for governmental activities would be \$4.6 billion.

**B. Certificates of Participation**

**1. Primary Government**

The state has issued certificates of participation (original amount of \$945,800,000) to finance privately operated detention and mental health facilities. The certificates of participation's interest rates range from 3.250% - 6.825% and the last maturity date is August 1, 2029. The following is a schedule of future minimum principal and interest payments for certificates of participation for governmental activities at June 30, 2014 (in thousands):

Year Ending June 30	Principal	Interest	Total
2015	\$ 44,585	\$ 35,022	\$ 79,607
2016	44,005	32,867	76,872
2017	43,390	30,777	74,167
2018	42,930	28,721	71,651
2019	36,900	26,558	63,458
2020-2024	210,505	101,864	312,369
2025-2029	214,235	40,341	254,576
2030	33,880	1,051	34,931
Total	670,430	297,201	967,631
Unamortized premiums (discounts)	6,032	.....	6,032
Total certificates of participation payable	<u>\$ 676,462</u>	<u>\$ 297,201</u>	<u>\$ 973,663</u>

**2. Component Units**

Component units (universities and a water management district) have issued certificates of participation (original amount of \$1,227,910,000) primarily to finance academic and student facilities, and construction projects for Everglades restoration. The certificates of participation's interest rates range from 2.500% to 6.000% and the last maturity date is July 1, 2040. The following is a schedule of future minimum principal and interest payments for certificates of participation for component units at June 30, 2014 (in thousands):

Year Ending June 30	Principal	Interest	Total
2015	\$ 26,815	\$ 50,283	\$ 77,098
2016	28,955	49,351	78,306
2017	30,275	47,993	78,268
2018	31,695	46,576	78,271
2019	33,095	45,087	78,182
2020-2024	188,790	200,322	389,112
2025-2029	231,425	151,423	382,848
2030-2034	290,195	90,308	380,503
2035-2039	218,545	20,815	239,360
2040-2044	2,340	203	2,543
Total	1,082,130	702,361	1,784,491
Unamortized premiums (discounts)	18,689	.....	18,689
Total certificates of participation payable	<u>\$ 1,100,819</u>	<u>\$ 702,361</u>	<u>\$ 1,803,180</u>

**NOTE 9 - INSTALLMENT PURCHASES, CAPITAL LEASES, AND PUBLIC-PRIVATE PARTNERSHIPS**

**A. Installment Purchases**

The state has a number of installment purchase contracts primarily providing for the acquisition of buildings, furniture, and equipment. At June 30, 2014, 69% of the state's installment purchase contracts for primary governmental activities were for furniture and equipment, and the remaining 31% for buildings. Installment purchase contracts for component units consisted of 100% of furniture and equipment. The following is a schedule of future minimum installment purchase contract payments for the primary government and component units at June 30, 2014 (in thousands):

Year Ending June 30	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2015	\$ 11,045	\$ 1,658	\$ 3,523
2016	9,709	2,185	1,952
2017	8,349	2,451	1,298
2018	7,466	1,360	480
2019	5,751	1,361	217
2020-2024	13,629	6,800	.....
2025-2029	4,049	6,800	.....
2030-2034	.....	6,800	.....
2035-2039	.....	792	.....
Total	59,998	30,207	7,470
Less: Interest	(8,406)	(9,586)	(250)
Present value of future minimum payments	\$ 51,592	\$ 20,621	\$ 7,220

**B. Capital Leases**

The state has a number of capital leases providing for the acquisition of land, buildings, and furniture and equipment. At June 30, 2014, 64% of the state's capital leases for governmental activities were for buildings, and the remaining 36% were for furniture and equipment. Capital leases for component units consisted of 56% for buildings, 37% for furniture and equipment, and the remaining 7% for land. The following is a schedule of future minimum capital lease payments for the primary government and component units at June 30, 2014 (in thousands):

Year Ending June 30	Primary Government	
	Governmental Activities	Component Units
2015	\$ 5,981	\$ 11,884
2016	2,532	9,707
2017	2,524	7,193
2018	2,492	3,961
2019	2,492	2,967
2020-2024	3,282	11,545
2025-2029	924	8,097
2030-2034	.....	1,379
Total	20,227	56,733
Less: Interest	(2,871)	(8,629)
Present value of future minimum payments	\$ 17,356	\$ 48,104

**C. Public-Private Partnerships**

Pursuant to Section 334.30, Florida Statutes, the Department of Transportation executed two 35-year, Public-Private Partnership concession agreements in March and October of 2009 for the design, build, finance, operation and maintenance of the Interstate 595 Corridor and the Port of Miami Tunnel. Payments consist of construction-period payments, lump-sum final acceptance payments upon completion of construction, and annual performance-based availability payments to be made during the 30-year operations and maintenance period. Annual availability payments are all-inclusive payments consisting of unpaid portions of construction costs, annual operations costs, and maintenance expenses. The payment schedule below is an estimate of unpaid construction payments during the term of the agreements based on the percentage of completion of the projects at June 30, 2014. The annual availability payments are performance-based and are subject to change based on a fixed percentage as defined in the agreement and on the Consumer Price Index, which could impact the payment schedule. The projects are expected to be completed in early fiscal year 2015. The Department has six other public-private partnership agreements for the design, build, and finance; and two other agreements for the build and finance of various transportation projects. The remaining unpaid construction costs for these eight agreements represent 23% and 34%, respectfully, of payments due in 2015 and 2016. The following is a schedule of future maximum payments for the primary government at June 30, 2014 (in thousands):

Year Ending June 30	Primary Government	
	Governmental Activities	Business-type Activities
2015	\$ 825,860	\$ 72,781
2016	214,272	35,247
2017	165,113	41,817
2018	239,136	63,195
2019	77,951	16,330
2020-2024	408,873	84,024
2025-2029	474,186	97,286
2030-2034	543,660	112,643
2035-2039	625,397	130,425
2040-2044	665,310	130,097
2045	13,526	.....
Total	4,253,284	783,845
Less: Interest	(1,945,472)	(438,811)
Present value of future maximum payments	\$ 2,307,812	\$ 345,034

## NOTE 10 - CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for governmental activities during the fiscal year ended June 30, 2014, are as follows (in thousands):

	Balance July 1, 2013	Restatements and Adjustments	Additions	Deletions	Balance June 30, 2014	Due Within One Year (Current)
<b>Governmental Activities</b>						
Bonds payable:						
Road and Bridge Bonds	\$ 1,948,285	\$ .....	\$ .....	\$ 310,195	\$ 1,638,090	\$ 68,205
SBE Capital Outlay Bonds	456,675	.....	24,555	89,920	391,310	75,235
Lottery Education Bonds	2,429,122	.....	186,170	194,105	2,421,187	203,389
Public Education Bonds	10,251,190	.....	406,805	871,855	9,786,140	427,975
State University System Bonds	178,385	.....	23,945	12,835	189,495	13,460
University Auxiliary Bonds	857,192	.....	203,290	77,256	983,226	45,815
Inland Protection Bonds	79,165	.....	.....	5,885	73,280	6,180
Save Our Coast Bonds	.....	.....	.....	.....	.....	.....
Preservation 2000 Bonds	.....	.....	.....	.....	.....	.....
Florida Forever Bonds	1,359,050	.....	.....	85,345	1,273,705	89,595
Water Pollution Control Bonds	467,720	.....	.....	34,840	432,880	34,875
State Infrastructure Bank Bonds	70,620	.....	.....	10,710	59,910	10,085
Seaport Investment Bonds	.....	.....	138,145	6,195	131,950	2,145
Everglades Restoration Bonds	240,465	.....	.....	12,615	227,850	13,120
Florida Facilities Pool Bonds	332,590	.....	.....	22,480	310,110	23,475
	18,670,459	.....	982,910	1,734,236	17,919,133	1,013,554
Unamortized bond premiums (discounts)	871,855	.....	122,543	181,559	812,839	.....
Total bonds payable	19,542,314	.....	1,105,453	1,915,795	18,731,972	1,013,554
Certificates of participation payable*	722,839	(915)	.....	45,462	676,462	44,585
Deposits*	659,728	40,172	1,439,688	1,368,630	770,958	691,269
Compensated absences	763,727	.....	256,530	249,333	770,924	201,200
Claims payable	4,169,690	.....	1,864,618	2,247,143	3,787,165	2,044,384
Installment purchases/capital leases	68,622	.....	14,963	14,637	68,948	14,606
Public-private partnership agreements	2,279,735	.....	389,393	361,316	2,307,812	651,618
Advances - Due to Unclaimed Prop. TF	811,623	.....	5,244	.....	816,867	.....
Other Postemployment Benefits	909,004	.....	304,567	.....	1,213,571	.....
Other liabilities	35,073	.....	.....	7,615	27,458	.....
<b>Total Governmental Activities</b>	<b>\$ 29,962,355</b>	<b>\$ 39,257</b>	<b>\$ 5,380,456</b>	<b>\$ 6,209,931</b>	<b>\$ 29,172,137</b>	<b>\$ 4,661,216</b>

\*Restatement to Beginning Balance due to the reclassification of certain items in accordance with GASB Statement 65.

Long-term liabilities for governmental activities are generally liquidated by the applicable governmental funds and/or internal service funds. Specifically, the special revenue funds, capital projects funds, and/or internal service funds will liquidate the certificates of participation payable, installment purchase contracts, and capital lease obligations. The applicable special revenue funds and internal service funds will reduce deposits when such monies are earned. The governmental and internal services funds that account for employees' salaries and wages will liquidate the compensated absences liabilities. The General Fund, Health and Family Services Fund, and the non-major special revenue fund will generally liquidate claims payable. The applicable special revenue funds and internal service funds, as well as the debt service fund, will liquidate obligations to other governments. The nonmajor special revenue funds will generally liquidate other liabilities. Other Postemployment Benefits (OPEB) related to all governmental funds are reported above. The state does not currently fund the OPEB liability so it is non-liquidating. Refer to Note 6 for additional information on OPEB. The Transportation-Governmental Fund will liquidate the public-private partnership agreements liability from annual appropriations. Refer to Note 9 for additional information on the public-private partnership agreements.

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Changes in long-term liabilities for business-type activities and component units during the fiscal year ended June 30, 2014, are as follows (in thousands):

	Balance July 1, 2013	Restatements and Adjustments	Additions	Deletions	Balance June 30, 2014	Due Within One Year (Current)
<b>Business-type Activities</b>						
Bonds payable:						
Toll Facility Bonds	\$ 2,806,440	\$ .....	\$ 473,440	\$ 457,925	\$ 2,821,955	\$ 121,070
Florida Hurricane Catastrophe Fund Bonds	3,300,920	.....	.....	300,000	3,000,920	325,000
	6,107,360	.....	473,440	757,925	5,822,875	446,070
Unamortized bond premiums (discounts)						
	125,879	.....	46,087	34,967	136,999	.....
Total bonds payable	6,233,239	.....	519,527	792,892	5,959,874	446,070
Accrued prize liability	560,472	.....	5,023,665	5,095,439	488,698	190,232
Deposits <sup>1</sup>	39,073	47,200	135,735	70,642	151,366	106,091
Compensated absences	21,370	.....	8,944	8,094	22,220	5,038
Claims payable	206,945	.....	.....	206,945	.....	.....
Tuition and housing benefits payable	11,022,049	.....	39,035	490,014	10,571,070	724,482
Installment purchases/capital leases	4,098	.....	17,500	977	20,621	1,228
Public-private partnership agreements <sup>2</sup>	.....	.....	345,034	.....	345,034	38,050
Other Postemployment Benefits	16,262	.....	10,455	.....	26,717	.....
Other liabilities	4,294	.....	.....	4,294	.....	.....
<b>Total Business-type Activities</b>	<b>\$ 18,107,802</b>	<b>\$ 47,200</b>	<b>\$ 6,099,895</b>	<b>\$ 6,669,297</b>	<b>\$ 17,585,600</b>	<b>\$ 1,511,191</b>
<b>Component Units</b>						
Bonds payable <sup>1</sup>	\$ 11,415,938	\$ (11,357)	\$ 275,983	\$ 1,842,132	\$ 9,838,432	\$ 950,220
Deposits <sup>1</sup>	1,661,527	490,557	411,931	620,943	1,943,072	1,748,929
Compensated absences	612,003	.....	122,967	85,585	649,385	75,183
Installment purchases/capital leases	66,688	.....	8,566	19,930	55,324	13,746
Claims payable	96,068	.....	921,339	38,784	978,623	42,802
Certificates of participation payable	1,129,718	.....	121,153	150,052	1,100,819	26,815
Due to other governments/primary	869,322	.....	220,159	113,444	976,037	47,084
Other liabilities	2,234,526	.....	253,640	1,129,716	1,358,450	199,297
<b>Total Component Units</b>	<b>\$ 18,085,790</b>	<b>\$ 479,200</b>	<b>\$ 2,335,738</b>	<b>\$ 4,000,586</b>	<b>\$ 16,900,142</b>	<b>\$ 3,104,076</b>

<sup>1</sup>Restatement to Beginning Balance due to the reclassification of certain items in accordance with GASB Statement 65.

<sup>2</sup>Public-private partnerships are included in the Installment purchases/capital leases lines of the Proprietary Funds Statement of Net Position.

**NOTE 11 - INTERFUND BALANCES AND TRANSFERS**

At June 30, 2014, amounts to be received or paid with current available resources are reported as due from or due to other funds, whereas the noncurrent portion is reported as advances to or advances from other funds. Interfund balances at June 30, 2014, consist of the following (in thousands):

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)				
	Governmental Activities				
	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
<b>Governmental Activities</b>					
General Fund	\$ .....	\$ 1,685	204	\$ 104,513	\$ 9,718
Environment, Recreation and Conservation	9,062	.....	.....	698	13,346
Public Education	93	.....	.....	1,654	.....
Health and Family Services	15,440	.....	16	.....	4,158
Transportation	6,556	1,225	.....	144	.....
Nonmajor	67,616	1,990	13,633	1,378	24,001
Internal Service Funds	877	1	.....	12	123
<b>Business-type Activities</b>					
Transportation	88	.....	.....	.....	104,377
Lottery	26	.....	55,409	.....	.....
Hurricane Catastrophe Fund	.....	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....	.....
Reemployment Assistance	163	.....	.....	.....	2
Nonmajor	5,170	.....	.....	8	.....
<b>Fiduciary Funds</b>					
Private-purpose Trust Funds	26	.....	8,524	.....	.....
Pension and Other Employee Benefits Trust Funds	12	.....	.....	.....	.....
Agency Funds	78,745	.....	916	3,673	3,553
Investment Trust Funds	.....	.....	.....	.....	.....
<b>Total</b>	<b>\$ 183,874</b>	<b>\$ 4,901</b>	<b>\$ 78,702</b>	<b>\$ 112,080</b>	<b>\$ 159,278</b>

(Continued Below)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)	
	Governmental Activities	
	Nonmajor	Internal Service Funds
<b>Governmental Activities</b>		
General Fund	\$ 16,619	\$ 6,813
Environment, Recreation and Conservation	411	339
Public Education	884	278
Health and Family Services	4,983	3,798
Transportation	22,276	4,089
Nonmajor	5,560	1,727
Internal Service Funds	43	421
<b>Business-type Activities</b>		
Transportation	.....	.....
Lottery	8	42
Hurricane Catastrophe Fund	.....	.....
Prepaid College Program	.....	1
Reemployment Assistance	1,380	.....
Nonmajor	422	177
<b>Fiduciary Funds</b>		
Private-purpose Trust Funds	450	1
Pension and Other Employee Benefits Trust Funds	7	33
Agency Funds	5	.....
Investment Trust Funds	.....	.....
<b>Total</b>	<b>\$ 53,048</b>	<b>\$ 17,719</b>

(Continued next page)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Business-type Activities			
	Transportation	Prepaid College Program	Reemployment Assistance	Nonmajor
<b>Governmental Activities</b>				
General Fund	\$ .....	\$ .....	\$ 1,102	\$ 737
Environment, Recreation and Conservation	.....	.....	34	15
Public Education	.....	.....	.....	.....
Health and Family Services	.....	.....	489	48
Transportation	.....	.....	.....	.....
Nonmajor	.....	.....	186	41
Internal Service Funds	.....	.....	.....	.....
<b>Business-type Activities</b>				
Transportation	.....	.....	.....	.....
Lottery	.....	.....	.....	8
Hurricane Catastrophe Fund	.....	.....	.....	217
Prepaid College Program	.....	.....	.....	.....
Reemployment Assistance	.....	.....	.....	.....
Nonmajor	.....	.....	19	.....
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	.....	11	.....	.....
Pension and Other Employee Benefits Trust Funds	.....	.....	.....	6,137
Agency Funds	60,201	.....	45	20
Investment Trust Funds	.....	.....	.....	50
<b>Total</b>	<b>\$ 60,201</b>	<b>\$ 11</b>	<b>\$ 1,875</b>	<b>\$ 7,273</b>

(Continued below)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Fiduciary Funds			
	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Agency Funds	Total
<b>Governmental Activities</b>				
General Fund	\$ .....	\$ 131	\$ 72,385	\$ 213,907
Environment, Recreation and Conservation	.....	3	.....	23,908
Public Education	.....	1	.....	2,910
Health and Family Services	.....	.....	14	28,946
Transportation	.....	.....	12,548	46,838
Nonmajor	.....	2	64	116,198
Internal Service Funds	.....	.....	32,756	34,233
<b>Business-type Activities</b>				
Transportation	.....	.....	4	104,469
Lottery	.....	.....	.....	55,493
Hurricane Catastrophe Fund	.....	.....	.....	217
Prepaid College Program	90	.....	.....	91
Reemployment Assistance	.....	.....	223	1,768
Nonmajor	.....	.....	.....	5,796
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	.....	.....	.....	9,012
Pension and Other Employee Benefits Trust Funds	.....	47,085	.....	53,274
Agency Funds	.....	.....	.....	147,158
Investment Trust Funds	.....	.....	.....	50
<b>Total</b>	<b>\$ 90</b>	<b>\$ 47,222</b>	<b>\$ 117,994</b>	<b>\$ 844,268</b>

Advances from Other Funds (in thousands)	Advances to Other Funds (in thousands)			
	Governmental Activities		Business-type Activities	
	General Fund	Transportation	Health & Family Services	Transportation
<b>Governmental Activities</b>				
General Fund	\$ .....	\$ 100	\$ .....	\$ .....
Public Education	.....	.....	.....	.....
Nonmajor	625	.....	.....	.....
Internal Service Funds	1,978	800	.....	.....
<b>Business-type Activities</b>				
Transportation	.....	185,559	.....	.....
<b>Total</b>	<b>\$ 2,603</b>	<b>\$ 186,459</b>	<b>\$ .....</b>	<b>\$ .....</b>

(Continued below)

Advances from Other Funds (in thousands)	Advances to Other Funds (in thousands)	
	Fiduciary Funds	
	Private-purpose Trust Funds	Total
<b>Governmental Activities</b>		
General Fund	\$ .....	\$ 100
Public Education	816,867	816,867
Nonmajor	.....	625
Internal Service Funds	.....	2,778
<b>Business-type Activities</b>		
Transportation	.....	185,559
<b>Total</b>	<b>\$ 816,867</b>	<b>\$ 1,005,929</b>

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

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)				
	Governmental Activities				
	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
<b>Governmental Activities</b>					
General Fund	\$ .....	\$ 470,606	\$ 344,771	\$ 1,518,111	\$ 295,704
Environment, Recreation and Conservation	119,088	.....	.....	3,348	.....
Public Education	601	112	.....	10,429	.....
Health and Family Services	123,368	.....	209,507	.....	33,529
Transportation	57,255	25,319	.....	308	.....
Nonmajor	172,074	52,800	303,516	45,042	1,013,193
Internal Service Funds	6,401	755	.....	598	979
<b>Business-type Activities</b>					
Transportation	.....	.....	.....	.....	29,220
Lottery	1	.....	1,495,409	.....	.....
Hurricane Catastrophe Fund	.....	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....	.....
Reemployment Assistance	.....	.....	.....	.....	.....
Nonmajor	73,308	.....	.....	3,469	.....
<b>Fiduciary Funds</b>					
Private-purpose Trust Funds	14	.....	82	314	.....
Pension and Other Employee Benefits Trust Funds	2,391	.....	.....	.....	.....
Investment Trust Funds	.....	.....	.....	.....	.....
<b>Total</b>	<b>\$ 554,501</b>	<b>\$ 549,592</b>	<b>\$ 2,353,285</b>	<b>\$ 1,581,619</b>	<b>\$ 1,372,625</b>

*(Continued below)*

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)	
	Governmental Activities	
	Nonmajor	Internal Service Funds
<b>Governmental Activities</b>		
General Fund	\$ 314,255	\$ 178
Environment, Recreation and Conservation	210,080	.....
Public Education	1,443,613	.....
Health and Family Services	148,806	.....
Transportation	467,976	.....
Nonmajor	163,854	1,766
Internal Service Funds	8,398	.....
<b>Business-type Activities</b>		
Transportation	.....	.....
Lottery	141	.....
Hurricane Catastrophe Fund	10,000	.....
Prepaid College Program	.....	.....
Reemployment Assistance	16,921	.....
Nonmajor	15,708	.....
<b>Fiduciary Funds</b>		
Private-purpose Trust Funds	3,641	.....
Pension and Other Employee Benefits Trust Funds	98	20,450
Investment Trust Funds	.....	.....
<b>Total</b>	<b>\$ 2,803,491</b>	<b>\$ 22,394</b>

*(Continued next page)*

Transfers from Other Funds (in thousands)			
Business-type Activities			
Transfers to Other Funds (in thousands)	Transportation	Reemployment Assistance	Nonmajor
<b>Governmental Activities</b>			
General Fund	\$ 119	\$ 3,795	\$ 2,173
Environment, Recreation and Conservation	.....	177	.....
Public Education	.....	11	.....
Health and Family Services	.....	2,263	828
Transportation	28,508	132	.....
Nonmajor	.....	1,071	1,749
Internal Service Funds	.....	57	30
<b>Business-type Activities</b>			
Transportation	.....	.....	.....
Lottery	.....	19	.....
Hurricane Catastrophe Fund	.....	.....	.....
Prepaid College Program	.....	.....	.....
Reemployment Assistance	.....	.....	.....
Nonmajor	.....	148	.....
<b>Fiduciary Funds</b>			
Private-purpose Trust Funds	.....	.....	.....
Pension and Other Employee Benefits Trust Funds	.....	8	7,798
Investment Trust Funds	.....	.....	.....
<b>Total</b>	<b>\$ 28,627</b>	<b>\$ 7,681</b>	<b>\$ 12,578</b>

(Continued below)

Transfers from Other Funds (in thousands)				
Fiduciary Funds				
Transfers to Other Funds (in thousands)	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Total
<b>Governmental Activities</b>				
General Fund	\$ .....	\$ 129	\$ .....	\$ 2,949,841
Environment, Recreation and Conservation	.....	.....	.....	332,693
Public Education	.....	.....	.....	1,454,766
Health and Family Services	.....	.....	.....	518,301
Transportation	.....	.....	.....	579,498
Nonmajor	24	.....	.....	1,755,089
Internal Service Funds	.....	.....	.....	17,218
<b>Business-type Activities</b>				
Transportation	.....	.....	.....	29,220
Lottery	.....	.....	.....	1,495,570
Hurricane Catastrophe Fund	.....	.....	.....	10,000
Prepaid College Program	361	.....	.....	361
Reemployment Assistance	.....	.....	.....	16,921
Nonmajor	14	.....	.....	92,647
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	.....	.....	.....	4,051
Pension and Other Employee Benefits Trust Funds	.....	891,309	.....	922,054
Investment Trust Funds	.....	.....	77,007	77,007
<b>Total</b>	<b>\$ 399</b>	<b>\$ 891,438</b>	<b>\$ 77,007</b>	<b>\$ 10,255,237</b>

**NOTE 12 - RISK MANAGEMENT**

**A. State Risk Management Trust Fund**

The State Risk Management Trust Fund provides property insurance coverage for state buildings and contents against loss from fire, lightning, sinkholes, flood, and other hazards customarily insured by extended coverage. The property insurance program has a self-insured retention of \$2 million per occurrence for losses arising from all perils listed above except named windstorm and flood. The property insurance program also has a self-insured retention of \$2 million per occurrence for losses arising from named windstorm and flood, but with an additional annual aggregate self-insured retention of \$40 million. Commercial reinsurance is purchased for losses over the self-insured retention up to \$54 million per occurrence for named windstorm and flood losses through February 15, 2015, and \$200 million per occurrence for covered perils other than named wind and flood.

The Fund’s estimated liability for unpaid property insurance claims at the fiscal year-end is determined by an actuarial method and includes an amount for losses incurred but not yet reported. The amount of claims paid for property claims did not exceed insurance coverage for each of the last three years. Changes in the Fund’s property insurance claims liability amount for the fiscal years ended June 30, 2013, and June 30, 2014, were as follows (in thousands):

Fiscal Year Ended	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-end
June 30, 2013	\$ 1,455	\$ (315)	\$ (848)	\$ 292
June 30, 2014	\$ 292	\$ 293	\$ (85)	\$ 500

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

The estimated liability for unpaid casualty and property insurance claims at June 30, 2014, was \$1.18 billion. This amount was determined through an actuarial method based on historical paid and incurred losses and includes an amount for losses incurred but not yet reported. In addition, this amount includes the present value of workers' compensation indemnity claims liability of \$292.5 million, discounted using a 4 percent annual percentage rate per Section 625.091, Florida Statutes. The undiscounted workers' compensation indemnity claims liability is \$405.8 million.

Changes in the Fund’s casualty insurance claims liability for the fiscal years ended June 30, 2013, and June 30, 2014, were as follows (in thousands):

Fiscal Year Ended	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-end
June 30, 2013	\$ 1,201,137	\$ 76,257	\$ (130,012)	\$ 1,147,382
June 30, 2014	\$ 1,147,382	\$ 122,139	\$ (94,724)	\$ 1,174,797

Actual current year claims and changes in estimate for casualty lines of coverage for the fiscal year ended June 30, 2014, increased by \$45.9 million, as compared to the previous fiscal year.

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

Employees and retirees may obtain health care services through participation in the state’s group health insurance plan or through membership in a health maintenance organization plan under contract with the state. The state’s risk financing activities associated with state group health insurance, such as the risks of loss related to medical and prescription drug claims, are administered through the State Employees Health Insurance Trust Fund, an internal service fund. It is the practice of the state not to purchase commercial coverage for the risks of losses covered by this program.

The program’s estimated fiscal year-end liability includes an amount for claims that have been incurred but not reported, which is based on analyses of historical data performed by both the state and its contractors. Changes in claims liability amounts for the fiscal years ended June 30, 2013, and June 30, 2014, were as follows (in thousands):

Fiscal Year Ended	Beginning of Fiscal Year Liability	Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-end
June 30, 2013	\$ 150,940	\$ 1,482,911	\$ (1,495,336)	\$ 138,515
June 30, 2014	\$ 138,515	\$ 1,587,548	\$ (1,571,092)	\$ 154,971

During the year, for program operations, both employee and retiree participation in the state group health insurance program are accounted for in the State Employees Health Insurance Trust Fund. Retiree participation in the program is considered an Other Postemployment Benefit (OPEB) for purposes of this report. See Note 6, Section B regarding OPEB for additional information. Asset and liability balances related to retiree participation in the program as of June 30, 2014, were transferred from the State Employees Health Insurance Trust Fund and reported in Other Agency Funds in accordance with the requirements of Governmental Accounting Standards Board Codification Section Po50, *Postemployment Benefit Plans Other Than Pension Plans – Defined Benefit*.

**NOTE 13 – FLORIDA PREPAID COLLEGE PROGRAM**

The Stanley G. Tate Florida Prepaid College Program was created in 1987 to provide a medium through which the costs of tuition, tuition differential fee, local fees, and dormitory residence may be paid in advance of enrollment in a state postsecondary institution at a rate lower than the projected corresponding cost at the time of actual enrollment. The Program is administered by the Florida Prepaid College Board and the State of Florida guarantees the obligations of the Board to qualified beneficiaries if moneys in the Program are insufficient. The Program is accounted for in an enterprise fund. An actuarial study is performed to determine the Program's funding status. The decrease in the actuarial present value of future contract benefits from the prior year is primarily due to the decrease in key inflation assumptions. Additional information as of June 30, 2014, is as follows:

Actuarial present value of future contract benefits and expenses payable	\$ 10,571,069,685
Net position available (net of outstanding refund payments and unrealized gain/loss on securities lending portfolio)	\$ 12,369,702,467
Net position as a percentage of future contract benefits and expenses obligation	117.0%

## NOTE 14 –INSURANCE ENTERPRISES

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

### A. FLORIDA HURRICANE CATASTROPHE FUND

The Florida Hurricane Catastrophe Fund (FHCF) was created in 1993 by the Florida Legislature, as a state fund administered by the State Board of Administration (SBA) to provide a source of reimbursement to most residential property insurers for catastrophic hurricane losses, thereby creating additional insurance capacity. Most admitted residential property insurers writing FHCF covered policies are required to purchase mandatory reimbursement coverage with the FHCF. Chapter 2007-1, Laws of Florida, amended, in part, the FHCF statutes to require the FHCF to provide optional additional coverage with the Temporary Increase in Coverage Limit Options (TICL) which expands an insurer's coverage above its mandatory coverage.

The mandatory coverage covers a portion of hurricane losses in excess of an insurer's share of an industry wide retention, up to the lesser of either the statutory limit or the actual claims-paying capacity of the FHCF. For the contract year ending May 31, 2014, the industry retention for determining each insurer's retention was \$7.213 billion per hurricane for the two hurricanes with the largest losses and \$2.404 billion for each additional hurricane in the contract year. The aggregate coverage capacity for the contract year (in excess of retention) was \$17.0 billion. The statute requires that an actuarially indicated formula developed by an independent actuary be used to calculate the reimbursement premiums collected for the mandatory coverage.

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

The maximum reimbursable claims for the optional coverage and the mandatory coverage (in the contract year ending May 31, 2014) were \$19 billion.

The SBA contracts with each insurer writing covered policies in the state to reimburse the insurer for a percentage of losses incurred from covered events. The obligation of the SBA with respect to all contracts covering a particular contract year shall not exceed the actual claims-paying capacity (as determined by the FHCF's bond underwriters and financial adviser). The FHCF has a fiscal year end of June 30 and its reimbursement contracts expire on May 31. As of June 30, 2014, the FHCF had net assets of \$10.16 billion, including net assets of the State Board of Administration Finance Corporation formerly known as the FHCF Finance Corporation.

In April 2013, pre-event Series 2013A Revenue Bonds were issued in the amount of \$2.0 billion to maximize the ability of the Fund to meet future obligations. The proceeds from these bonds will be used to pay for losses incurred from future covered events. Investment earnings on these funds, as well as reimbursement premiums, if necessary, are used to pay the debt service requirements of these bonds. The maturity dates for these bonds will be \$500 million on July 1, 2016, \$500 million on July 1, 2018, and \$1.0 billion on July 1, 2020.

If available resources and pre-catastrophe debenture financing are not adequate to satisfy reimbursement claims, the State Board of Administration Finance Corporation may issue revenue bonds secured by emergency assessments. The SBA has the sole authority to direct the Florida Office of Insurance Regulation (OIR) and the Florida Surplus Lines Service Office to levy assessments on most property and casualty insurance policy premiums on behalf of the FHCF. Aggregate assessments may not exceed 10% and assessments in relation to losses in one contract year may not exceed 6%. As of June 30, 2014, the FHCF is levying assessments of 1.3%. This assessment authority is neither related to nor restricted by the assessments levied by either Citizens Property Insurance Corporation (Citizens), a discretely presented component unit, or the Florida Insurance Guaranty Association, Inc. (FIGA).

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

Hurricane losses represent the estimated ultimate cost of all reported and unreported claims during the year that exceed the participating insurers' individual company retention levels. The estimates for current year and prior year losses are continually reviewed and adjusted as experience develops or new information becomes known and such adjustments are included in current operations. The State of Florida was not hit by any hurricanes during the 2013 season. As a result of ongoing loss development and actuarial analysis, estimates for prior years' hurricane losses were reduced by \$186.0 million, which resulted in a decrease in expenses (and reserves) for the change in actuarial value of the unreported losses for the year ended June 30, 2014. In May, 2010, the State Board of Administration Finance Corporation issued post-event Series 2010A Revenue Bonds in the amount of \$675.9 million. These bond proceeds and their investment earnings enhanced the Fund's ability to make payments to participating insurers for losses resulting from the 2005 hurricane season. The funding for these bonds came from emergency assessments on the direct written premium for all property and casualty lines of business in Florida including property and casualty business of surplus lines insurers, but not including workers' compensation or medical malpractice premiums. An Order was issued by OIR concurrently with the issuance of the 2010A Bonds to supersede the existing 1% emergency assessment with a 1.3% emergency assessment. The increased assessment is effective on all policies issued or renewed on or after January 1, 2011. These bonds will mature, without prior right of redemption, on July 1 of the following years and bear interest at rates ranging from 3.5% to 5.0% as follows (in thousands):

Year:	Par Outstanding*	Interest Rates
2015	\$ 15,775	3.50%
2015	5,765	4.00
2015	320,915	5.00
2016	17,990	3.75
2016	315,475	5.00
	\$ 675,920	

\* Subsequent to the closing of the fiscal period, a legal defeasance of the bonds was executed on July 11, 2014, in accordance with the master trust indenture. See note 18 for additional discussion.

**B. CITIZENS PROPERTY INSURANCE CORPORATION**

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

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

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

**Personal Lines Account history** - The FRPCJUA began operations on January 21, 1993, after Hurricane Andrew, pursuant to Section 627.351(6), Florida Statutes, to provide certain residential property insurance coverage to qualified risks in the State of Florida (on a statewide basis) to applicants who were in good faith entitled to procure insurance through the private market but were unable to do so. Residential property coverage consists of the types of coverage provided to

homeowners, mobile homeowners, tenants, condominium unit owners, and similar policies. The policies provide coverage for all perils covered under a standard residential policy, subject to certain underwriting requirements. Such policies exclude windstorm coverage on property within eligible areas. This portion of the FRPCJUA's activities became the Personal Lines Account under Citizens.

**Commercial Lines Account history** – The Florida Property and Casualty Joint Underwriting Association (FPCJUA) was activated in early 1994 to provide commercial residential coverage, i.e., coverage for condominium associations, apartment buildings and homeowner associations, to organizations unable to obtain such coverage from a private insurer. During 1995, legislation was enacted to transfer all obligations, rights, assets, and liabilities related to commercial residential coverage from the FPCJUA to the FRPCJUA. The legislation required that the premiums, losses, assets and liabilities be accounted for separately from the FRPCJUA's personal residential business. These policies excluded windstorm coverage on properties within eligible areas. This portion of the FRPCJUA's activities became the Commercial Lines Account under Citizens. In 2006, the FPCJUA was re-activated to provide commercial non-residential wind only coverage. In 2007, legislation was enacted which resulted in the transfer and assumption of the FPCJUA's commercial non-residential policies by Citizens. These policies were added to the Commercial Lines Account.

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

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

## ASSESSMENTS

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

In the event of a Plan Year Deficit in an Account, Citizens must first levy an assessment against the premium of each Citizens policyholder (the "Citizens Policyholder Surcharge") in each of Citizens' Accounts, as a uniform percentage of the premium of the policy of up to 15% of such premium. Citizens Policyholder Surcharges are not subject to commissions, fees, or premium taxes; however, failure to pay a Citizens Policyholder Surcharge will be treated as failure to pay premiums. If the Citizens Policyholder Surcharge is insufficient to eliminate the deficit in an Account, Citizens would then levy a Regular Assessment on Assessable Insurers and Assessable Insureds, each as defined herein. The Regular Assessment is applied as a uniform percentage of the premium of the policy up to 2% of such premium of the Coastal Account only. Effective July 1, 2012, the Regular Assessment was eliminated for the Personal Lines Account and the Commercial Lines Account and was reduced from 6% to 2% for the Coastal Account.

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

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

Emergency Assessments is the inclusion of Citizens' direct written premium in the assessment base for Emergency Assessments.

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

### **C. FLORIDA INSURANCE GUARANTY ASSOCIATION, INC.**

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

The members of FIGA are all insurers that hold a certificate of authority to provide property and casualty coverage in the State of Florida.

The funding of FIGA's activities is provided by distributions from the estates of insolvent insurers and assessments of members. The assessments are calculated and, as considered necessary, levied against member insurers on the basis of net direct written premiums in the State of Florida in the classes protected by the Act. FIGA obtains the amount of the net direct written premiums, by company and by class of protection, to use as the basis for assessment calculations. The maximum regular assessment rate is 2%. In addition to the regular assessment, during 2006, the Florida Legislature granted FIGA the authority to levy an emergency assessment up to an additional 2% of net direct written premiums for the account specified in Section 631.55(2)(b), Florida Statutes, to pay covered claims of insurers rendered insolvent by the effects of a hurricane. Also in 2006, FIGA was granted the authority to work with an affected municipality, county, or financing conduit organization under Chapter 163, Florida Statutes, to issue tax-exempt bonds should the funding need arise for the account specified in Section 631.55(2)(b), Florida Statutes. As of June 30, 2014, FIGA has not needed to utilize this bonding authority and no tax-exempt bonds have been issued.

### **D. FLORIDA WORKERS' COMPENSATION INSURANCE GUARANTY ASSOCIATION, INC.**

The Florida Workers' Compensation Insurance Guaranty Association, Inc. (FWCIGA), a not-for-profit corporation, was established by the Florida Legislature in 1997 as a merger of the workers' compensation account of the Florida Insurance Guaranty Association, Inc. and the Florida Self-Insurance Fund Guaranty Association. FWCIGA was created to provide a mechanism for the payment of covered claims of insolvent workers' compensation insurers and to assist in the detection and prevention of insurers' insolvencies. FWCIGA operates under the supervision and approval of a board of directors, comprised of eleven persons. Nine directors are recommended by member insurers pursuant to Chapter 631.912, Florida Statutes, and subsequently appointed by the Florida Department of Financial Services. The remaining two directors are appointed by the Florida Insurance Consumer Advocate and the state's Chief Financial Officer.

The members of FWCIGA are all insurers that hold a certificate of authority to provide workers' compensation coverage in the State of Florida.

The funding of FWCIGA's activities is provided by distributions from the estates of insolvent insurers and assessments of members. The assessments are calculated and, as considered necessary, levied against member insurers on the basis of workers' compensation net direct written premiums in the State of Florida without taking into account any applicable discounts or credits for deductibles. FWCIGA obtains the amount of the net direct written premiums, by company, to use as the basis for assessment calculations. The maximum regular assessment rate is 2% for insurance companies and 1.5% for self-insurance funds. In addition to the regular assessment, the Florida Legislature granted FWCIGA the authority to levy an emergency assessment up to an additional 1.5% of net direct written premiums.

## NOTE 15 – CONTINGENCIES

### A. Federal Family Education Loans Program

The Florida Department of Education (FDOE) administers the Federal Family Education Loan Program (FFELP), 20 USC s. 1071 et. seq. The primary purpose is to guarantee the repayment of principal and accrued interest of eligible student loans made by participating lenders under the FFELP.

The Higher Education Amendments of 1998 (the Amendments) were enacted on October 7, 1998, with a retroactive date of October 1, 1998, for most provisions. The Amendments changed the financial and reporting structure of guaranty agencies. Under the amendments, the FDOE established a Federal Student Loan Reserve Fund (Federal Fund) and a Guaranty Agency Operating Fund (Operating Fund), as required, to account for the FFELP activities, 20 USC s. 1072a and s. 1072b.

The regulations for administering the program are found in 34 CFR 682. Student loans are issued by participating financial institutions to eligible students and their parents under FFELP. If a student loan guaranteed by FDOE defaults, the Federal Fund pays the lender for the defaulted student loan. The United States Department of Education (USDOE) is the program's reinsurer. Reinsurance amounts received from the USDOE to replenish the Federal Fund vary from 95% to 100% based on the date the loan was guaranteed. Once the loan has defaulted, the FDOE begins collection activities with the borrower.

The passage of the Health Care and Education Reconciliation Act of 2010 ended the guarantor portion of the program after June 30, 2010. FDOE still maintains administrative and collection activities for the loans guaranteed by FDOE prior to July 1, 2010, as required by FFELP. The Federal Fund is used to account for assets held by FDOE as an agent for the Federal government and therefore is custodial in nature and is the property of USDOE. At June 30, 2014, approximately \$1.7 billion of Program loans were still outstanding from loans that had been made prior to the Program ending on June 30, 2010. The amount of potential liability to the federal fund is indeterminable.

### B. Federally Assisted Grant Programs

Florida participates in a number of federally assisted grant programs. These programs are subject to audits by the grantors or their representatives. Any disallowance as a result of these audits may become a liability of the state. The amounts of any foreseeable disallowances were not subject to reasonable estimation.

**Component units** - The United States Department of Health and Human Services' (USDHHS) and National Science Foundation's Offices of Inspector General, with the United States Department of Justice (civil division), are investigating the University of Florida's (University) practices relating to Federal awards finances and accounting. University management is unable to make a determination of the outcome or estimate costs that the University may incur as a result of this audit.

**Medicaid Program** - In response to Florida Auditor General Report No. 2012-021, Finding No. 3, the USDHHS issued Report No. A-04-12-18633 and requested, on August 28, 2013, that the Florida Agency for Health Care Administration (FAHCA) return \$74,545,746 (the Federal portion of the total \$117,274,230 in overpayments) related to overpayments made in fiscal years 2007-08, 2008-09, and 2009-10. The FACHA challenged the request and as of January 29, 2015, had conceded to returning overpayments totaling \$42,934,061. As of January 29, 2015, the FAHCA continued to challenge the remaining \$31,611,985, see Note 16 F. for more information.

### C. Other

**New Cingular Wireless PCS LLC ("AT&T Mobility" and Affiliates) Refund Claims** - The issue in these refund claims is whether various monthly recurring service charges made by the taxpayer are charges for internet access; therefore, not subject to communications services tax. The amount of tax refunds at issue are approximately \$150 million. The refund claims will likely be denied; if so, the matter will then undoubtedly proceed to litigation.

**Wholesale Tobacco Tax Refund Claims** - The issue in these refund claims is whether charges, such as federal excise taxes and delivery costs should be included when calculating the "wholesale sales price" for a tobacco tax. The Second District Court of Appeals held that in the case *Micjo v. DBPR*, 78 So. 3d 124, including the particular charges at issue in that case were not allowable in that narrow factual circumstance. This ruling exposes DBPR to the risk of other retailers seeking a refund for a portion of the tobacco tax. As of February 2015, there were eleven pending cases in various courts and the Division of Administrative Hearings related to the "wholesales sale prices". A judicial determination in favor of the claimants and the potential of additional claims filed in the future could result in refunds of over \$25 million.

## NOTE 16 – LITIGATION

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

- A. DirecTV, EchoStar Satellite LLC n/k/a Dish Network, LLC and Ogborn v. Department of Revenue (Consolidated Case No. 05-CA-1037); DirecTV, EchoStar Satellite LLC n/k/a Marcus and Patricia Ogborn v. Jim Zingale, acting in his official etc. et al., Case No. 1D13-5455 (Fla. 1st DCA); DIRECTV, Inc. n/k/a DIRECTV, LLC et al. v. State of Florida, Department of Revenue. et al., Case No. 1D13-5444 (Fla. 1<sup>st</sup> DCA)**

DirecTV challenged the statute applying a different statutory rate of tax on the sale of competing services arguing it violated the Commerce Clause and the Equal Protection Clause. The amount of tax refund at issue was \$40 million annually. Oral argument was held on the substantive merits of the case on September 17, 2014, for which an opinion is currently pending.

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

*In re Citrus Canker Litigation*, Case No. 00-18394, concerns a class of Broward County homeowners who sued for compensation for their citrus trees that had been exposed to citrus canker and removed by the Florida Department of Agriculture and Consumer Services (FDACS) after January 1, 2000. Plaintiffs were awarded a judgment of \$8,043,450, which accrues interest post-judgment as of October 6, 2008, along with awarded attorneys' fees and costs in the amount of \$4,584,147.48 on March 22, 2012.

In related cases, similar classes have been certified in Palm Beach, Lee, Orange, and Miami-Dade Counties. In the Palm Beach County class action, the circuit judge held the FDACS liable for removal of the class' canker-exposed citrus, and, after a trial on compensation, awarded \$19,222,491. The award was held on appeal to be in error and a new compensation trial is scheduled to be held in March, 2015. The Fourth District Court of Appeals (DCA) also held in both the Broward County and Palm Beach County lawsuits that plaintiffs are required to proceed to collect on judgments by way of a claim bill in the Legislature. In the Lee County class action, liability was found against FDACS and a jury awarded compensation in the amount of \$7,961,147. With prejudgment interest, the final judgment against FDACS was \$13,625,249. FDACS has appealed the judgment to the Second DCA. In the Orange County class action, liability was found against FDACS and a jury awarded compensation in the amount of \$18,780,139. With prejudgment interest, the final judgment against FDACS was \$31,534,722. FDACS is on appeal to the Fifth DCA. All final judgments are bearing interest at the statutory rate.

A part of the Broward County lawsuit that relates to Miami-Dade County residents, *In re Citrus Canker Litigation*, Case No. 03-8255, is currently pending, but no hearing has yet been scheduled.

- C. Angelfish Swim School, et al. v. Hood, Case No. 2003-13413-CA-01 (11<sup>th</sup> Cir.); 3D10-1611 (Fla. 3rd DCA); SC12-2643 (Fla.)**

Plaintiffs in this class action allege the late charge for late corporate filing imposed by Section 607.193(2)(b), Florida Statutes (F.S.), and fee for reinstatement of corporation after administrative dissolution imposed by Section 607.0122(13), F.S., are excessive fines in violation of the Florida Constitution. The parties have agreed to settle the matter for \$10,000. Final dismissal of the action is pending.

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

This is a breach of contract case filed by the lessor of property leased by the Florida Department of Corrections (FDOC). Lessor alleges that the FDOC breached its lease by failing to relocate all of its state employees to state-owned buildings, failing to act in good faith with the lessor by seeking to modify or terminate the lease, failing to state why the proposed relocation was in the best interest of the State, and failing to make a reasonable effort to place another state agency on the premises. In March, 2014, the trial court entered summary judgment in favor of FDOC, which was upheld on appeal in December, 2014. The case is now closed.

- E. United States of America v. State of Florida, Case No. 12-60460 (United States District Court for the Southern District of Florida)**

The United States' Department of Justice (DOJ) alleges that the State of Florida's Agency for Health Care Administration, Department of Health, Department of Children and Families, Agency for Persons with Disabilities and the Department of Elder Affairs violated Title II of the Americans with Disabilities Act by unnecessarily institutionalizing Medicaid eligible medically complex persons under the age of 21 in nursing facilities. The United States seeks compensatory damages for the Plaintiffs' pain and suffering, plus injunctive relief, which could exceed \$25 million. On November 21, 2013, the state filed a Motion for Judgment on the Pleadings alleging DOJ lacks authority to bring the suit. Discovery is ongoing and the Court has mandated mediation be conducted by August 24, 2015.

**F. Jackson Memorial Hospital, et al., v. Agency for Health Care Administration, Case No. 13-4177; 13-1478; 14-3137; 14-3140 and 14-003159RU**

Petitioner hospitals brought an administration action challenging certain Medicaid reimbursement rates the Agency for Health Care Administration (AHCA) established between the years 2000 and 2013. Petitioners allege the methodology AHCA used for calculating their Medicaid per diem inpatient hospital reimbursement rates is flawed and has resulted in undercompensation for the inpatient care of thousands of Medicaid beneficiaries.

The cases are brought under Section 120.57(1), F.S., as “substantial interests” challenges to final agency action. If Petitioners prevail in the “substantial interests” challenges, AHCA could be ordered to recalculate new/revised reimbursement rates which could result in a liability range of \$60 to \$100 million, approximately half of which may be paid by the Federal government.

In October, 2014, the cases were dismissed with prejudice. Appeals of the dismissals are now pending in the First DCA.

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

A citizens advocacy group brought suit against the Department of Education, the Governor, and the Legislature alleging that the state has failed to make “adequate provision...for a uniform, safe, secure, and high quality system of free public schools that allows students to obtain a high quality education....” The Plaintiffs seek an order requiring the state to develop a remedial plan making sweeping changes to the funding and delivery of public K-12 education. The case is now in discovery and pending trial, which is tentatively scheduled for March 14, 2016. Potential damages to the state are indeterminate.

**H. McLane Suneast, Inc. v. Florida Department of Business and Professional Regulation, Case No. 14-CA-372 (9<sup>th</sup> Judicial Circuit Court, Osceola County)**

McLane Suneast, Inc., a major distributor of tobacco products, including cigars, cigarettes, and smokeless tobacco, alleges that the “Protecting Florida’s Health Act,” (Ch. 2009-79, Laws of Florida), violates the dormant Commerce Clause and the Equal Protection Clause of the United States Constitution by taxing different kinds of tobacco products differently, and by increasing taxes on cigarettes and smokeless tobacco products without taxing cigars. The Plaintiff contends that the law violates the dormant Commerce Clause by preferring the domestic cigar industry over interstate suppliers of cigarettes and other tobacco products. The Plaintiff seeks declaratory and monetary relief, including a determination that DBPR should be required to issue tax refunds in an unstated amount. DBPR advises that the potential costs exceeds \$3.5 billion. The case is now in discovery and pending trial.

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

The *State School Trust Fund* has a deficit fund balance of approximately \$809 million. The deficit is primarily the result of establishing an advance (long-term liability) on potential future claims by the Department of Financial Service's *Unclaimed Property Trust Fund*. The Department of Financial Services pays claims as they are due from current remittances. If sufficient funds are not available to pay claims, requests are made by the Department of Financial Services to the Department of Education to return the amount of funds necessary to pay claims or funds are borrowed from the Department of Financial Service's *Trust Funds Control Fund* and repaid prior to year-end.

**B. Proprietary Funds**

The *Beachline East Expressway Toll Trust Fund* has a deficit net position of approximately \$16.7 million. The deficit is a result of committing Beachline toll revenues to pay a portion of the construction costs of SR 520, an adjoining non-tolled road. Expenses incurred to date are greater than toll revenues. The Department of Transportation has agreed to fund certain costs in advance thereby creating a liability for Beachline to repay. Future toll revenues continue to be used to pay additional SR 520 costs and the associated liability.

The *Legal Services Trust Fund* has a deficit net position of approximately \$4.0 million. The deficit is a result of revenues being insufficient to cover long-term obligations, consisting mainly of a compensated absences liability and an accrual of Other Postemployment Benefits (OPEB) liability in accordance with GASB Codification Section P50, *Postemployments Benefits Other Than Pension Benefits – Employer Reporting*. Due to the long-term nature of the liability, the Department of Legal Affairs plans to continue providing legal services and liquidate the liabilities on a pay-as-you-go basis.

The Internal Service Fund, *Data Centers*, has a deficit net position of approximately \$4.6 million. This deficit is primarily due to long-term obligations, consisting mainly of a compensated absences liability and an accrual of an OPEB liability. The liabilities will be liquidated on a pay-as-you-go basis.

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

The following bonds and certificates of participation for governmental activities and business-type activities of the primary government were issued or sold subsequent to June 30, 2014:

Agency/Bond	Series	Amount	Matures	Interest Rate
<b>Governmental Activities:</b>				
Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds	2014 Series B	\$ 117,300,000	06/01/2015-06/01/2029	3.000% - 5.000%
Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds	2014 Series C	\$ 220,520,000	06/01/2015-06/01/2035	2.000% - 5.000%
Department of Environmental Protection, Florida Forever Revenue Refunding Bonds	2014A	\$ 215,515,000	07/01/2016-07/01/2026	5.000%
Full Faith and Credit, State Board of Education, Capital Outlay Refunding Bonds	2014 Series B	\$ 129,880,000	01/01/2016-01/01/2020	2.000% - 5.000%
Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds	2014A	\$ 13,485,000	07/01/2015-07/01/2025	5.000%
Department of Management Services, Refunding Certificates of Participation	2015A	\$ 99,625,000	08/01/2015-08/01/2025	5.000%
<b>Business-type Activities*:</b>				
Department of Transportation, Turnpike Revenue Bonds	2014A	\$ 223,580,000	07/01/2015-07/01/2044	2.000% - 5.000%

\* A legal defeasance of the Florida Hurricane Catastrophe Fund Series 2010A Revenue Bonds was executed on July 11, 2014, in accordance with the Master Trust Indenture; therefore, the \$675,920,000 bonds are no longer outstanding as of that date. With the defeasance of the Series 2010A Revenue Bonds and no outstanding hurricane losses, the Florida Office of Insurance Regulation issued orders on July 21, 2014, establishing that for all policies issued or renewed on or after January 1, 2015, the emergency assessment is 0.0%. (See Note 14A for additional discussion.)

**B. Public-Private Partnerships**

The Florida Department of Transportation completed the commercial and financial closure of the \$2.3 billion I-4 Ultimate Project on September 4, 2014. This 40-year public-private partnership concession agreement with I-4 Mobility Partners OpCo., LLC is for designing, constructing, financing, maintaining and operating a segment of I-4 from Orange County to Seminole County.

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**OTHER REQUIRED  
SUPPLEMENTARY  
INFORMATION**

2014 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2013	\$ 3,949,524	\$ 3,949,524	\$ 3,949,524	\$ .....
Reversions	128,777	128,777	128,777	.....
Fund Balances, July 1, 2013, restated	4,078,301	4,078,301	4,078,301	.....
<b>REVENUES</b>				
Fees and charges	1,286,708	1,203,808	1,525,161	321,353
Licenses	1,128,081	1,135,181	495,556	(639,625)
Taxes	28,203,835	28,637,935	28,982,277	344,342
Miscellaneous	3,847	3,847	6,585	2,738
Interest	113,559	64,759	68,892	4,133
Grants	30,579	30,579	22,648	(7,931)
Refunds	17,163	17,163	305,961	288,798
Transfers and distributions	2,834,146	2,806,176	2,807,042	866
Other	356,482	353,982	383,738	29,756
Total Revenues	33,974,400	34,253,430	34,597,860	344,430
Total Available Resources	38,052,701	38,331,731	38,676,161	344,430
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	3,260,714	3,637,551	3,597,688	39,863
Other personal services	54,416	71,823	62,376	9,447
Expenses	328,162	380,284	370,747	9,537
Grants and aids	13,252,166	13,324,716	13,318,147	6,569
Operating capital outlay	12,537	14,119	12,757	1,362
Food products	57,225	56,919	56,868	51
Fixed capital outlay	36,755	36,755	36,755	.....
Lump sum	745,261	13,201	13,201	.....
Special categories	9,411,488	9,235,046	9,135,876	99,170
Financial assistance payments	252,115	252,115	249,602	2,513
Continuing Appropriations	.....	167,522	167,522	.....
Grants/aids to local governments	64,253	64,253	64,253	.....
Data processing services	46,778	48,034	43,202	4,832
Pensions and benefits	17,802	17,802	15,519	2,283
Total Operating Expenditures	27,539,672	27,320,140	27,144,513	175,627
Nonoperating expenditures:				
Transfers	5,353,088	5,353,088	5,353,088	.....
Qualified expenditures	750	.....	.....	.....
Refunds	725,834	391,418	391,418	.....
Other	1,741,450	1,741,450	1,741,450	.....
Total Nonoperating Expenditures	7,821,122	7,485,956	7,485,956	.....
Total Expenditures	35,360,794	34,806,096	34,630,469	175,627
Fund Balances, June 30, 2014	\$ 2,691,907	\$ 3,525,635	\$ 4,045,692	\$ 520,057

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

**2014 STATE OF FLORIDA CAFR**

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Environment, Recreation and Conservation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 1,271,763	\$ 1,271,763	\$ 1,271,763	\$ .....
Reversions	1,381	1,381	1,381	.....
Fund Balances, July 1, 2013, restated	1,273,144	1,273,144	1,273,144	.....
<b>REVENUES</b>				
Fees and charges	180,731	176,079	168,030	(8,049)
Licenses	34,391	46,704	46,630	(74)
Taxes	1,824	276,917	279,773	2,856
Miscellaneous	154	480	496	16
Interest	16,261	37,939	11,951	(25,988)
Grants	188,680	171,810	183,466	11,656
Refunds	650	18,137	3,894	(14,243)
Bond proceeds	143	.....	.....	.....
Transfers and distributions	977,092	972,557	1,000,882	28,325
Other	127,651	6,049	171,091	165,042
Total Revenues	1,527,577	1,706,672	1,866,213	159,541
Total Available Resources	2,800,721	2,979,816	3,139,357	159,541
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	228,058	235,837	224,492	11,345
Other personal services	23,186	23,342	18,542	4,800
Expenses	48,787	47,997	43,533	4,464
Grants and aids	3,761	6,531	6,433	98
Operating capital outlay	1,659	2,727	2,395	332
Fixed capital outlay	320,266	320,266	320,266	.....
Special categories	267,554	280,872	229,719	51,153
Grants/aids to local governments	308,497	308,497	308,497	.....
Data processing services	588	594	594	.....
Total Operating Expenditures	1,202,356	1,226,663	1,154,471	72,192
Nonoperating expenditures:				
Transfers	226,388	226,388	226,388	.....
Qualified expenditures	800	.....	.....	.....
Refunds	45,996	19,299	19,299	.....
Other	325,738	325,738	325,738	.....
Total Nonoperating Expenditures	598,922	571,425	571,425	.....
Total Expenditures	1,801,278	1,798,088	1,725,896	72,192
Fund Balances, June 30, 2014	\$ 999,443	\$ 1,181,728	\$ 1,413,461	\$ 231,733

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

2014 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Public Education			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 446,898	\$ 446,898	\$ 446,898	\$ .....
Reversions	41,897	41,897	41,897	.....
Fund Balances, July 1, 2013, restated	488,795	488,795	488,795	.....
<b>REVENUES</b>				
Fees and charges	1,873,709	59,525	58,156	(1,369)
Licenses	1,492	563	834	271
Taxes	584,890	584,890	601,120	16,230
Miscellaneous	33,193	3,184	16	(3,168)
Interest	20,995	20,861	22,816	1,955
Grants	2,636,304	2,635,546	2,297,733	(337,813)
Refunds	1,919	.....	2,589	2,589
Transfers and distributions	3,227,078	3,100,204	3,100,204	.....
Other	60	256,941	223,496	(33,445)
Total Revenues	8,379,640	6,661,714	6,306,964	(354,750)
Total Available Resources	8,868,435	7,150,509	6,795,759	(354,750)
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	36,774	38,471	32,258	6,213
Other personal services	1,702	1,543	266	1,277
Expenses	9,460	8,960	5,060	3,900
Grants and aids	4,571,430	2,785,968	2,762,192	23,776
Operating capital outlay	1,488	1,488	186	1,302
Fixed capital outlay	1,761,083	1,728,257	1,728,257	.....
Special categories	1,206,385	1,192,087	1,192,087	.....
Financial assistance payments	48,826	48,826	48,651	175
Payments to U.S. Treasury	970	47	47	.....
Data processing services	9,820	10,182	6,604	3,578
Total Operating Expenditures	7,647,938	5,815,829	5,775,608	40,221
Nonoperating expenditures:				
Transfers	586,921	373,970	373,970	.....
Refunds	9,616	160	160	.....
Other	172,130	2,600	2,600	.....
Total Nonoperating Expenditures	768,667	376,730	376,730	.....
Total Expenditures	8,416,605	6,192,559	6,152,338	40,221
Fund Balances, June 30, 2014	\$ 451,830	\$ 957,950	\$ 643,421	\$ (314,529)

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

2014 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Health and Family Services			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 1,308,002	\$ 1,308,002	\$ 1,308,002	\$ .....
Reversions	976,043	976,043	976,043	.....
Fund Balances, July 1, 2013, restated	2,284,045	2,284,045	2,284,045	.....
<b>REVENUES</b>				
Fees and charges	1,764,151	1,719,794	1,740,397	20,603
Licenses	21,523	21,252	22,599	1,347
Taxes	582,373	582,373	585,162	2,789
Miscellaneous	4	3	4	1
Interest	7,095	4,910	3,075	(1,835)
Grants	17,144,993	17,168,470	16,168,175	(1,000,295)
Refunds	1,302,641	1,271,230	1,424,863	153,633
Transfers and distributions	1,726,622	1,648,463	1,720,617	72,154
Other	39,932	38,885	43,168	4,283
Total Revenues	22,589,334	22,455,380	21,708,060	(747,320)
Total Available Resources	24,873,379	24,739,425	23,992,105	(747,320)
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	1,288,205	1,338,092	1,225,902	112,190
Other personal services	118,238	122,823	103,968	18,855
Expenses	264,307	267,905	234,743	33,162
Grants and aids	50,092	50,123	36,453	13,670
Operating capital outlay	15,701	15,726	8,021	7,705
Food products	1,262	1,262	1,262	.....
Fixed capital outlay	8,642	8,642	8,642	.....
Lump sum	28,763	.....	.....	.....
Special categories	21,060,288	20,599,652	19,920,352	679,300
Financial assistance payments	50,487	56,266	42,239	14,027
Grants/aids to local governments	9,236	9,236	9,236	.....
Data processing services	20,781	21,076	20,824	252
Claim bills and relief acts	2,650	2,650	2,650	.....
Total Operating Expenditures	22,918,652	22,493,453	21,614,292	879,161
Nonoperating expenditures:				
Continuing Appropriations	.....	29,719	29,719	.....
Transfers	840,119	803,806	803,806	.....
Qualified expenditures	29,921	.....	.....	.....
Refunds	10,887	8,323	8,323	.....
Other	12,133	35,230	35,230	.....
Total Nonoperating Expenditures	893,060	877,078	877,078	.....
Total Expenditures	23,811,712	23,370,531	22,491,370	879,161
Fund Balances, June 30, 2014	\$ 1,061,667	\$ 1,368,894	\$ 1,500,735	\$ 131,841

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

**2014 STATE OF FLORIDA CAFR**

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Transportation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 307,004	\$ 307,004	\$ 307,004	\$ .....
Reversions	248	248	248	.....
Fund Balances, July 1, 2013, restated	307,252	307,252	307,252	.....
<b>REVENUES</b>				
Fees and charges	156,686	170,025	156,686	(13,339)
Taxes	2,442,729	2,400,855	2,442,729	41,874
Miscellaneous	214,779	.....	.....	.....
Interest	3,878	3,878	1,970	(1,908)
Refunds	13,998	.....	13,998	13,998
Bond proceeds	.....	.....	.....	.....
Transfers and distributions	340,602	340,603	318,792	(21,811)
Other	23,400	19,239	19,240	1
Total Revenues	3,196,072	2,934,600	2,953,415	18,815
Total Available Resources	3,503,324	3,241,852	3,260,667	18,815
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	3,756	3,955	3,521	434
Other personal services	81	81	69	12
Expenses	930	928	697	231
Operating capital outlay	15	15	5	10
Fixed capital outlay	226,897	226,897	226,897	.....
Special categories	113,175	113,197	112,579	618
Continuing Appropriations	(28,803)	.....	.....	.....
Total Operating Expenditures	316,051	345,073	343,768	1,305
Nonoperating expenditures:				
Transfers	20,813	20,813	20,813	.....
Refunds	51,733	51,733	51,733	.....
Other	2,540,521	2,540,521	2,540,521	.....
Total Nonoperating Expenditures	2,613,067	2,613,067	2,613,067	.....
Total Expenditures	2,929,118	2,958,140	2,956,835	1,305
Fund Balances, June 30, 2014	\$ 574,206	\$ 283,712	\$ 303,832	\$ 20,120

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

2014 STATE OF FLORIDA CAFR

**BUDGET TO GAAP RECONCILIATION  
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Budgetary basis fund balances	\$4,045,692	\$ 1,413,461	\$ 643,421	\$ 1,500,735	\$ 303,832
Items not included in budgetary basis fund balances:					
Security lending investments within the State Treasury	1,074,711	121,776	71,065	9,572	191,727
Fair value adjustments to investments within the State Treasury	63,299	10,086	5,886	793	15,879
Special investments within the State Treasury	28,867	.....	.....	14,241	.....
Non-State Treasury cash and investments	898,871	2,493	.....	92,940	1,042,320
Other GAAP basis fund balances not included in budgetary basis fund balances	.....	.....	.....	.....	1,129,257
Adjusted budgetary basis fund balances	6,111,440	1,547,816	720,372	1,618,281	2,683,015
Adjustments (basis differences):					
Net receivables/(payables) not carried forward	494,936	1,133,672	179,174	1,081,509	343,711
Net deferred outflows/(inflows) of resources	(296,808)	(841)	.....	(1,126,096)	(607,539)
Inventories, prepaid items and deferred charges	20,154	475	.....	39,300	18,832
Encumbrances	144,735	10,477	147,589	54,687	37,442
GAAP basis fund balances	<u>\$6,474,457</u>	<u>\$ 2,691,599</u>	<u>\$ 1,047,135</u>	<u>\$ 1,667,681</u>	<u>\$ 2,475,461</u>

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

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

### BUDGETARY REPORTING

#### **Budget Process**

Chapter 216, Florida Statutes (F.S.), promulgates the process used to develop the budget for the State of Florida. Each year, the head of each state agency and the Chief Justice of the Supreme Court for the Judicial Branch submit a final annual legislative budget request to the Governor and Legislature by October 15 as required in Section 216.023(1), F.S. Then, at least 30 days before the scheduled annual legislative session in each year, the Governor, as Chief Budget Officer, submits his recommended budget to each legislator.

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

The Governor's recommended budget is considered and amended by the Legislature and a final appropriations bill is then approved by the Legislature (subject to the line-item veto power of the Governor and override authority of the Legislature); this bill then becomes the General Appropriations Act. The Governor and the Chief Justice of the Supreme Court may, under certain conditions and subject to the review and objection procedures set forth in Section 216.177, F.S., establish appropriations and corresponding releases for amounts not appropriated by the Legislature to agencies and the Judicial Branch, respectively. This includes appropriations for non-operating disbursements, such as the purchase of investments and the transfer of money between state funds.

If circumstances warrant, the head of a department or the Chief Justice of the Supreme Court may transfer appropriations (other than fixed capital outlay appropriations) but only to the extent of 5 percent of the original appropriation or \$250,000, whichever is greater, or within certain programs and between identical funding sources and specific appropriation categories. Transfers of general revenue appropriations in excess of 5 percent or \$250,000, whichever is greater, or for fixed capital outlay, or for transfers of general revenue appropriations not allowed within the departments' program flexibility may be approved by the Legislative Budget Commission. The Governor and the Chief Justice of the Supreme Court may approve changes of expenditure authority within any trust fund for agencies and the Judicial Branch, respectively, if the changes are less than \$1 million. The Legislative Budget Commission may approve trust fund changes in excess of \$1 million. At the end of the fiscal year, any balance of an operating appropriation which has not been disbursed but is expended (recorded as a payable) or contracted to be expended (recorded as a reserve for encumbrances in governmental fund types), may be carried forward into the next fiscal year. If these appropriations, however, have not been disbursed by September 30 they will revert pursuant to Section 216.301(1), F.S.

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

#### **Budgetary Basis of Accounting**

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

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

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

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

### **Budget to GAAP Reconciliation**

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

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

FLORIDA RETIREMENT SYSTEM SCHEDULE OF FUNDING PROGRESS

(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Annualized Covered Payroll <sup>(1)</sup> (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2008	\$ 130,720,547	\$ 124,087,214	\$ (6,633,333)	105.35%	\$ 26,891,340	(24.67%)
July 1, 2009	118,764,692	136,375,597	17,610,905	87.09%	26,573,196	66.27%
July 1, 2010	120,929,666	139,652,377	18,722,711	86.59%	25,765,362	72.67%
July 1, 2011	126,078,053	145,034,475	18,956,422	86.93%	25,686,138	73.80%
July 1, 2012	127,891,781	148,049,596	20,157,815	86.38%	24,491,371	82.31%
July 1, 2013 <sup>(2)</sup>	131,680,615	154,125,953	22,445,338	85.44%	24,568,642	91.36%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(in thousands)

Year Ended 6/30	Annual Required Contributions	Percent Contributed
2008	\$ 2,612,672	107%
2009	2,535,854	111%
2010	2,447,374	111%
2011	3,680,042	83%
2012	1,962,816	60%
2013	2,091,343	66%

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

<sup>(2)</sup> Refer to Note 6(A)(3) for additional information regarding the July 1, 2013 actuarial valuation.

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

**RETIREE HEALTH INSURANCE SUBSIDY PROGRAM SCHEDULE OF FUNDING PROGRESS**  
(in thousands)

Actuarial Valuation Date <sup>(1)</sup>	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Annualized Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2006	\$ 192,808	\$ 4,667,058	\$ 4,474,250	4.13%	\$ 27,712,320	16.15%
July 1, 2008	275,139	5,109,683	4,834,544	5.38%	30,665,477	15.77%
July 1, 2010	291,459	8,464,530	8,173,071	3.44%	31,717,281	25.77%
July 1, 2012 <sup>(3)</sup>	220,346	9,018,467	8,798,121	2.44%	31,345,990	28.07%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
(in thousands)

Year Ended 6/30	Annual Required Contribution	Percent Contributed
2006	N/A <sup>(2)</sup>	N/A
2007	\$ 363,175	90%
2008	391,847	85%
2009	395,256	86%
2010	409,546	81%
2011	563,907	59%
2012 <sup>(3)</sup>	584,600	55%

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

<sup>(2)</sup> First valuation completed July 1, 2006, which determined ARC for the 2006-2007 fiscal year.

<sup>(3)</sup> Refer to Note 6(A)(3) for additional information regarding the July 1, 2012 actuarial valuation.

**OTHER POSTEMPLOYMENT BENEFITS SCHEDULE OF FUNDING PROGRESS\***  
(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Annualized Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2008	.....	2,848,428	2,848,428	0.00%	6,492,858	43.87%
July 1, 2009	.....	4,831,107	4,831,107	0.00%	7,318,965	66.01%
July 1, 2010	.....	4,545,845	4,545,845	0.00%	7,574,317	60.02%
July 1, 2011	.....	6,415,754	6,415,754	0.00%	7,256,798	88.41%
July 1, 2012	.....	6,782,210	6,782,210	0.00%	7,188,525	94.35%
July 1, 2013	.....	7,487,707	7,487,707	0.00%	7,467,560	100.27%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS\***  
(in thousands)

Year Ended 6/30	Annual Required Contribution	Percent Contributed
2009	186,644	54.36%
2010	336,419	30.87%
2011	313,415	32.87%
2012	455,584	27.07%
2013	452,658	28.50%
2014	541,600	22.34%

\* This information relates to the cost-sharing plan as a whole, of which the State of Florida is one participating employer. The State of Florida's participation in both the actuarial accrued liability and the annual required contribution is approximately 77%.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

Pursuant to GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, the state has adopted an alternative process to record depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the state expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 12,109 centerline miles of roads and 6,794 bridges that the state is responsible for maintaining.

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

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

#### Condition and Maintenance Programs

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

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

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

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

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

The FDOT conducts bridge condition surveys using the National Bridge Inspection (NBI) Standards to determine condition ratings. Each bridge is inspected at least once every two years. During the inspection process, the major components such as deck, superstructure, and substructure are assigned a condition rating. The condition rating ranges from 0 to 9. By FDOT policy, a rating of 8 to 9 is excellent. A rating of 6 to 7 is good. A rating of 5 indicates fair condition. A rating of 4 or less identifies bridges in poor condition requiring major repairs or replacement per FDOT policy. A rating of 2 indicates a critical bridge condition, and a rating of 1 indicates imminent bridge failure and is used for a bridge that is closed, but with corrective action may be put back into light service. A rating of 0 indicates that the bridge is out of service and beyond corrective action. Per FDOT policy, bridges rated fair or poor do not meet performance standards.

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

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

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

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

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

**Condition Rating for the State Highway System**

Percentage of pavement meeting FDOT standards

<u>2014</u>	<u>2013</u>	<u>2012</u>
93%	92%	91%

Percentage of bridges meeting FDOT standards

<u>2014</u>	<u>2013</u>	<u>2012</u>
95%	96%	95%

**Maintenance Rating**

<u>2014</u>	<u>2013</u>	<u>2012</u>
86	86	87

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

Resurfacing Program

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Needed	\$467.6	\$514.4	\$628.4	\$751.5	\$727.2
Actual	455.6	521.8	521.4	543.9	422.0

Bridge Repair/Replacement Program

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Needed	\$239.4	\$332.8	\$319.0	\$315.7	\$231.0
Actual	182.6	323.5	340.5	328.8	134.8

Routine Maintenance Program

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Needed	\$592.2	\$574.4	\$609.4	\$572.4	\$556.0
Actual	641.2	636.4	627.3	676.1	655.8

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

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**FINANCIAL  
SECTION:**

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND  
SCHEDULES**

**NONMAJOR FUNDS**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

Individual fund descriptions and financial statements begin on page 167.

### **CAPITAL PROJECTS FUNDS**

Individual fund descriptions and financial statements begin on page 195.

### **DEBT SERVICE FUND**

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

### **PERMANENT FUNDS**

Funds in this category include those administered by the Fish and Wildlife Conservation Commission, used to support fish and wildlife conservation programs of the State, in accordance with Section 379.207, Florida Statutes. The primary source of the principal of the funds includes proceeds of gifts, grants, contributions, and the sale of lifetime licenses. Also included in this category are various private scholarship funds administered by the Department of Education and used to pay scholarship awards as specified by the contributors. Only the interest income received and accrued from the investments of these funds can be used. No disbursement is made from the principal of the funds.

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014  
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/14
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$ 24,984	\$ .....	\$ 295	\$ 463	\$ 25,742
Pooled investments with State Treasury	1,433,476	3,362	.....	16,560	1,453,398
Other investments	262,883	.....	44,189	3,164	310,236
Receivables, net	407,151	3	322	18	407,494
Due from other funds	43,023	10,025	.....	.....	53,048
Inventories	1,831	.....	.....	.....	1,831
Other	204	.....	.....	.....	204
Total current assets	<u>2,173,552</u>	<u>13,390</u>	<u>44,806</u>	<u>20,205</u>	<u>2,251,953</u>
<u>Noncurrent assets</u>					
Long-term investments	17,004	.....	218,266	.....	235,270
Advances to other entities	21	.....	.....	.....	21
Other loans and notes receivable, net	972,879	.....	.....	.....	972,879
Total noncurrent assets	<u>989,904</u>	<u>.....</u>	<u>218,266</u>	<u>.....</u>	<u>1,208,170</u>
Total assets	<u>3,163,456</u>	<u>13,390</u>	<u>263,072</u>	<u>20,205</u>	<u>3,460,123</u>
<b>LIABILITIES</b>					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	194,311	559	19	17	194,906
Due to other funds	116,171	1	24	2	116,198
Due to component units/primary	2,936	.....	.....	.....	2,936
Compensated absences	1,973	.....	.....	.....	1,973
Claims payable	26,334	.....	.....	.....	26,334
Deposits	86,196	.....	.....	.....	86,196
Obligations under security lending agreements	66,752	201	.....	1,337	68,290
Total current liabilities	<u>494,673</u>	<u>761</u>	<u>43</u>	<u>1,356</u>	<u>496,833</u>
<u>Noncurrent liabilities</u>					
Advances from other funds	625	.....	.....	.....	625
Deposits	16,648	.....	.....	.....	16,648
Other	1,972	.....	.....	.....	1,972
Total noncurrent liabilities	<u>19,245</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>19,245</u>
Total liabilities	<u>513,918</u>	<u>761</u>	<u>43</u>	<u>1,356</u>	<u>516,078</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	66,213	.....	.....	.....	66,213
Total deferred inflows of resources	<u>66,213</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>66,213</u>
<b>FUND BALANCES</b>					
Nonspendable	1,910	.....	.....	17,743	19,653
Restricted	1,654,768	307	263,029	42	1,918,146
Committed	926,647	12,322	.....	1,064	940,033
Total fund balances	<u>2,583,325</u>	<u>12,629</u>	<u>263,029</u>	<u>18,849</u>	<u>2,877,832</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,163,456</u>	<u>\$ 13,390</u>	<u>\$ 263,072</u>	<u>\$ 20,205</u>	<u>\$ 3,460,123</u>

2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/14
<b>REVENUES</b>					
Taxes	\$ 243,686	\$ .....	\$ .....	\$ .....	\$ 243,686
Licenses and permits	1,295,081	.....	.....	1,904	1,296,985
Fees and charges	699,425	.....	21,010	.....	720,435
Grants and donations	2,221,074	.....	.....	.....	2,221,074
Investment earnings (losses)	37,631	61	7,611	882	46,185
Fines, forfeits, settlements and judgments	543,197	.....	.....	.....	543,197
Other	124,686	.....	8,506	8	133,200
<b>Total revenues</b>	<b>5,164,780</b>	<b>61</b>	<b>37,127</b>	<b>2,794</b>	<b>5,204,762</b>
<b>EXPENDITURES</b>					
Current:					
General government	1,899,165	5,208	2,545	.....	1,906,918
Education	183,653	1,276	.....	88	185,017
Human services	424,735	8,639	.....	.....	433,374
Criminal justice and corrections	404,594	37,105	.....	.....	441,699
Natural resources and environment	1,278,593	.....	.....	2	1,278,595
State courts	101,146	.....	.....	.....	101,146
Capital outlay	56,977	2,810	.....	.....	59,787
Debt service:					
Principal retirement	711	3,185	993,093	.....	996,989
Interest and fiscal charges	14	.....	888,763	.....	888,777
<b>Total expenditures</b>	<b>4,349,588</b>	<b>58,223</b>	<b>1,884,401</b>	<b>90</b>	<b>6,292,302</b>
Excess (deficiency) of revenues over expenditures	815,192	(58,162)	(1,847,274)	2,704	(1,087,540)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of bond issues	.....	.....	4,470	.....	4,470
Proceeds of refunding bonds	.....	.....	807,336	.....	807,336
Operating transfers in	858,571	61,216	1,883,704	.....	2,803,491
Operating transfers out	(1,697,040)	(3)	(57,919)	(127)	(1,755,089)
Proceeds of financing agreements	3,527	.....	.....	.....	3,527
Payments to refunded bond agent	.....	.....	(807,336)	.....	(807,336)
<b>Total other financing sources (uses)</b>	<b>(834,942)</b>	<b>61,213</b>	<b>1,830,255</b>	<b>(127)</b>	<b>1,056,399</b>
<b>Net change in fund balances</b>	<b>(19,750)</b>	<b>3,051</b>	<b>(17,019)</b>	<b>2,577</b>	<b>(31,141)</b>
Fund balances - beginning	2,603,075	9,578	280,048	16,272	2,908,973
Fund balances - ending	\$ 2,583,325	\$ 12,629	\$ 263,029	\$ 18,849	\$ 2,877,832

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**NONMAJOR SPECIAL REVENUE FUNDS**

**EMPLOYMENT SERVICES**

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

**GOVERNMENT ADMINISTRATION**

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

**BUSINESS AND COMMUNITY DEVELOPMENT**

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

**REGULATION AND LICENSING**

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

**TOBACCO SETTLEMENT**

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

**PUBLIC SAFETY**

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

**CORRECTIONS**

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

**CONSUMER PROTECTION AND SAFETY**

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

**AGRICULTURE**

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

**JUVENILE JUSTICE**

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

**JUDICIAL SERVICES**

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

**MILITARY AND VETERANS' AFFAIRS**

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

BLENDING COMPONENT UNITS

**FLORIDA CLERKS OF COURT OPERATIONS CORPORATION**

Pursuant to Section 28.35, Florida Statutes, this entity was created to recommend legislative changes in various court related fines, fees, service charges, and court costs, establish a process for reviewing and certification of proposed court-related budgets submitted by the clerks of court and establishing a system of uniform performance measures and standards for the clerks.

**FLORIDA CITRUS COMMISSION**

As authorized in Section 601.04, Florida Statutes, this entity was established to primarily promote the general welfare of the Florida citrus industry.

**STATE BOARD OF ADMINISTRATION**

This entity includes the following internal reporting special revenue funds administered by the State Board of Administration: Gas Tax Clearing Accounts and the Insurance Capital Build-up Program.

**FLORIDA SCHOOL FOR THE DEAF AND THE BLIND**

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

**WIRELESS EMERGENCY TELEPHONE SYSTEM**

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

**WORKFORCE FLORIDA, INC.**

This not-for-profit entity was created pursuant to Section 445.004, Florida Statutes, as the principal workforce policy organization for the State and the regional workforce boards.

**FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION**

Pursuant to Section 403.1837, Florida Statutes, this entity was created to finance the costs of water pollution control projects and activities described in Sections 403.1835 and 403.8532, Florida Statutes.

**INLAND PROTECTION FINANCING CORPORATION**

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

**FLORIDA SURPLUS LINES SERVICE OFFICE**

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

**CORRECTIONS FOUNDATION, INC.**

This entity was organized to initiate developmental projects; raise funds; request and receive grants, gifts, and bequests; acquire, receive, hold, invest and administer securities, funds, or other property as authorized by Section 944.802, Florida Statutes.

**SCRIPPS FLORIDA FUNDING CORPORATION**

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

2014 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014  
(in thousands)**

	Employment Services	Government Administration	Business and Community Development	Regulation and Licensing
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 654	\$ .....	\$ 82	\$ 281
Pooled investments with State Treasury	258,936	102,678	151,811	290,470
Other investments	4,789	.....	49,658	.....
Receivables, net	64,423	301	83,161	58,283
Due from other funds	4,608	355	4,314	5,831
Inventories	.....	.....	.....	217
Other	29	.....	.....	60
Total current assets	333,439	103,334	289,026	355,142
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	100	.....
Advances to other entities	.....	.....	21	.....
Other loans and notes receivable, net	9,090	.....	573	.....
Total noncurrent assets	9,090	.....	694	.....
Total assets	342,529	103,334	289,720	355,142
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	7,787	9,403	17,243	10,464
Due to other funds	6,455	1,280	3,510	88,326
Due to component units/primary	209	.....	.....	.....
Compensated absences	166	90	63	253
Claims payable	26,334	.....	.....	.....
Deposits	2,012	.....	7,726	66,085
Obligations under security lending agreements	20,290	7,639	2,693	14,852
Total current liabilities	63,253	18,412	31,235	179,980
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	.....
Deposits	.....	.....	21	.....
Other	.....	.....	.....	.....
Total noncurrent liabilities	.....	.....	21	.....
Total liabilities	63,253	18,412	31,256	179,980
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	.....	.....	64,824	23
Total deferred inflows of resources	.....	.....	64,824	23
<b>FUND BALANCES</b>				
Nonspendable	.....	.....	.....	277
Restricted	126,998	53,877	177,066	8,194
Committed	152,278	31,045	16,574	166,668
Total fund balances	279,276	84,922	193,640	175,139
Total liabilities, deferred inflows and fund balances	\$ 342,529	\$ 103,334	\$ 289,720	\$ 355,142

2014 STATE OF FLORIDA CAFR

Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$ .....	\$ 50	\$ .....	\$ 53	\$ 611	\$ .....
35,483	108,264	18,512	89,698	63,406	63,018
.....	.....	.....	.....	.....	.....
21	7,479	87	4,137	47,201	4,256
.....	2,006	891	914	3,198	923
.....	.....	.....	.....	1,382	.....
.....	.....	.....	.....	.....	.....
35,504	117,799	19,490	94,802	115,798	68,197
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
35,504	117,799	19,490	94,802	115,798	68,197
14,338	16,326	546	4,544	48,488	9,365
414	3,246	70	1,422	1,608	469
2,489	2	1	.....	174	.....
.....	152	.....	.....	126	.....
.....	.....	.....	.....	.....	.....
.....	2,320	.....	601	2,895	4,526
1,492	1,981	.....	2,271	3,990	347
18,733	24,027	617	8,838	57,281	14,707
.....	625	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	1,972
.....	625	.....	.....	.....	1,972
18,733	24,652	617	8,838	57,281	16,679
.....	797	.....	569	.....	.....
.....	797	.....	569	.....	.....
.....	.....	.....	.....	1,382	.....
16,638	12,218	1,845	26,995	2,543	29,087
133	80,132	17,028	58,400	54,592	22,431
16,771	92,350	18,873	85,395	58,517	51,518
\$ 35,504	\$ 117,799	\$ 19,490	\$ 94,802	\$ 115,798	\$ 68,197

2014 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014  
(in thousands)**

	Judicial Services	Military and Veterans' Affairs	Florida Clerks of Court Operations Corp	Citrus Commission
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 30	\$ 2,916	\$ 320	\$ 6
Pooled investments with State Treasury	89,420	69,378	.....	19,811
Other investments	.....	.....	.....	.....
Receivables, net	7,245	2,841	.....	2,920
Due from other funds	2,310	86	.....	.....
Inventories	.....	.....	.....	227
Other	.....	.....	11	34
Total current assets	<u>99,005</u>	<u>75,221</u>	<u>331</u>	<u>22,998</u>
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	.....	.....
Advances to other entities	.....	.....	.....	.....
Other loans and notes receivable, net	.....	.....	.....	.....
Total noncurrent assets	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
Total assets	<u>99,005</u>	<u>75,221</u>	<u>331</u>	<u>22,998</u>
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	2,005	3,333	22	4,367
Due to other funds	2,992	696	.....	562
Due to component units/primary	.....	.....	.....	61
Compensated absences	160	941	.....	22
Claims payable	.....	.....	.....	.....
Deposits	31	.....	.....	.....
Obligations under security lending agreements	.....	3,824	.....	1,596
Total current liabilities	<u>5,188</u>	<u>8,794</u>	<u>22</u>	<u>6,608</u>
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	.....
Deposits	.....	.....	.....	.....
Other	.....	.....	.....	.....
Total noncurrent liabilities	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
Total liabilities	<u>5,188</u>	<u>8,794</u>	<u>22</u>	<u>6,608</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	.....	.....	.....	.....
Total deferred inflows of resources	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>
<b>FUND BALANCES</b>				
Nonspendable	.....	.....	.....	232
Restricted	15,559	6,183	.....	16,026
Committed	78,258	60,244	309	132
Total fund balances	<u>93,817</u>	<u>66,427</u>	<u>309</u>	<u>16,390</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 99,005</u>	<u>\$ 75,221</u>	<u>\$ 331</u>	<u>\$ 22,998</u>

2014 STATE OF FLORIDA CAFR

Blended Component Units

State Board of Administration	School for the Deaf and the Blind	Wireless Emergency Telephone System	Workforce Florida Inc	FL Water Pollution Control Financing Corp	Inland Protection Financing Corp
\$ 1,534	\$ 116	\$ .....	\$ 14,590	\$ .....	\$ .....
.....	1,288	40,217	.....	31,086	.....
4,888	10,957	.....	.....	188,020	2
12,326	33	13,178	3,873	95,357	.....
17,459	128	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	48	.....	.....
36,207	12,522	53,395	18,511	314,463	2
79	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
125,326	.....	.....	.....	837,890	.....
125,405	.....	.....	.....	837,890	.....
161,612	12,522	53,395	18,511	1,152,353	2
17,464	415	23,999	695	.....	.....
5,100	.....	11	.....	10	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	3,252	.....	2,525	.....
22,564	415	27,262	695	2,535	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	16,627	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	16,627	.....	.....
22,564	415	27,262	17,322	2,535	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	11,786	.....	100	1,149,609	.....
139,048	321	26,133	1,089	209	2
139,048	12,107	26,133	1,189	1,149,818	2
\$ 161,612	\$ 12,522	\$ 53,395	\$ 18,511	\$ 1,152,353	\$ 2

2014 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2014  
(in thousands)**

	Blended Component Units			Totals 6/30/14
	Surplus Lines	Corrections Foundation Inc	Scripps Florida Funding Corp	
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 2,472	\$ 945	\$ 324	\$ 24,984
Pooled investments with State Treasury	.....	.....	.....	1,433,476
Other investments	1,470	.....	3,099	262,883
Receivables, net	29	.....	.....	407,151
Due from other funds	.....	.....	.....	43,023
Inventories	.....	5	.....	1,831
Other	8	.....	14	204
Total current assets	3,979	950	3,437	2,173,552
<u>Noncurrent assets</u>				
Long-term investments	16,825	.....	.....	17,004
Advances to other entities	.....	.....	.....	21
Other loans and notes receivable, net	.....	.....	.....	972,879
Total noncurrent assets	16,825	.....	.....	989,904
Total assets	20,804	950	3,437	3,163,456
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	592	6	2,909	194,311
Due to other funds	.....	.....	.....	116,171
Due to component units/primary	.....	.....	.....	2,936
Compensated absences	.....	.....	.....	1,973
Claims payable	.....	.....	.....	26,334
Deposits	.....	.....	.....	86,196
Obligations under security lending agreements	.....	.....	.....	66,752
Total current liabilities	592	6	2,909	494,673
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	625
Deposits	.....	.....	.....	16,648
Other	.....	.....	.....	1,972
Total noncurrent liabilities	.....	.....	.....	19,245
Total liabilities	592	6	2,909	513,918
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	.....	.....	.....	66,213
Total deferred inflows of resources	.....	.....	.....	66,213
<b>FUND BALANCES</b>				
Nonspendable	.....	5	14	1,910
Restricted	.....	44	.....	1,654,768
Committed	20,212	895	514	926,647
Total fund balances	20,212	944	528	2,583,325
Total liabilities, deferred inflows and fund balances	\$ 20,804	\$ 950	\$ 3,437	\$ 3,163,456

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2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Employment Services	Government Administration	Business and Community Development	Regulation and Licensing
<b>REVENUES</b>				
Taxes	\$ .....	\$ .....	\$ .....	\$ 212,536
Licenses and permits	.....	.....	.....	1,270,972
Fees and charges	139,300	32,986	2,087	86,338
Grants and donations	554,845	12,004	305,040	125
Investment earnings (losses)	5,181	1,631	2,429	3,363
Fines, forfeits, settlements and judgments	25,601	.....	.....	8,615
Other	7,274	48	86,316	1,068
Total revenues	<u>732,201</u>	<u>46,669</u>	<u>395,872</u>	<u>1,583,017</u>
<b>EXPENDITURES</b>				
Current:				
General government	532,735	113,942	586,121	231,231
Education	178,412	.....	.....	.....
Human services	.....	.....	.....	.....
Criminal justice and corrections	.....	.....	.....	.....
Natural resources and environment	.....	.....	.....	1,528
State courts	.....	.....	.....	.....
Capital outlay	3,312	287	989	3,232
Debt service:				
Principal retirement	.....	24	.....	179
Interest and fiscal charges	.....	1	.....	5
Total expenditures	<u>714,459</u>	<u>114,254</u>	<u>587,110</u>	<u>236,175</u>
Excess (deficiency) of revenues over expenditures	<u>17,742</u>	<u>(67,585)</u>	<u>(191,238)</u>	<u>1,346,842</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	78,249	74,918	191,156	71,470
Operating transfers out	(87,934)	(7,117)	(21,917)	(1,411,875)
Proceeds of financing agreements	.....	.....	.....	.....
Total other financing sources (uses)	<u>(9,685)</u>	<u>67,801</u>	<u>169,239</u>	<u>(1,340,405)</u>
Net change in fund balances	8,057	216	(21,999)	6,437
Fund balances - beginning	271,219	84,706	215,639	168,702
Fund balances - ending	<u>\$ 279,276</u>	<u>\$ 84,922</u>	<u>\$ 193,640</u>	<u>\$ 175,139</u>

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Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ 1
.....	.....	.....	.....	23,572	.....
.....	86,502	8,354	3,463	64,552	29,754
.....	25,902	9,269	39,836	1,137,319	4,853
480	473	188	568	1,164	81
377,784	38,914	3	21,774	2,304	1,672
.....	1,284	130	23,318	2,770	26
<u>378,264</u>	<u>153,075</u>	<u>17,944</u>	<u>88,959</u>	<u>1,231,681</u>	<u>36,387</u>
38	11,625	.....	18,739	.....	.....
.....	.....	.....	.....	.....	.....
344,869	.....	.....	.....	.....	.....
.....	134,503	16,115	70,930	.....	94,637
.....	.....	.....	.....	1,277,065	.....
.....	.....	.....	.....	.....	.....
247	21,063	1,094	231	4,310	131
.....	508	.....	.....	.....	.....
.....	8	.....	.....	.....	.....
<u>345,154</u>	<u>167,707</u>	<u>17,209</u>	<u>89,900</u>	<u>1,281,375</u>	<u>94,768</u>
<u>33,110</u>	<u>(14,632)</u>	<u>735</u>	<u>(941)</u>	<u>(49,694)</u>	<u>(58,381)</u>
5,300	33,751	11,260	18,929	54,424	72,226
(35,588)	(14,375)	(9,311)	(9,399)	(11,242)	(2,226)
.....	3,527	.....	.....	.....	.....
<u>(30,288)</u>	<u>22,903</u>	<u>1,949</u>	<u>9,530</u>	<u>43,182</u>	<u>70,000</u>
2,822	8,271	2,684	8,589	(6,512)	11,619
13,949	84,079	16,189	76,806	65,029	39,899
<u>\$ 16,771</u>	<u>\$ 92,350</u>	<u>\$ 18,873</u>	<u>\$ 85,395</u>	<u>\$ 58,517</u>	<u>\$ 51,518</u>

2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Judicial Services	Military and Veterans' Affairs	Florida Clerks of Court Operations Corp	Citrus Commission
<b>REVENUES</b>				
Taxes	\$ .....	\$ .....	\$ .....	\$ 31,149
Licenses and permits	537	.....	.....	.....
Fees and charges	89,090	39,839	.....	49
Grants and donations	11,855	98,070	1,622	4,274
Investment earnings (losses)	.....	916	.....	359
Fines, forfeits, settlements and judgments	66,530	.....	.....	.....
Other	1,972	376	.....	14
Total revenues	169,984	139,201	1,622	35,845
<b>EXPENDITURES</b>				
Current:				
General government	1,883	44,775	1,313	35,244
Education	.....	.....	.....	.....
Human services	.....	79,866	.....	.....
Criminal justice and corrections	87,804	.....	.....	.....
Natural resources and environment	.....	.....	.....	.....
State courts	101,146	.....	.....	.....
Capital outlay	2,209	19,644	.....	22
Debt service:				
Principal retirement	.....	.....	.....	.....
Interest and fiscal charges	.....	.....	.....	.....
Total expenditures	193,042	144,285	1,313	35,266
Excess (deficiency) of revenues over expenditures	(23,058)	(5,084)	309	579
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	41,033	7,343	.....	.....
Operating transfers out	(11,276)	(779)	.....	(1,274)
Proceeds of financing agreements	.....	.....	.....	.....
Total other financing sources (uses)	29,757	6,564	.....	(1,274)
Net change in fund balances	6,699	1,480	309	(695)
Fund balances - beginning	87,118	64,947	.....	17,085
Fund balances - ending	\$ 93,817	\$ 66,427	\$ 309	\$ 16,390

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Blended Component Units

State Board of Administration	School for the Deaf and the Blind	Wireless Emergency Telephone System	Workforce Florida Inc	FL Water Pollution Control Financing Corp	Inland Protection Financing Corp
\$	\$	\$	\$	\$	\$
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	839	108,753	.....	.....	.....
.....	2,346	.....	12,916	.....	.....
4,053	293	686	.....	15,627	1
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
4,053	3,478	109,439	12,916	15,627	1
196,753	.....	98,091	12,453	90	.....
.....	5,241	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	40	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
196,753	5,281	98,091	12,453	90	.....
(192,700)	(1,803)	11,348	463	15,537	1
196,676	1,836	.....	.....	.....	.....
(19,956)	(39)	(70)	.....	(52,662)	.....
.....	.....	.....	.....	.....	.....
176,720	1,797	(70)	.....	(52,662)	.....
(15,980)	(6)	11,278	463	(37,125)	1
155,028	12,113	14,855	726	1,186,943	1
\$ 139,048	\$ 12,107	\$ 26,133	\$ 1,189	\$ 1,149,818	\$ 2

2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Blended Component Units			
	Surplus Lines	Corrections Foundation Inc	Scripps Florida Funding Corp	Totals 6/30/14
<b>REVENUES</b>				
Taxes	\$ .....	\$ .....	\$ .....	\$ 243,686
Licenses and permits	.....	.....	.....	1,295,081
Fees and charges	7,519	.....	.....	699,425
Grants and donations	.....	798	.....	2,221,074
Investment earnings (losses)	130	.....	8	37,631
Fines, forfeits, settlements and judgments	.....	.....	.....	543,197
Other	90	.....	.....	124,686
Total revenues	<u>7,739</u>	<u>798</u>	<u>8</u>	<u>5,164,780</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,551	.....	8,581	1,899,165
Education	.....	.....	.....	183,653
Human services	.....	.....	.....	424,735
Criminal justice and corrections	.....	605	.....	404,594
Natural resources and environment	.....	.....	.....	1,278,593
State courts	.....	.....	.....	101,146
Capital outlay	166	.....	.....	56,977
Debt service:				
Principal retirement	.....	.....	.....	711
Interest and fiscal charges	.....	.....	.....	14
Total expenditures	<u>5,717</u>	<u>605</u>	<u>8,581</u>	<u>4,349,588</u>
Excess (deficiency) of revenues over expenditures	<u>2,022</u>	<u>193</u>	<u>(8,573)</u>	<u>815,192</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	.....	.....	.....	858,571
Operating transfers out	.....	.....	.....	(1,697,040)
Proceeds of financing agreements	.....	.....	.....	3,527
Total other financing sources (uses)	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>(834,942)</u>
Net change in fund balances	2,022	193	(8,573)	(19,750)
Fund balances - beginning	18,190	751	9,101	2,603,075
Fund balances - ending	<u>\$ 20,212</u>	<u>\$ 944</u>	<u>\$ 528</u>	<u>\$ 2,583,325</u>

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**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Employment Services		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 170,621	\$ 170,621	\$ .....
Reversions	11,617	11,617	.....
Fund Balances, July 1, 2013, restated	182,238	182,238	.....
<b>REVENUES</b>			
Fees and charges	119,811	130,023	10,212
Licenses	906	977	71
Miscellaneous	2,683	1,730	(953)
Interest	2,522	1,954	(568)
Grants	634,856	560,634	(74,222)
Refunds	3,748	6,439	2,691
Transfers and distributions	77,540	83,722	6,182
Other	13,428	16,783	3,355
Total Revenues	855,494	802,262	(53,232)
Total Available Resources	1,037,732	984,500	(53,232)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	138,920	130,620	8,300
Other personal services	22,794	19,898	2,896
Expenses	31,911	30,035	1,876
Grants and aids	4,522	3,776	746
Operating capital outlay	1,449	907	542
Food products	200	96	104
Special categories	533,251	501,002	32,249
Data processing services	5,118	4,737	381
Total Operating Expenditures	738,165	691,071	47,094
Nonoperating expenditures:			
Transfers	49,316	49,316	.....
Refunds	324	324	.....
Other	85,612	85,612	.....
Total Nonoperating Expenditures	135,252	135,252	.....
Total Expenditures	873,417	826,323	47,094
Fund Balances, June 30, 2014	\$ 164,315	\$ 158,177	\$ (6,138)

2014 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Government Administration		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 85,743	\$ 85,743	\$ .....
Reversions	281	281	.....
Fund Balances, July 1, 2013, restated	86,024	86,024	.....
<b>REVENUES</b>			
Fees and charges	96,120	71,051	(25,069)
Interest	738	762	24
Grants	13,439	12,493	(946)
Refunds	.....	93	93
Transfers and distributions	14,666	37,949	23,283
Other	1	49	48
Total Revenues	124,964	122,397	(2,567)
Total Available Resources	210,988	208,421	(2,567)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	38,043	36,190	1,853
Other personal services	2,329	1,855	474
Expenses	7,877	6,692	1,185
Grants and aids	2,383	1,871	512
Operating capital outlay	295	261	34
Fixed capital outlay	63	63	.....
Special categories	70,566	65,495	5,071
Data processing services	296	188	108
Total Operating Expenditures	121,852	112,615	9,237
Nonoperating expenditures:			
Transfers	4,311	4,311	.....
Refunds	115	115	.....
Other	4,278	4,278	.....
Total Nonoperating Expenditures	8,704	8,704	.....
Total Expenditures	130,556	121,319	9,237
Fund Balances, June 30, 2014	\$ 80,432	\$ 87,102	\$ 6,670

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**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Business and Community Development		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 142,183	\$ 142,183	\$ .....
Reversions	67,140	67,140	.....
Fund Balances, July 1, 2013, restated	209,323	209,323	.....
<b>REVENUES</b>			
Fees and charges	2,433	2,097	(336)
Interest	1,308	1,697	389
Grants	456,288	421,770	(34,518)
Refunds	85,982	22,175	(63,807)
Employee/employer contributions	10	10	.....
Transfers and distributions	204,432	191,471	(12,961)
Other	251	233	(18)
Total Revenues	750,704	639,453	(111,251)
Total Available Resources	960,027	848,776	(111,251)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	12,104	10,909	1,195
Other personal services	1,711	1,139	572
Expenses	4,565	2,969	1,596
Grants and aids	8,506	5,746	2,760
Operating capital outlay	66	6	60
Special categories	727,681	594,062	133,619
Continuing Appropriations	967	967	.....
Grants/aids to local governments	64,857	64,857	.....
Data processing services	274	217	57
Total Operating Expenditures	820,731	680,872	139,859
Nonoperating expenditures:			
Transfers	16,666	16,666	.....
Refunds	1,923	1,923	.....
Other	421	421	.....
Total Nonoperating Expenditures	19,010	19,010	.....
Total Expenditures	839,741	699,882	139,859
Fund Balances, June 30, 2014	\$ 120,286	\$ 148,894	\$ 28,608

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**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Regulation and Licensing		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 252,749	\$ 252,749	\$ .....
Reversions	969	969	.....
Fund Balances, July 1, 2013, restated	253,718	253,718	.....
<b>REVENUES</b>			
Fees and charges	126,755	125,598	(1,157)
Licenses	1,241,600	1,259,939	18,339
Taxes	210,679	211,964	1,285
Miscellaneous	483	1,416	933
Interest	369	1,441	1,072
Grants	.....	125	125
Refunds	422	642	220
Transfers and distributions	18,272	48,704	30,432
Other	8,194	8,653	459
Total Revenues	1,606,774	1,658,482	51,708
Total Available Resources	1,860,492	1,912,200	51,708
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	119,228	112,052	7,176
Other personal services	3,612	2,688	924
Expenses	20,054	18,383	1,671
Operating capital outlay	1,915	1,828	87
Fixed capital outlay	295	280	15
Special categories	36,434	30,156	6,278
Data processing services	1,409	1,348	61
Continuing Appropriations	50	50	.....
Total Operating Expenditures	182,997	166,785	16,212
Nonoperating expenditures:			
Transfers	1,406,534	1,406,534	.....
Refunds	5,284	5,284	.....
Other	74,140	74,140	.....
Total Nonoperating Expenditures	1,485,958	1,485,958	.....
Total Expenditures	1,668,955	1,652,743	16,212
Fund Balances, June 30, 2014	\$ 191,537	\$ 259,457	\$ 67,920

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**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Tobacco Settlement		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 13,837	\$ 13,837	\$ .....
Reversions	409	409	.....
Fund Balances, July 1, 2013, restated	14,246	14,246	.....
<b>REVENUES</b>			
Interest	301	266	(35)
Refunds	.....	32	32
Transfers and distributions	383,204	383,204	.....
Other	369,240	383,053	13,813
Total Revenues	752,745	766,555	13,810
Total Available Resources	766,991	780,801	13,810
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	314	306	8
Expenses	133	63	70
Grants and aids	11,554	11,554	.....
Fixed capital outlay	229	229	.....
Special categories	370,345	368,975	1,370
Total Operating Expenditures	382,575	381,127	1,448
Nonoperating expenditures:			
Transfers	383,354	383,354	.....
Total Nonoperating Expenditures	383,354	383,354	.....
Total Expenditures	765,929	764,481	1,448
Fund Balances, June 30, 2014	\$ 1,062	\$ 16,320	\$ 15,258

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**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Public Safety		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 81,171	\$ 81,171	\$ .....
Reversions	3,122	3,122	.....
Fund Balances, July 1, 2013, restated	84,293	84,293	.....
<b>REVENUES</b>			
Fees and charges	85,799	83,519	(2,280)
Miscellaneous	.....	82	82
Interest	223	212	(11)
Grants	22,913	27,261	4,348
Refunds	787	1,470	683
Transfers and distributions	41,057	38,795	(2,262)
Other	48,279	44,681	(3,598)
Total Revenues	199,058	196,020	(3,038)
Total Available Resources	283,351	280,313	(3,038)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	56,553	50,308	6,245
Other personal services	4,347	1,439	2,908
Expenses	23,990	17,825	6,165
Grants and aids	29,692	12,510	17,182
Operating capital outlay	6,613	3,540	3,073
Fixed capital outlay	69	69	.....
Special categories	77,915	77,915	.....
Data processing services	36	2	34
Total Operating Expenditures	199,215	163,608	35,607
Nonoperating expenditures:			
Transfers	839	839	.....
Refunds	1,663	1,663	.....
Other	25,651	25,651	.....
Total Nonoperating Expenditures	28,153	28,153	.....
Total Expenditures	227,368	191,761	35,607
Fund Balances, June 30, 2014	\$ 55,983	\$ 88,552	\$ 32,569

2014 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Corrections		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 16,045	\$ 16,045	\$ .....
Reversions	119	119	.....
Fund Balances, July 1, 2013, restated	16,164	16,164	.....
<b>REVENUES</b>			
Fees and charges	8,040	7,993	(47)
Grants	9,300	9,242	(58)
Refunds	.....	98	98
Transfers and distributions	11,422	11,393	(29)
Other	634	617	(17)
Total Revenues	29,396	29,343	(53)
Total Available Resources	45,560	45,507	(53)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	9,443	5,458	3,985
Other personal services	1,092	405	687
Expenses	7,798	3,807	3,991
Operating capital outlay	188	188	.....
Food products	615	210	405
Fixed capital outlay	67	67	.....
Special categories	15,768	15,768	.....
Data processing services	57	5	52
Total Operating Expenditures	35,028	25,908	9,120
Nonoperating expenditures:			
Transfers	284	284	.....
Refunds	867	867	.....
Other	598	598	.....
Total Nonoperating Expenditures	1,749	1,749	.....
Total Expenditures	36,777	27,657	9,120
Fund Balances, June 30, 2014	\$ 8,783	\$ 17,850	\$ 9,067

2014 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Consumer Protection and Safety		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 67,511	\$ 67,511	\$ .....
Reversions	3,865	3,865	.....
Fund Balances, July 1, 2013, restated	71,376	71,376	.....
<b>REVENUES</b>			
Fees and charges	3,564	3,449	(115)
Interest	319	262	(57)
Grants	45,005	40,809	(4,196)
Refunds	1,267	23,013	21,746
Transfers and distributions	41,283	21,270	(20,013)
Other	21,352	21,814	462
Total Revenues	112,790	110,617	(2,173)
Total Available Resources	184,166	181,993	(2,173)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	27,460	21,025	6,435
Other personal services	537	139	398
Expenses	3,957	2,463	1,494
Operating capital outlay	927	452	475
Special categories	72,849	52,937	19,912
Grants/aids to local governments	957	957	.....
Data processing services	68	20	48
Total Operating Expenditures	106,755	77,993	28,762
Nonoperating expenditures:			
Transfers	3,915	3,915	.....
Refunds	22,021	22,021	.....
Other	3,164	3,164	.....
Total Nonoperating Expenditures	29,100	29,100	.....
Total Expenditures	135,855	107,093	28,762
Fund Balances, June 30, 2014	\$ 48,311	\$ 74,900	\$ 26,589

2014 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Agriculture		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 25,546	\$ 25,546	\$ .....
Reversions	6,254	6,254	.....
Fund Balances, July 1, 2013, restated	31,800	31,800	.....
<b>REVENUES</b>			
Fees and charges	57,969	58,550	581
Licenses	22,716	22,984	268
Miscellaneous	.....	14	14
Interest	644	559	(85)
Grants	1,165,974	1,056,471	(109,503)
Refunds	4,521	4,546	25
Transfers and distributions	65,757	65,816	59
Other	3,526	3,476	(50)
Total Revenues	1,321,107	1,212,416	(108,691)
Total Available Resources	1,352,907	1,244,216	(108,691)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	105,531	94,476	11,055
Other personal services	7,642	5,922	1,720
Expenses	32,391	27,763	4,628
Grants and aids	1,073,309	963,053	110,256
Operating capital outlay	2,624	2,254	370
Fixed capital outlay	4,751	4,751	.....
Special categories	57,223	57,223	.....
Grants/aids to local governments	18,850	18,850	.....
Data processing services	1	1	.....
Total Operating Expenditures	1,302,322	1,174,293	128,029
Nonoperating expenditures:			
Payments to U.S. Treasury	5,311	5,311	.....
Transfers	10,826	10,826	.....
Refunds	1,484	1,484	.....
Other	9,820	9,820	.....
Total Nonoperating Expenditures	27,441	27,441	.....
Total Expenditures	1,329,763	1,201,734	128,029
Fund Balances, June 30, 2014	\$ 23,144	\$ 42,482	\$ 19,338

2014 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Juvenile Justice		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 42,686	\$ 42,686	\$ .....
Reversions	3,884	3,884	.....
Fund Balances, July 1, 2013, restated	46,570	46,570	.....
<b>REVENUES</b>			
Fees and charges	31,953	30,516	(1,437)
Interest	79	38	(41)
Grants	8,890	3,568	(5,322)
Refunds	.....	21	21
Transfers and distributions	70,903	72,103	1,200
Other	1,553	1,677	124
Total Revenues	113,378	107,923	(5,455)
Total Available Resources	159,948	154,493	(5,455)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	40,467	26,598	13,869
Other personal services	2,929	1,458	1,471
Expenses	9,301	3,934	5,367
Grants and aids	413	237	176
Operating capital outlay	383	103	280
Food products	2,967	801	2,166
Special categories	65,719	65,719	.....
Total Operating Expenditures	122,179	98,850	23,329
Nonoperating expenditures:			
Transfers	1	1	.....
Refunds	40	40	.....
Other	1,676	1,676	.....
Total Nonoperating Expenditures	1,717	1,716	.....
Total Expenditures	123,896	100,566	23,329
Fund Balances, June 30, 2014	\$ 36,052	\$ 53,927	\$ 17,875

2014 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Judicial Services		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 102,752	\$ 102,752	\$ .....
Reversions	2,168	2,168	.....
Fund Balances, July 1, 2013, restated	104,920	104,920	.....
<b>REVENUES</b>			
Fees and charges	92,611	84,918	(7,693)
Licenses	537	527	(10)
Miscellaneous	4	4	.....
Grants	11,870	11,798	(72)
Refunds	3,751	1,451	(2,300)
Transfers and distributions	111,594	111,594	.....
Other	66,528	64,622	(1,906)
Total Revenues	286,895	274,914	(11,981)
Total Available Resources	391,815	379,834	(11,981)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	211,057	173,361	37,696
Other personal services	6,525	2,974	3,551
Expenses	3,868	2,328	1,540
Operating capital outlay	208	21	187
Special categories	12,358	12,358	.....
Data processing services	2,424	2,194	230
Total Operating Expenditures	236,440	193,236	43,204
Nonoperating expenditures:			
Transfers	86,793	86,793	.....
Refunds	354	354	.....
Other	12,870	12,870	.....
Total Nonoperating Expenditures	100,017	100,017	.....
Total Expenditures	336,457	293,253	43,204
Fund Balances, June 30, 2014	\$ 55,358	\$ 86,581	\$ 31,223

2014 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Military and Veterans' Affairs		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 56,751	\$ 56,751	\$ .....
Reversions	382	382	.....
Fund Balances, July 1, 2013, restated	<u>57,133</u>	<u>57,133</u>	<u>.....</u>
<b>REVENUES</b>			
Fees and charges	39,195	39,615	420
Miscellaneous	1	1	.....
Interest	843	384	(459)
Grants	98,118	98,157	39
Refunds	285	244	(41)
Transfers and distributions	10,516	6,532	(3,984)
Other	18	5	(13)
Total Revenues	<u>148,976</u>	<u>144,938</u>	<u>(4,038)</u>
Total Available Resources	<u>206,109</u>	<u>202,071</u>	<u>(4,038)</u>
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	60,485	59,325	1,160
Other personal services	3,166	1,983	1,183
Expenses	29,156	28,028	1,128
Operating capital outlay	1,390	1,157	233
Food products	3,707	3,535	172
Fixed capital outlay	23,267	23,267	.....
Special categories	30,036	23,048	6,988
Total Operating Expenditures	<u>151,207</u>	<u>140,343</u>	<u>10,864</u>
Nonoperating expenditures:			
Transfers	2,070	2,070	.....
Refunds	1,359	1,359	.....
Other	216	216	.....
Total Nonoperating Expenditures	<u>3,645</u>	<u>3,645</u>	<u>.....</u>
Total Expenditures	<u>154,852</u>	<u>143,988</u>	<u>10,864</u>
Fund Balances, June 30, 2014	<u>\$ 51,257</u>	<u>\$ 58,083</u>	<u>\$ 6,826</u>

2014 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Citrus Commission		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 14,610	\$ 14,610	\$ .....
Reversions	2,046	2,046	.....
Fund Balances, July 1, 2013, restated	16,656	16,656	.....
<b>REVENUES</b>			
Taxes	32,449	31,149	(1,300)
Miscellaneous	43	45	2
Interest	139	(4,563)	(4,702)
Grants	4,406	3,051	(1,355)
Refunds	75	20	(55)
Other	.....	37	37
Total Revenues	37,112	29,739	(7,373)
Total Available Resources	53,768	46,395	(7,373)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	5,613	4,164	1,449
Other personal services	212	119	93
Expenses	2,889	691	2,198
Operating capital outlay	371	22	349
Special categories	27,002	27,002	.....
Data processing services	37	37	.....
Total Operating Expenditures	36,124	32,035	4,089
Nonoperating expenditures:			
Other	1,393	1,393	.....
Total Nonoperating Expenditures	1,393	1,393	.....
Total Expenditures	37,517	33,428	4,089
Fund Balances, June 30, 2014	\$ 16,251	\$ 12,967	\$ (3,284)

2014 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	School for the Deaf and the Blind		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 1,473	\$ 1,473	\$ .....
Carry forward adjustment	.....	.....	.....
Fund Balances, July 1, 2013, restated	1,473	1,473	.....
<b>REVENUES</b>			
Grants	1,463	1,462	(1)
Transfers and distributions	1,836	1,852	16
Total Revenues	3,299	3,314	15
Total Available Resources	4,772	4,787	15
<b>EXPENDITURES</b>			
Operating expenditures:			
Special categories	3,498	3,498	.....
Continuing appropriations	.....	.....	.....
Total Operating Expenditures	3,498	3,498	.....
Nonoperating expenditures:			
Transfers	1	1	.....
Total Nonoperating Expenditures	1	1	.....
Total Expenditures	3,499	3,499	.....
Fund Balances, June 30, 2014	\$ 1,273	\$ 1,288	\$ 15

2014 STATE OF FLORIDA CAFR

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Wireless Emergency Telephone System		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2013	\$ 1,654	\$ 1,654	\$ .....
Reversions	495	495	.....
Fund Balances, July 1, 2013, restated	2,149	2,149	.....
<b>REVENUES</b>			
Interest	353	285	(68)
Refunds	.....	359	359
Other	108,823	108,823	.....
Total Revenues	109,176	109,467	291
Total Available Resources	111,325	111,616	291
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	368	346	22
Other personal services	84	75	9
Expenses	515	146	369
Grants and aids	98,102	98,102	.....
Operating capital outlay	4	.....	4
Special categories	187	187	.....
Data processing services	3	2	1
Total Operating Expenditures	99,263	98,858	405
Nonoperating expenditures:			
Transfers	69	69	.....
Total Nonoperating Expenditures	69	69	.....
Total Expenditures	99,332	98,927	405
Fund Balances, June 30, 2014	\$ 11,993	\$ 12,689	\$ 696

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**CAPITAL PROJECTS FUNDS**

**GENERAL GOVERNMENT**

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

**OTHER**

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

**FLORIDA SCHOOL FOR THE DEAF AND THE BLIND**

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

2014 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
JUNE 30, 2014  
(in thousands)**

	General Government	Other	School for the Deaf and the Blind	Totals 6/30/14
<b>ASSETS</b>				
<u>Current assets</u>				
Pooled investments with State Treasury	\$ 207	\$ 2,782	\$ 373	\$ 3,362
Receivables, net	.....	3	.....	3
Due from other funds	10,025	.....	.....	10,025
Total current assets	<u>10,232</u>	<u>2,785</u>	<u>373</u>	<u>13,390</u>
Total assets	<u>10,232</u>	<u>2,785</u>	<u>373</u>	<u>13,390</u>
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	.....	493	66	559
Due to other funds	.....	1	.....	1
Obligations under security lending agreements	.....	201	.....	201
Total current liabilities	<u>.....</u>	<u>695</u>	<u>66</u>	<u>761</u>
Total liabilities	<u>.....</u>	<u>695</u>	<u>66</u>	<u>761</u>
<b>FUND BALANCES</b>				
Restricted	.....	.....	307	307
Committed	10,232	2,090	.....	12,322
Total fund balances	<u>10,232</u>	<u>2,090</u>	<u>307</u>	<u>12,629</u>
Total liabilities and fund balances	<u>\$ 10,232</u>	<u>\$ 2,785</u>	<u>\$ 373</u>	<u>\$ 13,390</u>

2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	General Government	Other	School for the Deaf and the Blind	Totals 6/30/14
<b>REVENUES</b>				
Investment earnings (losses)	\$ .....	\$ 61	\$ .....	\$ 61
Total revenues	.....	61	.....	61
<b>EXPENDITURES</b>				
Current:				
General government	3,410	1,798	.....	5,208
Education	.....	.....	1,276	1,276
Human services	8,639	.....	.....	8,639
Criminal justice and corrections	37,105	.....	.....	37,105
Capital outlay	2,134	.....	676	2,810
Debt service:				
Principal retirement	3,185	.....	.....	3,185
Total expenditures	54,473	1,798	1,952	58,223
Excess (deficiency) of revenues over expenditures	(54,473)	(1,737)	(1,952)	(58,162)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	59,418	.....	1,798	61,216
Operating transfers out	.....	(2)	(1)	(3)
Total other financing sources (uses)	59,418	(2)	1,797	61,213
Net change in fund balances	4,945	(1,739)	(155)	3,051
Fund balances - beginning	5,287	3,829	462	9,578
Fund balances - ending	\$ 10,232	\$ 2,090	\$ 307	\$ 12,629

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**NONMAJOR ENTERPRISE FUNDS**

**OTHER**

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

**FLORIDA ENGINEERS MANAGEMENT CORPORATION**

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

**SPACE FLORIDA**

Pursuant to Section 331.302, Florida Statutes, this entity was created to promote aerospace business development by facilitating business financing, spaceport operations, research and development, workforce development, and innovative education programs

2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2014  
(in thousands)**

	Other	FL Engineers Management Corp	Space Florida	Totals 6/30/14
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 2,122	\$ 290	\$ 30,530	\$ 32,942
Pooled investments with State Treasury	322,714	.....	.....	322,714
Other investments	23,652	.....	3,797	27,449
Receivables, net	3,114	98	15,675	18,887
Due from other funds	7,273	.....	.....	7,273
Due from component units/primary	248	.....	.....	248
Other	.....	71	454	525
Total current assets	359,123	459	50,456	410,038
<u>Noncurrent assets</u>				
Long-term investments	50,940	.....	.....	50,940
Other loans and notes receivable, net	.....	.....	5,530	5,530
<u>Capital assets</u>				
Buildings, equipment, and other depreciable assets	28,496	477	86,847	115,820
Accumulated depreciation	(24,084)	(352)	(21,693)	(46,129)
Construction work in progress	.....	.....	26,287	26,287
Total noncurrent assets	55,352	125	96,971	152,448
Total assets	414,475	584	147,427	562,486
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	13,415	140	19,743	33,298
Due to other funds	5,796	.....	.....	5,796
Due to component units/primary	411	248	.....	659
Compensated absences	4,260	.....	94	4,354
Installment purchases/capital leases	.....	.....	1,228	1,228
Deposits	16,517	.....	9,601	26,118
Obligations under security lending agreements	22,000	.....	.....	22,000
Total current liabilities	62,399	388	30,666	93,453
<u>Noncurrent liabilities</u>				
Deposits	32,881	.....	.....	32,881
Installment purchases/capital leases	.....	.....	19,393	19,393
Compensated absences	13,597	.....	112	13,709
Other noncurrent liabilities	22,708	.....	.....	22,708
Total noncurrent liabilities	69,186	.....	19,505	88,691
Total liabilities	131,585	388	50,171	182,144
<b>NET POSITION</b>				
Net investment in capital assets	4,412	125	86,105	90,642
Restricted - other	.....	.....	9,144	9,144
Unrestricted	278,478	71	2,007	280,556
Total net position	\$ 282,890	\$ 196	\$ 97,256	\$ 380,342

2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Other	FL Engineers Management Corp	Space Florida	Totals 6/30/14
<b>OPERATING REVENUES</b>				
Sales - nonstate	\$ 77,529	\$ .....	\$ 2,462	\$ 79,991
Fees	241,350	1,920	.....	243,270
Sales - state	37,378	.....	.....	37,378
Rents and royalties - nonstate	3	.....	.....	3
Rents - state	88	.....	.....	88
Fines, forfeits, settlements and judgments	8,300	.....	.....	8,300
Other	1	.....	28,439	28,440
Total operating revenues	364,649	1,920	30,901	397,470
<b>OPERATING EXPENSES</b>				
Contractual services	71,066	535	19,533	91,134
Personal services	169,520	1,239	1,920	172,679
Depreciation	3,222	58	4,227	7,507
Materials and supplies	6,555	110	.....	6,665
Repairs and maintenance	1,443	27	.....	1,470
Basic services	31,663	.....	.....	31,663
Interest and fiscal charges	1,389	.....	.....	1,389
Total operating expenses	284,858	1,969	25,680	312,507
Operating income (loss)	79,791	(49)	5,221	84,963
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Grants and donations	197	.....	4,334	4,531
Investment earnings (losses)	5,297	.....	281	5,578
Interest and fiscal charges	(293)	.....	(454)	(747)
Property disposition gain (loss)	(21)	.....	(1,246)	(1,267)
Grant expense and client benefits	(923)	.....	.....	(923)
Other	(73)	.....	.....	(73)
Total nonoperating revenues (expenses)	4,184	.....	2,915	7,099
Income (loss) before transfers and contributions	83,975	(49)	8,136	92,062
Operating transfers in	12,578	.....	.....	12,578
Operating transfers out	(92,647)	.....	.....	(92,647)
Capital contributions	20	.....	.....	20
Change in net position	3,926	(49)	8,136	12,013
Total net position - beginning	278,964	245	89,120	368,329
Total net position - ending	\$ 282,890	\$ 196	\$ 97,256	\$ 380,342

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Other	FL Engineers Management Corporation	Space Florida	Totals 6/30/14
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 367,713	\$ 2,070	\$ 9,069	\$ 378,852
Cash paid to vendors	(109,528)	(665)	(13,471)	(123,664)
Cash paid to employees	(162,221)	(1,214)	(3,030)	(166,465)
Cash received/(paid) for grants	.....	.....	26,099	26,099
Loans collected/(issued)	.....	.....	(25)	(25)
Cash paid for insurance claims	(63)	.....	.....	(63)
Reemployment assistance	.....	.....	.....	.....
Net cash provided (used) by operating activities	95,901	191	18,642	114,734
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in (out)	(80,278)	.....	.....	(80,278)
Advances, grants or loans (to) from or repayment from others	(923)	.....	.....	(923)
Cash received from noncapital grants or donations	198	.....	.....	198
Net cash provided (used) by noncapital financing activities	(81,003)	.....	.....	(81,003)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Cash received from sale of capital assets	8	.....	.....	8
Cash received from the issuance of debt	.....	.....	17,500	17,500
Cash received from capital grants and donations	.....	.....	733	733
Purchase or construction of capital assets	(1,530)	(20)	(11,388)	(12,938)
Line of credit draws/(payments)	.....	.....	(1,332)	(1,332)
Net cash provided (used) by capital and related financing activities	(1,522)	(20)	5,513	3,971
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Security lending	1,708	.....	.....	1,708
Proceeds from the sale or maturity of investments	89,626	.....	.....	89,626
Investment earnings	4,821	.....	(174)	4,647
Purchase of investments	(91,886)	.....	(500)	(92,386)
Net cash provided (used) by investing activities	4,269	.....	(674)	3,595
Net increase (decrease) in cash and cash equivalents	17,645	171	23,481	41,297
Cash and cash equivalents - beginning	307,191	119	7,049	314,359
Cash and cash equivalents - ending	\$ 324,836	\$ 290	\$ 30,530	\$ 355,656

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

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

	Other	FL Engineers Management Corporation	Space Florida	Totals 6/30/14
Operating income (loss)	\$ 79,791	\$ (49)	\$ 5,221	\$ 84,963
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expense	3,222	58	4,227	7,507
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(26,631)	(98)	(1,932)	(28,661)
(Increase) decrease in due from other funds	(609)	.....	.....	(609)
Increase (decrease) in allowance for uncollectibles	30,987	.....	298	31,285
(Increase) decrease in other non-current assets	(14)	.....	.....	(14)
Increase (decrease) in accounts payable	4,950	283	4,471	9,704
Increase (decrease) in compensated absences	647	.....	63	710
Increase (decrease) in due to other funds	(1,873)	.....	.....	(1,873)
Increase (decrease) in other non-current liability	6,456	.....	.....	6,456
(Increase) decrease in deposits	.....	(3)	12	9
Increase (decrease) in unearned revenue	(1,025)	.....	6,282	5,257
Net cash provided (used) by operating activities	<u>\$ 95,901</u>	<u>\$ 191</u>	<u>\$ 18,642</u>	<u>\$ 114,734</u>

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

Change in fair value of investments	\$ 16	\$ .....	\$ (993)	\$ (977)
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## **INTERNAL SERVICE FUNDS**

### **EMPLOYEE HEALTH AND DISABILITY**

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

### **DATA CENTERS**

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

### **COMMUNICATIONS AND FACILITIES**

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

### **OTHER**

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

2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2014  
(in thousands)**

	Employee Health and Disability	Data Centers	Communications and Facilities	Other	Totals 6/30/14
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$ 997	\$ .....	\$ 39,916	\$ .....	\$ 40,913
Pooled investments with State Treasury	483,491	1,323	74,604	10,567	569,985
Other investments	.....	.....	75,858	.....	75,858
Receivables, net	16,193	7	5,383	890	22,473
Due from other funds	23	4,139	7,852	5,705	17,719
Due from component units/primary	.....	1	1,185	.....	1,186
Total current assets	500,704	5,470	204,798	17,162	728,134
<u>Noncurrent assets</u>					
Capital assets					
Land and other non-depreciable assets	.....	.....	321	1	322
Buildings, equipment, and other depreciable assets	43	51,878	1,523,802	8,360	1,584,083
Accumulated depreciation	(35)	(40,886)	(386,408)	(6,390)	(433,719)
Total noncurrent assets	8	10,992	1,137,715	1,971	1,150,686
Total assets	500,712	16,462	1,342,513	19,133	1,878,820
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Amount deferred on refunding of debt	.....	.....	2,973	.....	2,973
Total deferred outflows of resources	.....	.....	2,973	.....	2,973
<b>LIABILITIES</b>					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	138,395	4,141	22,607	2,267	167,410
Due to other governments	.....	.....	.....	15	15
Due to other funds	32,796	150	306	981	34,233
Due to component units/primary	.....	299	.....	5	304
Compensated absences	39	837	556	1,564	2,996
Installment purchases/capital leases	.....	1,983	1,186	.....	3,169
Bonds payable	.....	.....	23,475	.....	23,475
Deposits	145,120	56	2,849	13	148,038
Obligations under security lending agreements	38,334	41	5,514	110	43,999
Certificates of participation payable	.....	.....	37,925	.....	37,925
Total current liabilities	354,684	7,507	94,418	4,955	461,564
<u>Noncurrent liabilities</u>					
Advances from other funds	.....	1,478	500	800	2,778
Bonds payable	.....	.....	292,561	.....	292,561
Certificates of participation payable	.....	.....	535,542	.....	535,542
Installment purchases/capital leases	.....	5,430	10,774	.....	16,204
Compensated absences	129	2,597	1,809	7,161	11,696
Other noncurrent liabilities	615	4,038	3,886	9,300	17,839
Total noncurrent liabilities	744	13,543	845,072	17,261	876,620
Total liabilities	355,428	21,050	939,490	22,216	1,338,184
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Amount deferred on refunding of debt	.....	.....	893	.....	893
Total deferred inflows of resources	.....	.....	893	.....	893
<b>NET POSITION</b>					
Net investment in capital assets	7	3,579	238,333	1,971	243,890
Restricted - other	.....	.....	76,679	.....	76,679
Unrestricted	145,277	(8,167)	90,091	(5,054)	222,147
Total net position	\$ 145,284	\$ (4,588)	\$ 405,103	\$ (3,083)	\$ 542,716

2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Employee Health and Disability	Data Centers	Communications and Facilities	Other	Totals 6/30/14
<b>OPERATING REVENUES</b>					
Sales - nonstate	\$ .....	\$ 29	\$ 41,821	\$ 7,974	\$ 49,824
Sales - state	1,930,000	65,336	82,077	59,796	2,137,209
Rents and royalties - nonstate	.....	.....	222	.....	222
Rents - state	.....	.....	167,525	.....	167,525
Fines, forfeits, settlements and judgments	.....	.....	.....	54	54
Other	18,291	1	.....	.....	18,292
Total operating revenues	1,948,291	65,366	291,645	67,824	2,373,126
<b>OPERATING EXPENSES</b>					
Contractual services	302,910	39,018	135,777	6,127	483,832
Insurance claims expense	1,587,834	.....	.....	.....	1,587,834
Personal services	1,517	21,345	19,925	54,176	96,963
Depreciation	2	3,983	20,814	698	25,497
Materials and supplies	50	4,766	991	3,334	9,141
Repairs and maintenance	.....	1,250	2,837	153	4,240
Basic services	120	4,033	4,920	3,333	12,406
Total operating expenses	1,892,433	74,395	185,264	67,821	2,219,913
Operating income (loss)	55,858	(9,029)	106,381	3	153,213
<b>NONOPERATING REVENUES/(EXPENSES)</b>					
Grants and donations	.....	472	.....	.....	472
Investment earnings (losses)	7,748	52	1,352	39	9,191
Interest and fiscal charges	(414)	(34)	(60,138)	(3)	(60,589)
Property disposition gain (loss)	.....	(1,799)	(4)	(89)	(1,892)
Other	.....	1	.....	.....	1
Total nonoperating revenues (expenses)	7,334	(1,308)	(58,790)	(53)	(52,817)
Income (loss) before transfers and contributions	63,192	(10,337)	47,591	(50)	100,396
Operating transfers in	20,450	.....	1,194	750	22,394
Operating transfers out	(346)	(1,033)	(13,149)	(2,690)	(17,218)
Capital contributions	.....	159	10	210	379
Change in net position	83,296	(11,211)	35,646	(1,780)	105,951
Total net position - beginning	61,988	6,623	369,457	(1,303)	436,765
Total net position - ending	\$ 145,284	\$ (4,588)	\$ 405,103	\$ (3,083)	\$ 542,716

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(in thousands)

	Employee Health and Disability	Data Centers	Communications and Facilities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,962,422	\$ 82,158	\$ 295,286
Cash paid to vendors	(320,290)	(67,384)	(136,835)
Cash paid to employees	(1,362)	(13,777)	(19,954)
Cash received/(paid) for grants	(285)	.....	.....
Cash paid for insurance claims	(1,570,179)	.....	.....
Net cash provided (used) by operating activities	<u>70,306</u>	<u>997</u>	<u>138,497</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in (out)	21,112	(1,032)	(11,941)
Net cash provided (used) by noncapital financing activities	<u>21,112</u>	<u>(1,032)</u>	<u>(11,941)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payment of bond principal	.....	.....	(23,475)
Payment of principal on installment purchase/capital lease	.....	(1,507)	(23,620)
Payment of interest on bonds/installment purchase/capital lease	.....	(78)	(31,893)
Purchase or construction of capital assets	.....	(1,290)	(55,791)
Net cash provided (used) by capital and related financing activities	<u>.....</u>	<u>(2,875)</u>	<u>(134,779)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Security lending	13,063	(197)	536
Investment earnings	7,329	47	2,101
Purchase of investments	.....	.....	.....
Net cash provided (used) by investing activities	<u>20,392</u>	<u>(150)</u>	<u>2,637</u>
Net increase (decrease) in cash and cash equivalents	<u>111,810</u>	<u>(3,060)</u>	<u>(5,586)</u>
Total cash and cash equivalents - beginning	<u>372,678</u>	<u>4,383</u>	<u>120,106</u>
Cash and cash equivalents - ending	<u>\$ 484,488</u>	<u>\$ 1,323</u>	<u>\$ 114,520</u>

Other	Totals 6/30/14
\$ 65,910	\$ 2,405,776
(12,139)	(536,648)
(51,434)	(86,527)
.....	(285)
.....	(1,570,179)
2,337	212,137
(1,698)	6,441
(1,698)	6,441
.....	(23,475)
.....	(25,127)
.....	(31,971)
(218)	(57,299)
(218)	(137,872)
34	13,436
36	9,513
(35)	(35)
35	22,914
456	103,620
10,111	507,278
\$ 10,567	\$ 610,898

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

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

	Employee Health and Disability	Data Centers	Communications and Facilities
Operating income (loss)	\$ 55,858	\$ (9,029)	\$ 106,381
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	2	3,983	20,814
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	282	94	933
(Increase) decrease in due from other funds	47	16,783	3
Increase (decrease) in accounts payable	18,050	(9,260)	6,635
Increase (decrease) in compensated absences	.....	(2,342)	(92)
Increase (decrease) in due to other funds	.....	(313)	779
Increase (decrease) in other non-current liability	(17,735)	1,175	1,093
Increase (decrease) in unearned revenue	13,802	(94)	1,951
Net cash provided (used) by operating activities	<u>\$ 70,306</u>	<u>\$ 997</u>	<u>\$ 138,497</u>

<u>Other</u>	<u>Totals 6/30/14</u>
\$ 3	\$ 153,213
698	25,497
290	1,599
(1,760)	15,073
959	16,384
151	(2,283)
(310)	156
2,632	(12,835)
(326)	15,333
<u>\$ 2,337</u>	<u>\$ 212,137</u>

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**PRIVATE-PURPOSE TRUST FUNDS**

**TRUST ESCROW ADMINISTRATION**

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

**UNCLAIMED PROPERTY**

This fund includes the internal reporting funds administered by the Department of Financial Services that are used to account for unclaimed property pursuant to Section 717.123, Florida Statutes.

**STUDENT LOAN GUARANTY RESERVE**

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

**COLLEGE SAVINGS PLAN**

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

**OTHER**

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

2014 STATE OF FLORIDA CAFR

COMBINING STATEMENT OF FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUST FUNDS

JUNE 30, 2014

(in thousands)

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,153	\$ .....	\$ .....	\$ 100
Pooled investments with State Treasury	493,387	8,485	36,282	1,495
Total cash and cash equivalents	504,540	8,485	36,282	1,595
<u>Investments</u>				
U.S. government & federally guaranteed obligations	4,893	.....	.....	.....
Federal agencies	.....	.....	.....	.....
Bonds and notes	.....	.....	.....	.....
International bonds and notes	.....	.....	.....	.....
Mutual fund investments	4,877	.....	.....	.....
Money market and short-term investments	513	.....	.....	.....
Domestic equity	.....	19,121	.....	.....
International equity	.....	.....	.....	.....
Total investments	10,283	19,121	.....	.....
<u>Receivables</u>				
Accounts receivable	16,128	177	.....	.....
Interest receivable	559	4	20	.....
Dividends receivable	.....	.....	.....	.....
Foreign currency contracts receivable	.....	.....	.....	.....
Pending investment sales	.....	.....	.....	.....
Due from state funds	.....	.....	.....	.....
Due from other governments	.....	.....	12,898	.....
Total receivables	16,687	181	12,918	.....
Advances to other funds	.....	816,867	.....	.....
Advances to other entities	1,069,191	.....	.....	.....
Other loans and notes receivable, net	.....	215	.....	.....
Capital assets	10,640	1,355	25	.....
Accumulated depreciation	.....	(1,046)	(25)	.....
Other assets	4,043	.....	.....	.....
Total assets	1,615,384	845,178	49,200	1,595
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	685	19,143	.....	.....
Due to other funds	473	3	8,525	.....
Pending investment purchases	.....	.....	.....	.....
Foreign currency contracts payable	.....	.....	.....	.....
Due to other governments	.....	.....	18,693	.....
Obligations under security lending agreements	40,007	270	2,917	31
Deposits payable	110	.....	.....	.....
Compensated absences	.....	439	.....	.....
Other liabilities	.....	589	.....	.....
Total liabilities	41,275	20,444	30,135	31
<b>NET POSITION</b>				
Held in trust for individuals, organizations, and other governments	\$ 1,574,109	\$ 824,734	\$ 19,065	\$ 1,564

2014 STATE OF FLORIDA CAFR

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College Savings Plan	Totals 6/30/14
\$ 2,164	\$ 13,417
.....	539,649
2,164	553,066
35,765	40,658
43,963	43,963
55,718	55,718
7,502	7,502
.....	4,877
62,276	62,789
168,104	187,225
44,853	44,853
418,181	447,585
.....	16,305
641	1,224
324	324
23	23
3,372	3,372
90	90
.....	12,898
4,450	34,236
.....	816,867
.....	1,069,191
.....	215
6	12,026
(6)	(1,077)
.....	4,043
424,795	2,936,152
741	20,569
11	9,012
29,746	29,746
23	23
.....	18,693
.....	43,225
11,680	11,790
15	454
.....	589
42,216	134,101
\$ 382,579	\$ 2,802,051

2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
<b>ADDITIONS</b>				
<u>Contributions and other deposits</u>				
Fees	\$ .....	\$ .....	\$ .....	\$ .....
Grants and contributions	.....	.....	147,569	.....
Fines, forfeits, settlements and judgments	.....	393	.....	.....
Unclaimed property remittances	.....	383,391	.....	.....
Receivership assets acquired	86,331	.....	.....	.....
Transfers in from state funds	.....	38	.....	.....
Total contributions and other deposits	<u>86,331</u>	<u>383,822</u>	<u>147,569</u>	<u>.....</u>
<u>Investment income</u>				
Interest income	21,978	60	467	3
Dividends	.....	.....	.....	.....
Other investment income (loss)	(5)	.....	.....	.....
Net increase (decrease) in fair market value	.....	.....	.....	.....
Total investment income	<u>21,973</u>	<u>60</u>	<u>467</u>	<u>3</u>
Investment activity expense	(953)	(1)	.....	.....
Net income (loss) from investing activity	<u>21,020</u>	<u>59</u>	<u>467</u>	<u>3</u>
Total net investment income (loss)	<u>21,020</u>	<u>59</u>	<u>467</u>	<u>3</u>
Other additions	.....	192	6,159	.....
Total additions	<u>107,351</u>	<u>384,073</u>	<u>154,195</u>	<u>3</u>
<b>DEDUCTIONS</b>				
Insurance claims expense	112,204	4	.....	.....
Interest expense	680	3	21	.....
Student loan default payments	.....	.....	154,349	.....
Payments to unclaimed property claimants	.....	242,973	.....	.....
Distribution to State School Fund	.....	137,086	.....	.....
Administrative expense	21,236	3,883	.....	.....
Transfers out to state funds	.....	3,969	82	.....
Other deductions	14,894	686	.....	36
Total deductions	<u>149,014</u>	<u>388,604</u>	<u>154,452</u>	<u>36</u>
<u>Depositor activity</u>				
Deposits	71,184	.....	.....	486
Withdrawals	(104,630)	.....	.....	.....
Excess (deficiency) of deposits over withdrawals	<u>(33,446)</u>	<u>.....</u>	<u>.....</u>	<u>486</u>
Change in net position	<u>(75,109)</u>	<u>(4,531)</u>	<u>(257)</u>	<u>453</u>
Net position - beginning	<u>1,649,218</u>	<u>829,265</u>	<u>19,322</u>	<u>1,111</u>
Net position - ending	<u>\$ 1,574,109</u>	<u>\$ 824,734</u>	<u>\$ 19,065</u>	<u>\$ 1,564</u>

College Savings Plan	Totals 6/30/14
\$ 2,602	\$ 2,602
41,315	188,884
5	398
.....	383,391
.....	86,331
361	399
<u>44,283</u>	<u>662,005</u>
3,788	26,296
3,848	3,848
.....	(5)
<u>44,716</u>	<u>44,716</u>
52,352	74,855
<u>(652)</u>	<u>(1,606)</u>
51,700	73,249
51,700	73,249
.....	6,351
<u>95,983</u>	<u>741,605</u>
.....	112,208
.....	704
.....	154,349
.....	242,973
.....	137,086
4,050	29,169
.....	4,051
<u>19,871</u>	<u>35,487</u>
<u>23,921</u>	<u>716,027</u>
.....	71,670
<u>(6)</u>	<u>(104,636)</u>
<u>(6)</u>	<u>(32,966)</u>
72,056	(7,388)
<u>310,523</u>	<u>2,809,439</u>
<u>\$ 382,579</u>	<u>\$ 2,802,051</u>

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**PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS**

**DEFINED BENEFIT PENSION PLAN**

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

**OTHER DEFINED CONTRIBUTION PLANS**

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

**DEFERRED COMPENSATION PLAN**

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

**LIFE AND OTHER BENEFITS**

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

**RETIREE HEALTH INSURANCE SUBSIDY**

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

**DEFINED CONTRIBUTION PENSION PLAN**

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

2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS**

**JUNE 30, 2014**

(in thousands)

	Defined Benefit Pension Plan	Other Defined Contribution Plans	Deferred Compensation Plan	Life and Other Benefits
<b>ASSETS</b>				
Cash and cash equivalents	\$ 308,022	\$ .....	\$ 42,339	\$ .....
Pooled investments with State Treasury	52,741	4,398	1,385	14,345
Total cash and cash equivalents	360,763	4,398	43,724	14,345
<u>Investments</u>				
Certificates of deposit	1,417,426	.....	.....	.....
U.S. government & federally guaranteed obligations	9,274,839	.....	.....	.....
Federal agencies	8,819,935	.....	.....	.....
Commercial paper	6,161,121	.....	.....	.....
Repurchase agreements	1,150,000	.....	.....	.....
Bonds and notes	7,171,944	.....	1,436,243	.....
International bonds and notes	2,593,571	.....	.....	.....
Real estate contracts	9,910,420	.....	.....	.....
Mutual fund investments	7,501,662	.....	1,860,589	.....
Money market and short-term investments	9,734	.....	26,177	.....
Domestic equity	44,070,462	.....	3,029	.....
Alternative investments	16,501,387	.....	.....	.....
International equity	38,330,351	.....	4,203	.....
Deferred compensation annuities	.....	.....	29,601	.....
Self-directed brokerage investments	.....	.....	.....	.....
Other investments	2,389	.....	.....	.....
Total investments	152,915,241	.....	3,359,842	.....
<u>Receivables</u>				
Accounts receivable	15,274	.....	.....	.....
State contributions receivable	42,812	2	.....	.....
Nonstate contributions receivable	158,200	12	.....	.....
Interest receivable	157,144	5	2	24
Dividends receivable	170,618	.....	.....	.....
Pending investment sales	1,764,144	.....	.....	.....
Foreign currency contracts receivable	3,116,687	.....	.....	.....
Due from state funds	45,943	2	.....	130
Total receivables	5,470,822	21	2	154
Security lending collateral	4,618,260	.....	.....	.....
Capital assets	976	.....	.....	.....
Accumulated depreciation	(503)	.....	.....	.....
Other assets	10,172	.....	.....	.....
Total assets	163,375,731	4,419	3,403,568	14,499
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	87,466	135	.....	34
Due to other funds	5,618	.....	.....	8
Pending investment purchases	5,287,741	.....	.....	.....
Short sell obligations	179,821	.....	.....	.....
Foreign currency contracts payable	3,123,460	.....	.....	.....
Broker rebate fees	146	.....	.....	.....
Obligations under security lending agreements	4,674,440	276	112	619
Deposits payable	25	.....	.....	11,655
Compensated absences	851	33	.....	57
Other liabilities	1,828	18	.....	100
Total liabilities	13,361,396	462	112	12,473
<b>NET POSITION</b>				
Held in trust for pension benefits and other purposes	\$ 150,014,335	\$ 3,957	\$ 3,403,456	\$ 2,026

2014 STATE OF FLORIDA CAFR

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Retiree Health Insurance Subsidy	Defined Contribution Pension Plan	Totals 6/30/14
\$ .....	\$ .....	\$ 350,361
121	47,213	120,203
121	47,213	470,564
.....	.....	1,417,426
.....	.....	9,274,839
.....	.....	8,819,935
.....	.....	6,161,121
.....	.....	1,150,000
276	.....	8,608,463
.....	.....	2,593,571
.....	.....	9,910,420
29	7,815,309	17,177,589
60,180	1,102,335	1,198,426
.....	.....	44,073,491
.....	.....	16,501,387
.....	.....	38,334,554
.....	.....	29,601
.....	123,082	123,082
.....	.....	2,389
60,485	9,040,726	165,376,294
.....	474	15,748
5,267	9,812	57,893
26,377	33,133	217,722
.....	.....	157,175
.....	567	171,185
.....	.....	1,764,144
.....	.....	3,116,687
1,139	8	47,222
32,783	43,994	5,547,776
.....	.....	4,618,260
.....	.....	976
.....	.....	(503)
.....	.....	10,172
93,389	9,131,933	176,023,539
4	2,450	90,089
.....	47,648	53,274
.....	.....	5,287,741
.....	.....	179,821
.....	.....	3,123,460
.....	.....	146
.....	.....	4,675,447
.....	5	11,685
.....	.....	941
.....	.....	1,946
4	50,103	13,424,550
\$ 93,385	\$ 9,081,830	\$ 162,598,989

2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

	Defined Benefit Pension Plan	Other Defined Contribution Plans	Deferred Compensation Plan	Life and Other Benefits
<b>ADDITIONS</b>				
<u>Contributions and other deposits</u>				
Pension fund employer contributions - state	\$ 473,915	\$ 112,181	\$ .....	\$ .....
Pension fund employer contributions - nonstate	1,715,153	132	.....	.....
Pension fund employee contributions	676,869	81,978	.....	.....
Other contributions	75	.....	.....	149,593
Purchase of time by employees	17,071	.....	.....	.....
Fees	.....	.....	1,069	.....
Flexible benefits contributions	.....	.....	354,648	.....
Fines, forfeits, settlements and judgments	37,405	358	.....	.....
Transfers in from state funds	83,637	.....	.....	129
Total contributions and other deposits	3,004,125	194,649	355,717	149,722
<u>Investment income</u>				
Interest income	1,447,049	87	29	406
Dividends	2,201,178	.....	.....	.....
Other investment income (loss)	137,865	.....	.....	.....
Net increase (decrease) in fair market value	19,454,762	.....	379,476	.....
Total investment income (loss)	23,240,854	87	379,505	406
Investment activity expense	(511,034)	(6)	.....	(26)
Net income (loss) from investing activity	22,729,820	81	379,505	380
<u>Security lending activity</u>				
Security lending income	50,690	.....	.....	.....
Security lending expense	(5,632)	.....	.....	.....
Net income from security lending	45,058	.....	.....	.....
Total net investment income (loss)	22,774,878	81	379,505	380
Other additions	14,360	.....	3	.....
Total additions	25,793,363	194,730	735,225	150,102
<b>DEDUCTIONS</b>				
Benefit payments	8,014,634	.....	346,867	.....
Supplemental insurance payments	.....	.....	.....	62,386
Flexible reimbursement payments	.....	.....	.....	25,071
Life insurance premium payments	.....	.....	.....	31,524
Remittances to annuity companies	24	160,993	.....	.....
Insurance claims expense	.....	.....	.....	129
Interest expense	.....	.....	2	.....
Administrative expense	17,367	231	50	610
Transfers out to state funds	808,606	33,639	1,432	20,556
Other deductions	74	8	.....	.....
Total deductions	8,840,705	194,871	348,351	140,276
Change in net position	16,952,658	(141)	386,874	9,826
Net position - beginning, as restated (Note 1)	133,061,677	4,098	3,016,582	(7,800)
Net position - ending	\$ 150,014,335	\$ 3,957	\$ 3,403,456	\$ 2,026

2014 STATE OF FLORIDA CAFR

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Retiree Health Insurance Subsidy	Defined Contribution Pension Plan	Totals 6/30/14
\$ 70,550	\$ 57,818	\$ 714,464
272,017	239,389	2,226,691
.....	139,867	898,714
.....	.....	149,668
.....	275	17,346
.....	.....	1,069
.....	.....	354,648
.....	241	38,004
.....	807,672	891,438
<u>342,567</u>	<u>1,245,262</u>	<u>5,292,042</u>
190	2	1,447,763
.....	20,002	2,221,180
.....	41	137,906
<u>30</u>	<u>1,188,048</u>	<u>21,022,316</u>
220	1,208,093	24,829,165
(1)	(2,364)	(513,431)
<u>219</u>	<u>1,205,729</u>	<u>24,315,734</u>
.....	.....	50,690
.....	.....	(5,632)
.....	.....	<u>45,058</u>
219	1,205,729	24,360,792
.....	.....	14,363
<u>342,786</u>	<u>2,450,991</u>	<u>29,667,197</u>
407,276	1,216,535	9,985,312
.....	.....	62,386
.....	.....	25,071
.....	.....	31,524
.....	.....	161,017
.....	.....	129
.....	.....	2
53	9,765	28,076
.....	57,821	922,054
.....	.....	82
<u>407,329</u>	<u>1,284,121</u>	<u>11,215,653</u>
(64,543)	1,166,870	18,451,544
<u>157,928</u>	<u>7,914,960</u>	<u>144,147,445</u>
<u>\$ 93,385</u>	<u>\$ 9,081,830</u>	<u>\$ 162,598,989</u>

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## **INVESTMENT TRUST FUNDS**

### **EXTERNAL TREASURY POOL**

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

### **INVESTMENT POOL A**

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

### **INVESTMENT POOL B**

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

### **OTHER INVESTMENT TRUST FUNDS**

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

2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**INVESTMENT TRUST FUNDS**  
**JUNE 30, 2014**  
**(in thousands)**

	External Treasury Pool	Investment Pool A	Investment Pool B	Other Investment Trust Funds	Totals 6/30/14
<b>ASSETS</b>					
Cash and cash equivalents	\$ .....	\$ 292,808	\$ .....	\$ .....	\$ 292,808
Pooled investments with State Treasury	\$ 1,541,271	\$ .....	\$ .....	\$ .....	\$ 1,541,271
Total cash and cash equivalents	1,541,271	292,808	.....	.....	1,834,079
<u>Investments</u>					
Certificates of deposit	.....	2,394,403	.....	.....	2,394,403
U.S. government & federally guaranteed obligations	.....	28,798	.....	.....	28,798
Commercial paper	.....	977,117	.....	.....	977,117
Repurchase agreements	.....	960,068	.....	.....	960,068
Bonds and notes	.....	598,240	38,775	4	637,019
International bonds and notes	.....	87,599	.....	.....	87,599
Money market and short-term investments	.....	704,387	4,311	.....	708,698
Total investments	.....	5,750,612	43,086	4	5,793,702
<u>Receivables</u>					
Interest receivable	1,773	2,519	1	.....	4,293
Pending investment sales	.....	8,432	.....	.....	8,432
Total receivables	1,773	10,951	1	.....	12,725
Other assets	.....	18	.....	.....	18
Total assets	1,543,044	6,054,389	43,087	4	7,640,524
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	.....	352	.....	.....	352
Due to other funds	.....	50	.....	.....	50
Pending investment purchases	.....	49,676	.....	.....	49,676
Due to other governments	.....	613	.....	.....	613
Obligations under security lending agreements	125,788	.....	.....	.....	125,788
Total liabilities	125,788	50,691	.....	.....	176,479
<b>NET POSITION</b>					
Held in trust for pool participants	\$ 1,417,256	\$ 6,003,698	\$ 43,087	\$ 4	\$ 7,464,045

2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
INVESTMENT TRUST FUNDS  
JUNE 30, 2014  
(in thousands)**

	External Treasury Pool	Investment Pool A	Investment Pool B	Other Investment Trust Funds	Totals 6/30/14
<b>ADDITIONS</b>					
<u>Contributions and other deposits</u>					
Transfers in from state funds	\$ .....	\$ 77,007	\$ .....	\$ .....	\$ 77,007
Total contributions and other deposits	.....	77,007	.....	.....	77,007
<u>Investment income</u>					
Interest income	29,940	11,958	1,039	.....	42,937
Net increase (decrease) in fair market value	.....	42	6,806	.....	6,848
Total investment income (loss)	29,940	12,000	7,845	.....	49,785
Investment activity expense	(1,749)	(1,820)	(10)	.....	(3,579)
Net income (loss) from investing activity	28,191	10,180	7,835	.....	46,206
Total net investment income (loss)	28,191	10,180	7,835	.....	46,206
Total additions	28,191	87,187	7,835	.....	123,213
<b>DEDUCTIONS</b>					
Administrative expense	.....	50	.....	.....	50
Transfers out to state funds	.....	.....	77,007	.....	77,007
Total deductions	.....	50	77,007	.....	77,057
<u>Depositor activity</u>					
Deposits	733,564	13,384,535	.....	.....	14,118,099
Withdrawals	(755,777)	(13,287,662)	.....	(14)	(14,043,453)
Excess (deficiency) of deposits over withdrawals	(22,213)	96,873	.....	(14)	74,646
Change in net position	5,978	184,010	(69,172)	(14)	120,802
Net position - beginning	1,411,278	5,819,688	112,259	18	7,343,243
Net position - ending	<u>\$ 1,417,256</u>	<u>\$ 6,003,698</u>	<u>\$ 43,087</u>	<u>\$ 4</u>	<u>\$ 7,464,045</u>

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## **AGENCY FUNDS**

### **TAX DISTRIBUTION AND ADMINISTRATION**

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

### **OTHER**

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

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

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

### **STATE BOARD OF ADMINISTRATION**

These agency funds administered by the State Board of Administration are primarily used to account for escrowed bond funds.

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2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**JUNE 30, 2014**  
**(in thousands)**

	Tax Distribution and Administration	Other	School for the Deaf and the Blind	State Board of Administration	Totals 6/30/14
<b>ASSETS</b>					
Cash and cash equivalents	\$ 483	\$ 19,038	\$ 42	\$ 3	\$ 19,566
Pooled investments with State Treasury	603,812	164,023	.....	326,776	1,094,611
Total cash and cash equivalents	604,295	183,061	42	326,779	1,114,177
<u>Investments</u>					
U.S. government & federally guaranteed obligations	.....	.....	.....	308,259	308,259
Total investments	.....	.....	.....	308,259	308,259
<u>Receivables</u>					
Accounts receivable	436,242	77,121	.....	.....	513,363
Interest receivable	.....	197	.....	1,463	1,660
Due from state funds	85,119	32,875	.....	.....	117,994
Due from other governments	2,307	.....	.....	.....	2,307
Total receivables	523,668	110,193	.....	1,463	635,324
Total assets	\$ 1,127,963	\$ 293,254	\$ 42	\$ 636,501	\$ 2,057,760
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 546,292	\$ 31,506	\$ 42	\$ 2,197	\$ 580,037
Due to other funds	86,796	60,315	.....	47	147,158
Due to other governments	494,875	8,562	.....	.....	503,437
Obligations under security lending agreements	.....	12,637	.....	26,539	39,176
Claims payable	.....	20,703	.....	.....	20,703
Deposits payable	.....	159,378	.....	607,718	767,096
Other liabilities	.....	153	.....	.....	153
Total liabilities	\$ 1,127,963	\$ 293,254	\$ 42	\$ 636,501	\$ 2,057,760

2014 STATE OF FLORIDA CAFR

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

**AGENCY FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(in thousands)

	Balance 6/30/13	Additions	Deductions	Balance 6/30/14
<u>Tax Distribution and Administration</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,959	\$ 1,476	\$ 2,952	\$ 483
Pooled investments with State Treasury	586,513	1,513,648	1,496,349	603,812
Accounts receivable	444,038	26,397	34,193	436,242
Due from state funds	69,253	5,528,058	5,512,192	85,119
Due from other governments	4,565	2,307	4,565	2,307
Total assets	<u>\$ 1,106,328</u>	<u>\$ 7,071,886</u>	<u>\$ 7,050,251</u>	<u>\$ 1,127,963</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 561,443	\$ 759,589	\$ 774,740	\$ 546,292
Due to other funds	103,785	1,658,977	1,675,966	86,796
Due to other governments	441,100	5,919,422	5,865,647	494,875
Total liabilities	<u>\$ 1,106,328</u>	<u>\$ 8,337,988</u>	<u>\$ 8,316,353</u>	<u>\$ 1,127,963</u>
<u>Other</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,439	\$ 204,381	\$ 193,782	\$ 19,038
Pooled investments with State Treasury	180,712	1,295,691	1,312,380	164,023
Other investments	100	.....	100	.....
Accounts receivable	81,037	14,075	17,991	77,121
Interest receivable	108	860	771	197
Due from state funds	30,974	24,461	22,560	32,875
Total assets	<u>\$ 301,370</u>	<u>\$ 1,539,468</u>	<u>\$ 1,547,584</u>	<u>\$ 293,254</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 27,399	\$ 314,739	\$ 310,632	\$ 31,506
Due to other funds	760	60,226	671	60,315
Due to other governments	13,154	6,861	11,453	8,562
Obligations under security lending agreements	13,691	468	1,522	12,637
Claims payable	21,616	6	919	20,703
Deposits payable	224,750	16,581	81,953	159,378
Other liabilities	.....	153	.....	153
Total liabilities	<u>\$ 301,370</u>	<u>\$ 399,034</u>	<u>\$ 407,150</u>	<u>\$ 293,254</u>
<u>School for the Deaf and the Blind</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 44	\$ 99	\$ 101	\$ 42
Total assets	<u>\$ 44</u>	<u>\$ 99</u>	<u>\$ 101</u>	<u>\$ 42</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 44	\$ 42	\$ 44	\$ 42
Total liabilities	<u>\$ 44</u>	<u>\$ 42</u>	<u>\$ 44</u>	<u>\$ 42</u>

2014 STATE OF FLORIDA CAFR

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

**AGENCY FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(in thousands)

<u>State Board of Administration</u>	Balance 6/30/13	Additions	Deductions	Balance 6/30/14
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,926	\$ 2,123,252	\$ 2,129,175	\$ 3
Pooled investments with State Treasury	276,219	896,712	846,155	326,776
Investments	353,318	31,004	76,063	308,259
Interest receivable	1,765	2,908	3,210	1,463
Total assets	<u>\$ 637,228</u>	<u>\$ 3,053,876</u>	<u>\$ 3,054,603</u>	<u>\$ 636,501</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ .....	\$ 25,580	\$ 23,383	\$ 2,197
Due to other funds	46	353,374	353,373	47
Obligations under security lending agreements	21,755	4,784	.....	26,539
Deposits payable	615,427	1,018,203	1,025,912	607,718
Total liabilities	<u>\$ 637,228</u>	<u>\$ 1,401,941</u>	<u>\$ 1,402,668</u>	<u>\$ 636,501</u>
<u>Totals - All Agency Funds</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,368	\$ 2,329,208	\$ 2,326,010	\$ 19,566
Pooled investments with State Treasury	1,043,444	3,706,051	3,654,884	1,094,611
Investments	353,418	31,004	76,163	308,259
Accounts receivable	525,075	40,472	52,184	513,363
Interest receivable	1,873	3,768	3,981	1,660
Due from state funds	100,227	5,552,519	5,534,752	117,994
Due from other governments	4,565	2,307	4,565	2,307
Total assets	<u>\$ 2,044,970</u>	<u>\$ 11,665,329</u>	<u>\$ 11,652,539</u>	<u>\$ 2,057,760</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 588,886	\$ 1,099,950	\$ 1,108,799	\$ 580,037
Due to other funds	104,591	2,072,577	2,030,010	147,158
Due to other governments	454,254	5,926,283	5,877,100	503,437
Obligations under security lending agreements	35,446	5,252	1,522	39,176
Claims payable	21,616	6	919	20,703
Deposits payable	840,177	1,034,784	1,107,865	767,096
Other liabilities	.....	153	.....	153
Total liabilities	<u>\$ 2,044,970</u>	<u>\$ 10,139,005</u>	<u>\$ 10,126,215</u>	<u>\$ 2,057,760</u>

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**NONMAJOR COMPONENT UNITS**

**WATER MANAGEMENT DISTRICTS**

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

**OTHER STATE UNIVERSITIES**

This category includes 11 state universities. Refer to Note 1 for additional information.

**FLORIDA COLLEGES**

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

**OTHER NONMAJOR COMPONENT UNITS**

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

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2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR COMPONENT UNITS**  
**JUNE 30, 2014**  
(in thousands)

	Water Management Districts	Other State Universities	Florida Colleges	Other Nonmajor Component Units	Totals 6/30/14
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 196,298	\$ 295,528	\$ 143,475	\$ 116,216	\$ 751,517
Pooled investments with State Treasury	40,455	1,342,301	188,258	43,874	1,614,888
Other investments	806,592	1,688,621	880,375	1,183,286	4,558,874
Receivables, net	12,775	454,770	260,003	147,311	874,859
Due from component units/primary	11,062	281,123	8,174	8,289	308,648
Inventories	6,727	8,144	14,849	9,500	39,220
Restricted cash and cash equivalents	.....	73,185	232,879	141,088	447,152
Restricted pooled investments with State Treasury	.....	229,753	345,214	.....	574,967
Restricted investments	379,801	1,821,358	1,071,033	.....	3,272,192
Other loans and notes receivable, net	.....	50,424	.....	1,106	51,530
Other assets	3,923	190,268	100,769	5,774	300,734
Capital assets, net	7,036,815	8,199,786	3,964,167	580,634	19,781,402
Total assets	8,494,448	14,635,261	7,209,196	2,237,078	32,575,983
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accum. decrease in fair value -Hedging derivatives	.....	16,399	1,517	.....	17,916
Amount deferred on refunding of debt	.....	3,653	.....	.....	3,653
Total deferred outflows of resources	.....	20,052	1,517	.....	21,569
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	115,935	312,909	324,857	161,708	915,409
Due to component units/primary	93	78,694	8,272	.....	87,059
Long-term liabilities					
Due within one year	97,361	348,334	89,838	28,087	563,620
Due in more than one year	567,796	3,084,821	436,369	930,511	5,019,497
Total liabilities	781,185	3,824,758	859,336	1,120,306	6,585,585
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred service concession arrangement receipts	.....	.....	.....	337	337
Accum. increase in fair value -Hedging derivatives	.....	4,059	234	.....	4,293
Total deferred outflows of resources	.....	4,059	234	337	4,630
<b>NET POSITION</b>					
Net investment in capital assets	6,543,376	5,948,488	3,745,283	568,800	16,805,947
Restricted for					
Debt service	.....	34,098	11,051	.....	45,149
Other	618,423	1,100,906	1,473,624	148,971	3,341,924
Funds held for permanent endowment					
Expendable	.....	234,852	150,489	.....	385,341
Nonexpendable	.....	1,758,100	460,466	.....	2,218,566
Unrestricted	551,464	1,750,052	510,230	398,664	3,210,410
Total net position	\$ 7,713,263	\$ 10,826,496	\$ 6,351,143	\$ 1,116,435	\$ 26,007,337

2014 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF ACTIVITIES  
NONMAJOR COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(in thousands)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Water Management Districts	\$ 720,695	\$ 40,044	\$ 64,609	\$ 63,274
Other State Universities	6,293,892	2,353,735	1,841,703	196,903
Florida Colleges	3,280,007	661,001	1,242,615	204,846
Other Nonmajor Component Units	913,365	171,043	589,396	37,357
<b>Total component units</b>	<b>\$ 11,207,959</b>	<b>\$ 3,225,823</b>	<b>\$ 3,738,323</b>	<b>\$ 502,380</b>

General revenues

Property taxes  
Investment earnings (losses)  
Gain (loss) on sale of capital assets  
Payments from the State of Florida  
Miscellaneous  
Contributions to permanent funds  
Total general revenues and contributions  
Change in net position  
Net position - beginning, as restated (Note 1)  
Net position - ending

2014 STATE OF FLORIDA CAFR

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Net (Expense) Revenue and Changes in Net Position

Water Management Districts	Other State Universities	Florida Colleges	Other Nonmajor Component Units	Totals 6/30/14
\$ (552,768)	\$ .....	\$ .....	\$ .....	\$ (552,768)
.....	(1,901,551)	.....	.....	(1,901,551)
.....	.....	(1,171,545)	.....	(1,171,545)
.....	.....	.....	(115,569)	(115,569)
(552,768)	(1,901,551)	(1,171,545)	(115,569)	(3,741,433)
468,554	.....	.....	.....	468,554
3,411	396,612	165,777	152,363	718,163
428	(8,249)	202	.....	(7,619)
.....	1,672,164	1,116,083	64,000	2,852,247
5,337	300,361	64,883	95,517	466,098
.....	16,086	9,519	.....	25,605
477,730	2,376,974	1,356,464	311,880	4,523,048
(75,038)	475,423	184,919	196,311	781,615
7,788,301	10,351,073	6,166,224	920,124	25,225,722
\$ 7,713,263	\$ 10,826,496	\$ 6,351,143	\$ 1,116,435	\$ 26,007,337

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**STATISTICAL  
SECTION**

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# STATISTICAL SECTION

## Table of Contents

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

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**Net Position by Component**  
**For the Last Ten Fiscal Years**  
**(in thousands)**  
 (Accrual Basis of Accounting)

SCHEDULE A-1

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Governmental Activities</b>					
Net investment of capital assets	\$ 43,469,131	\$ 46,546,117	\$ 49,603,845	\$ 51,937,584	\$ 54,585,016
Restricted					
Environment, Recreation and Conservation	2,251,215	2,974,802	2,861,436	2,910,269	2,563,254
Public Education <sup>(1)(2)</sup>	1,037,249	.....	.....	1,438,845	1,223,164
Health and Family Services	682,991	800,337	843,301	760,644	835,026
Transportation	1,017,620	1,624,834	1,680,338	1,564,767	1,131,641
Tax Collection and Administration <sup>(1)</sup>	220,221	.....	.....	.....	.....
Employment Services <sup>(1)</sup>	405,403	.....	.....	.....	.....
Nonmajor governmental funds <sup>(1)</sup>	339,061	2,056,047	2,664,650	1,852,966	1,886,160
Debt Service	82,955	75,671	72,890	84,221	142,933
Other	.....	.....	.....	.....	.....
Funds held for permanent endowment					
Expendable	.....	.....	44,830	409,958	.....
Nonexpendable	1,873,866	2,023,738	2,287,402	1,312,289	.....
Unrestricted	(6,051,178)	(5,844,743)	(7,552,727)	(11,996,949)	(15,242,901)
Total governmental activities net position	\$ 45,328,534	\$ 50,256,803	\$ 52,505,965	\$ 50,274,594	\$ 47,124,293
Percent change from prior year	10.53%	10.87%	4.48%	-4.25%	-6.27%
<b>Business-type Activities</b>					
Net investment of capital assets	\$ 3,331,056	\$ 3,829,792	\$ 4,164,740	\$ 4,360,753	\$ 4,929,637
Restricted					
Transportation	.....	.....	.....	154,853	.....
Lottery	204,037	98,472	90,869	158,532	120,944
Prepaid College Program <sup>(4)</sup>	.....	583,816	842,793	727,678	345,340
Hurricane Catastrophe Fund	2,387,054	.....	.....	856,986	1,749,163
Reemployment assistance	1,698,824	2,185,249	2,286,489	1,974,312	63,026
Other	395,216	211,257	198,010	.....	221,745
Unrestricted	310,405	(1,103,433)	393,589	622,176	278,870
Total business-type activities net position	\$ 8,326,592	\$ 5,805,153	\$ 7,976,490	\$ 8,855,290	\$ 7,708,725
Percent change from prior year	-22.79%	-30.28%	37.40%	11.02%	-12.95%
<b>Total Primary Government</b>					
Net investment of capital assets	\$ 46,800,187	\$ 50,375,909	\$ 53,768,585	\$ 56,298,337	\$ 59,514,653
Restricted					
Environment, Recreation and Conservation	2,251,215	2,974,802	2,861,436	2,910,269	2,563,254
Public Education <sup>(1)(2)</sup>	1,037,249	.....	.....	1,438,845	1,223,164
Health and Family Services	682,991	800,337	843,301	760,644	835,026
Transportation <sup>(3)</sup>	1,017,620	1,624,834	1,680,338	1,719,620	1,131,641
Tax Collection and Administration <sup>(1)</sup>	220,221	.....	.....	.....	.....
Employment Services <sup>(1)</sup>	405,403	.....	.....	.....	.....
Nonmajor governmental funds <sup>(1)</sup>	339,061	2,056,047	2,664,650	1,852,966	1,886,160
Debt Service	82,955	75,671	72,890	84,221	142,933
Lottery	204,037	98,472	90,869	158,532	120,944
Prepaid College Program <sup>(4)</sup>	.....	583,816	842,793	727,678	345,340
Hurricane Catastrophe Fund	2,387,054	.....	.....	856,986	1,749,163
Reemployment assistance	1,698,824	2,185,249	2,286,489	1,974,312	63,026
Other <sup>(3)</sup>	395,216	211,257	198,010	.....	221,745
Funds held for permanent endowment					
Expendable	.....	.....	44,830	409,958	.....
Nonexpendable	1,873,866	2,023,738	2,287,402	1,312,289	.....
Unrestricted	(5,740,773)	(6,948,176)	(7,159,138)	(11,374,773)	(14,964,031)
Total primary government net position	\$ 53,655,126	\$ 56,061,956	\$ 60,482,455	\$ 59,129,884	\$ 54,833,018
Percent change from prior year	3.59%	4.49%	7.89%	-2.24%	-7.27%

Note: Reporting standards require that net position be reported in three components in the financial statements: net investment of capital assets; restricted; and unrestricted. See Schedule A-2 for changes on net position from year to year.

<sup>(1)</sup> Tax Collection and Administration, Public Education, and Employment Services were reclassified as nonmajor as of July 1, 2005.

<sup>(2)</sup> Public Education was reclassified as major as of July 1, 2007.

<sup>(3)</sup> Restricted Net positions that were previously classified as "Other" are now being reported as "Transportation."

<sup>(4)</sup> Florida Prepaid College Program was reclassified as major business-type fund as of July 1, 2005.

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SCHEDULE A-1

Fiscal Year				
2010	2011	2012	2013	2014
\$ 56,935,300	\$ 57,100,033	\$ 58,403,581	\$ 59,994,370	\$ 61,727,674
2,440,804	2,359,437	2,409,211	2,533,998	2,672,904
1,064,284	700,343	593,657	390,829	502,820
1,166,423	2,117,546	1,042,253	1,562,739	1,771,369
1,092,578	1,440,141	1,706,083	1,665,701	2,475,460
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
1,666,747	1,401,380	1,195,232	1,137,373	1,100,467
247,039	286,787	289,922	280,048	263,030
476,495	173,331	571,203	557,025	482,457
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
(15,840,018)	(15,117,243)	(13,435,170)	(10,774,051)	(9,773,999)
<u>\$ 49,249,652</u>	<u>\$ 50,461,755</u>	<u>\$ 52,775,972</u>	<u>\$ 57,348,032</u>	<u>\$ 61,222,182</u>
4.51%	2.46%	4.59%	8.66%	6.76%
\$ 4,910,794	\$ 5,256,229	\$ 5,365,538	\$ 5,841,079	\$ 6,789,610
.....	.....	283,979	168,934	316,989
132,687	120,722	135,245	102,088	93,419
483,365	591,401	565,037	829,845	1,792,466
3,230,193	4,729,314	6,424,436	8,295,259	10,160,217
(903,588)	(1,058,871)	.....	1,158,339	2,044,428
269,844	279,983	90	4,165	9,144
613,896	549,270	617,183	889,008	951,037
<u>\$ 8,737,191</u>	<u>\$ 10,468,048</u>	<u>\$ 13,391,508</u>	<u>\$ 17,288,717</u>	<u>\$ 22,157,310</u>
13.34%	19.81%	27.93%	29.10%	28.16%
\$ 61,846,094	\$ 62,356,262	\$ 63,769,119	\$ 65,835,449	\$ 68,517,284
2,440,804	2,359,437	2,409,211	2,533,998	2,672,904
1,064,284	700,343	593,657	390,829	502,820
1,166,423	2,117,546	1,042,253	1,562,739	1,771,369
1,092,578	1,440,141	1,990,062	1,834,635	2,792,449
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
1,666,747	1,401,380	1,195,232	1,137,373	1,100,467
247,039	286,787	289,922	280,048	263,030
132,687	120,722	135,245	102,088	93,419
483,365	591,401	565,037	829,845	1,792,466
3,230,193	4,729,314	6,424,436	8,295,259	10,160,217
(903,588)	(1,058,871)	.....	1,158,339	2,044,428
746,339	453,314	571,293	561,190	491,601
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
(15,226,122)	(14,567,973)	(12,817,987)	(9,885,043)	(8,822,962)
<u>\$ 57,986,843</u>	<u>\$ 60,929,803</u>	<u>\$ 66,167,480</u>	<u>\$ 74,636,749</u>	<u>\$ 83,379,492</u>
5.75%	5.08%	8.60%	12.80%	11.71%

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

(Accrual Basis of Accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Expenses</b>					
Governmental activities:					
General government	\$ 6,902,109	\$ 7,410,799	\$ 8,410,918	\$ 7,492,475	\$ 6,878,903
Education	17,439,674	18,210,639	19,739,622	20,459,549	18,722,159
Human services	19,865,453	19,765,378	20,634,220	21,715,055	23,988,006
Criminal justice and corrections	3,466,376	3,811,677	3,992,990	4,296,298	4,037,197
Natural resources and environment	3,298,381	4,284,896	2,767,852	2,749,924	2,614,491
Transportation	3,147,739	3,308,209	3,545,752	4,098,203	3,850,791
State courts	367,941	414,044	436,825	464,190	426,639
Indirect interest on long-term debt	20,028	7,062	11,731	12,314	15,586
Total governmental activities expenses	<u>54,507,701</u>	<u>57,212,704</u>	<u>59,539,910</u>	<u>61,288,008</u>	<u>60,533,772</u>
Business-type activities:					
Transportation	321,595	329,966	403,982	446,489	402,235
Lottery	2,528,646	2,874,533	3,029,103	2,987,265	2,765,729
Hurricane Catastrophe Fund	3,811,900	4,758,156	241,568	1,044,927	676,970
Prepaid College Program	.....	459,404	855,997	1,302,094	1,037,026
Reemployment assistance	981,954	.....	.....	.....	4,307,809
Nonmajor enterprise funds	176,683	994,182	1,146,532	1,654,422	267,722
Total business-type activities expenses	<u>7,820,778</u>	<u>9,416,241</u>	<u>5,677,182</u>	<u>7,435,197</u>	<u>9,457,491</u>
Total primary government expenses	<u>\$ 62,328,479</u>	<u>\$ 66,628,945</u>	<u>\$ 65,217,092</u>	<u>\$ 68,723,205</u>	<u>\$ 69,991,263</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
General government	\$ 3,469,736	\$ 3,485,512	\$ 3,765,988	\$ 3,167,668	\$ 3,411,639
Education	209,149	211,352	250,023	291,975	133,346
Human services	885,836	954,495	1,302,926	1,020,441	1,629,514
Criminal justice and corrections	192,988	267,248	307,550	340,143	293,457
Natural resources and environment	288,837	346,037	368,511	451,363	346,240
Transportation	174,836	651,776	371,726	514,737	333,953
State courts	13,517	17,187	18,512	19,479	43,385
Operating grants and contributions	17,492,835	18,057,457	17,105,209	17,500,769	20,164,996
Capital grants and contributions	1,998,133	1,374,611	2,163,715	2,144,946	1,986,579
Total governmental activities program revenues	<u>24,725,867</u>	<u>25,365,675</u>	<u>25,654,160</u>	<u>25,451,521</u>	<u>28,343,109</u>
Business-type activities:					
Charges for services					
Transportation	665,097	698,409	766,190	738,450	747,347
Lottery	3,635,052	3,993,788	4,286,152	4,338,303	4,017,816
Hurricane Catastrophe Fund	787,759	891,506	1,476,660	1,188,703	1,242,072
Prepaid College Program	.....	502,579	1,114,978	1,619,334	654,688
Reemployment assistance	1,253,872	.....	.....	.....	931,516
Nonmajor enterprise funds	264,304	1,552,136	1,324,114	1,413,825	352,554
Operating grants and contributions	49,151	45,214	39,258	29,476	1,665,431
Capital grants and contributions	432	307	2,287	3,589	659
Total business-type activities program revenues	<u>6,655,667</u>	<u>7,683,939</u>	<u>9,009,639</u>	<u>9,331,680</u>	<u>9,612,083</u>
Total primary government program revenues	<u>\$ 31,381,534</u>	<u>\$ 33,049,614</u>	<u>\$ 34,663,799</u>	<u>\$ 34,783,201</u>	<u>\$ 37,955,192</u>
<b>Net (Expense) Revenue<sup>(1)</sup></b>					
Governmental activities	\$ (29,781,834)	\$ (31,847,029)	\$ (33,885,750)	\$ (35,836,487)	\$ (32,190,663)
Business-type activities	<u>(1,165,111)</u>	<u>(1,732,302)</u>	<u>3,332,457</u>	<u>1,896,483</u>	<u>154,592</u>
Total primary government net (expense)	<u>\$ (30,946,945)</u>	<u>\$ (33,579,331)</u>	<u>\$ (30,553,293)</u>	<u>\$ (33,940,004)</u>	<u>\$ (32,036,071)</u>

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SCHEDULE A-2

Fiscal Year				
2010	2011	2012	2013	2014
\$ 6,882,931	\$ 6,830,398	\$ 6,342,471	\$ 6,430,345	\$ 6,057,247
18,946,684	20,423,515	17,695,809	17,807,322	19,316,440
27,692,169	29,040,946	29,650,274	30,770,664	32,971,959
4,448,382	4,534,992	4,245,923	4,186,869	3,847,359
2,588,478	2,339,268	2,265,464	2,374,092	2,497,934
3,176,790	3,613,936	3,614,062	3,543,133	3,851,085
427,319	435,153	409,441	455,878	487,056
18,759	6,751	6,257	5,904	5,814
<u>64,181,512</u>	<u>67,224,959</u>	<u>64,229,701</u>	<u>65,574,207</u>	<u>69,034,894</u>
383,106	385,564	421,724	426,056	392,138
2,747,599	2,864,709	3,188,011	3,619,597	3,904,940
362,318	236,475	113,808	(95,313)	(90,146)
1,523,217	691,977	2,010,300	(149,009)	(48,662)
7,656,494	5,743,471	3,407,135	2,389,913	1,448,606
264,580	268,936	256,936	287,278	314,276
<u>12,937,314</u>	<u>10,191,132</u>	<u>9,397,914</u>	<u>6,478,522</u>	<u>5,921,152</u>
<u>\$ 77,118,826</u>	<u>\$ 77,416,091</u>	<u>\$ 73,627,615</u>	<u>\$ 72,052,729</u>	<u>\$ 74,956,046</u>
\$ 3,938,356	\$ 4,092,321	\$ 4,680,250	\$ 5,153,314	\$ 4,804,016
229,149	152,217	156,917	243,580	235,756
1,156,988	1,491,338	1,901,175	1,363,570	2,443,730
772,557	775,476	729,837	762,411	261,949
400,700	382,261	352,007	336,560	342,489
343,782	255,995	361,627	485,131	274,205
421,501	232,771	247,645	105,006	99,211
26,831,434	27,920,491	23,925,002	25,852,502	26,960,994
1,974,293	2,058,453	2,036,464	2,022,429	2,470,890
<u>36,068,760</u>	<u>37,361,323</u>	<u>34,390,924</u>	<u>36,324,503</u>	<u>37,893,240</u>
700,803	699,675	715,835	851,997	922,212
4,006,864	4,044,597	4,524,446	5,012,842	5,392,735
1,524,012	1,358,918	1,362,133	1,295,500	1,296,550
1,661,241	799,886	1,983,897	115,727	913,778
1,242,684	1,722,484	2,200,841	2,235,316	1,911,442
386,372	362,184	358,972	380,370	406,902
5,453,925	3,863,733	2,165,114	1,442,864	432,698
6,055	270	289	6,414	19,732
<u>14,981,956</u>	<u>12,851,747</u>	<u>13,311,527</u>	<u>11,341,030</u>	<u>11,296,049</u>
<u>\$ 51,050,716</u>	<u>\$ 50,213,070</u>	<u>\$ 47,702,451</u>	<u>\$ 47,665,533</u>	<u>\$ 49,189,289</u>
\$ (28,112,752)	\$ (29,863,636)	\$ (29,838,777)	\$ (29,249,704)	\$ (31,141,654)
<u>2,044,642</u>	<u>2,660,615</u>	<u>3,913,613</u>	<u>4,862,508</u>	<u>5,374,897</u>
<u>\$ (26,068,110)</u>	<u>\$ (27,203,021)</u>	<u>\$ (25,925,164)</u>	<u>\$ (24,387,196)</u>	<u>\$ (25,766,757)</u>

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

SCHEDULE A-2  
(Continued)

(Accrual Basis of Accounting)

**General Revenues and Other Changes in  
Net Position**

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental activities:					
Taxes					
Sales and use tax	\$ 19,056,249	\$ 20,729,364	\$ 20,684,191	\$ 19,716,442	\$ 17,277,989
Fuel taxes	2,414,012	2,591,946	2,575,303	2,548,254	2,495,280
Corporate income tax	1,785,213	2,363,056	2,450,357	2,253,781	1,698,356
Documentary stamp tax	3,376,210	4,051,479	3,022,536	1,924,526	1,104,758
Intangible personal property tax	998,904	1,104,008	757,163	428,804	197,391
Communication service tax	1,343,835	1,433,092	1,484,954	1,546,853	1,541,548
Beverage and tobacco taxes	1,088,542	1,102,408	1,112,580	1,043,526	1,063,483
Insurance premium tax	764,559	879,079	995,340	940,534	846,851
Gross receipts utilities tax	496,725	585,520	615,280	670,442	662,059
Other taxes	1,010,806	477,156	518,536	657,981	668,137
Investment earnings (loss)	300,620	174,039	812,617	578,770	(290,686)
Gain (loss) on sale of capital assets	.....	(75,501)	(250,925)	(107,535)	(126,527)
Miscellaneous	.....	.....	.....	.....	.....
Transfers	1,249,753	1,321,420	1,356,980	1,377,500	1,469,607
<b>Total governmental activities</b>	<b>33,885,428</b>	<b>36,737,066</b>	<b>36,134,912</b>	<b>33,579,878</b>	<b>28,608,246</b>
Business-type activities:					
Investment earnings	28,872	15,877	10,640	11,270	2,055
Gain (loss) on sale of capital assets	(17,018)	(10,341)	(10,006)	(6,425)	(1,694)
Emergency assessments	.....	.....	195,226	356,697	336,963
Miscellaneous	(1,272)	(808)	.....	.....	.....
Transfers	(1,249,753)	(1,321,420)	(1,356,980)	(1,377,500)	(1,469,607)
<b>Total business-type activities</b>	<b>(1,239,171)</b>	<b>(1,316,692)</b>	<b>(1,161,120)</b>	<b>(1,015,958)</b>	<b>(1,132,283)</b>
<b>Total primary government</b>	<b>\$ 32,646,257</b>	<b>\$ 35,420,374</b>	<b>\$ 34,973,792</b>	<b>\$ 32,563,920</b>	<b>\$ 27,475,963</b>
<b>Change in Net Position</b>					
Governmental activities	\$ 4,103,594	\$ 4,890,035	\$ 2,249,162	\$ (2,256,609)	\$ (3,582,417)
Business-type activities <sup>(2)</sup>	(2,404,282)	(3,048,994)	2,171,337	880,525	(977,691)
<b>Total primary government <sup>(3)</sup></b>	<b>\$ 1,699,312</b>	<b>\$ 1,841,041</b>	<b>\$ 4,420,499</b>	<b>\$ (1,376,084)</b>	<b>\$ (4,560,108)</b>

<sup>(1)</sup> Net (Expense) Revenue is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants and its reliance upon funding from general revenues.

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

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

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SCHEDULE A-2  
(Continued)

		Fiscal Year							
		2010	2011	2012	2013	2014			
\$	17,102,054	\$	17,822,003	\$	18,632,812	\$	19,914,591	\$	21,255,958
	2,505,193		2,512,393		2,515,654		2,580,843		2,680,381
	1,785,291		1,880,365		2,042,537		2,055,440		2,043,380
	1,077,836		1,152,222		1,289,321		1,662,044		1,806,604
	158,643		163,553		190,247		279,047		254,236
	1,515,675		1,427,851		1,389,752		1,422,775		1,317,185
	1,872,646		1,886,065		1,847,468		1,700,095		1,631,109
	862,520		876,744		884,180		907,004		917,693
	673,013		647,558		611,534		588,765		614,337
	971,197		1,022,728		1,068,535		1,142,373		1,187,566
	555,053		369,459		288,425		104,112		346,868
	(59,943)		(3,450)		(21,408)		(62,746)		(36,506)
	.....		68		.....		.....		.....
	1,352,669		1,318,180		1,452,437		1,534,368		996,993
	<u>30,371,847</u>		<u>31,075,739</u>		<u>32,191,494</u>		<u>33,828,711</u>		<u>35,015,804</u>
	9,526		4,353		5,148		496		3,957
	(2,374)		(2,732)		(717)		(4,679)		(2,579)
	329,341		386,676		456,797		490,011		498,560
	.....		127		1,056		740		1,050
	(1,352,669)		(1,318,180)		(1,452,437)		(1,534,368)		(996,993)
	<u>(1,016,176)</u>		<u>(929,756)</u>		<u>(990,153)</u>		<u>(1,047,800)</u>		<u>(496,005)</u>
\$	<u>29,355,671</u>	\$	<u>30,145,983</u>	\$	<u>31,201,341</u>	\$	<u>32,780,911</u>	\$	<u>34,519,799</u>
\$	2,259,095	\$	1,212,103	\$	2,352,717	\$	4,579,007	\$	3,874,150
	1,028,466		1,730,859		2,923,460		3,814,708		4,878,892
\$	<u>3,287,561</u>	\$	<u>2,942,962</u>	\$	<u>5,276,177</u>	\$	<u>8,393,715</u>	\$	<u>8,753,042</u>

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

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>General Fund (Per GASB 54)<sup>(1)</sup>:</b>					
Nonspendable	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
Restricted	.....	.....	.....	.....	.....
Committed	.....	.....	.....	.....	.....
Unassigned	.....	.....	.....	.....	.....
Total general fund	.....	.....	.....	.....	.....
Percent change from prior year	.....	.....	.....	.....	.....
<b>Other Governmental Funds (Per GASB 54)<sup>(1)</sup>:</b>					
Nonspendable	.....	.....	.....	.....	.....
Restricted	.....	.....	.....	.....	.....
Committed	.....	.....	.....	.....	.....
Unassigned	.....	.....	.....	.....	.....
Total other governmental funds	.....	.....	.....	.....	.....
<b>Total Governmental Funds<sup>(2)</sup></b>	<b>\$ .....</b>	<b>\$ .....</b>	<b>\$ .....</b>	<b>\$ .....</b>	<b>\$ .....</b>
Percent change from prior year	.....	.....	.....	.....	.....
<b>General Fund (Prior to GASB 54):</b>					
Reserved for:					
Encumbrances	\$ 78,253	\$ 51,988	\$ 106,922	\$ 104,614	\$ 103,142
Inventories	16,091	19,040	25,272	14,628	15,422
Advances	12,719	2,712	2,628	2,631	64,390
Long-term receivables	78,494	65,974	61,373	50,686	168
Capital outlay	93,857	243,947	207,807	177,049	102,685
Budget Stabilization Fund	995,805	1,092,081	1,248,490	1,353,690	273,874
Working Capital Fund	316,562	.....	.....	.....	.....
Other	2,067	2,031	2,597	2,806	616,822
Unreserved	5,257,271	6,572,190	5,574,678	2,324,588	2,191,735
Total general fund	6,851,119	8,049,963	7,229,767	4,030,692	3,368,238
Percent change from prior year	35.55%	17.50%	-10.19%	-44.25%	-16.44%
<b>Other Governmental Funds (Prior to GASB 54):</b>					
Reserved for:					
Encumbrances	719,895	1,214,792	135,249	81,220	116,822
Inventories	52,309	57,319	64,374	75,957	63,167
Advances	173,247	187,722	211,340	222,848	374,379
Long-term receivables	1,461,031	1,586,949	2,047,689	2,341,669	2,361,484
Capital outlay	1,839,728	2,294,027	3,503,486	3,568,444	2,621,895
Debt service	82,955	75,671	72,890	84,221	142,933
Permanent trust	1,873,866	2,023,738	2,332,232	1,722,247	.....
Working Capital Fund	107,171	.....	.....	.....	.....
Other	.....	158,088	155,275	113,439	245,016
Unreserved, reported in:					
Special revenue funds	3,705,392	4,093,227	3,631,599	3,323,598	2,806,191
Capital projects funds	41,250	28,779	45,703	17,733	5,913
Permanent funds	1,982	2,649	3,005	412,246	1,687
Total other governmental funds	10,058,826	11,722,961	12,202,842	11,963,622	8,739,487
<b>Total Governmental Funds<sup>(2)</sup></b>	<b>\$ 16,909,945</b>	<b>\$ 19,772,924</b>	<b>\$ 19,432,609</b>	<b>\$ 15,994,314</b>	<b>\$ 12,107,725</b>
Percent change from prior year	18.43%	16.93%	-1.72%	-17.69%	-24.30%

<sup>(1)</sup> The state implemented GASB Statement 54 in Fiscal Year 2011, which significantly changed the fund balance classifications. Fiscal year 2011 fund balance classifications are not comparable to prior years' classifications.

<sup>(2)</sup> See Schedule A-4 for changes in fund balances from year to year.

		Fiscal Year			
2010	2011	2012	2013	2014	
\$ .....	\$ 76,554	\$ 33,323	\$ 27,518	\$ 36,142	
.....	52,767	49,739	60,359	90,396	
.....	887,891	982,189	746,914	903,183	
.....	2,609,956	3,735,358	5,322,056	5,444,736	
.....	3,627,168	4,800,609	6,156,847	6,474,457	
.....	-13.01%	32.35%	28.25%	5.16%	
.....	59,967	74,260	117,133	95,290	
.....	4,565,723	4,651,214	5,301,861	5,553,343	
.....	5,598,547	4,389,415	4,880,459	5,920,057	
.....	.....	.....	(743,777)	(808,982)	
.....	10,224,237	9,114,889	9,555,676	10,759,708	
<u>\$ .....</u>	<u>\$ 13,851,405</u>	<u>\$ 13,915,498</u>	<u>\$ 15,712,523</u>	<u>\$ 17,234,165</u>	
.....	1.42%	0.46%	12.91%	9.68%	
\$ 67,330	\$ .....	\$ .....	\$ .....	\$ .....	
11,779	.....	.....	.....	.....	
54,904	.....	.....	.....	.....	
137	.....	.....	.....	.....	
91,868	.....	.....	.....	.....	
274,916	.....	.....	.....	.....	
.....	.....	.....	.....	.....	
684,063	.....	.....	.....	.....	
2,984,775	.....	.....	.....	.....	
4,169,772	.....	.....	.....	.....	
23.80%	.....	.....	.....	.....	
190,104	.....	.....	.....	.....	
44,172	.....	.....	.....	.....	
1,064,894	.....	.....	.....	.....	
2,433,814	.....	.....	.....	.....	
2,424,194	.....	.....	.....	.....	
247,039	.....	.....	.....	.....	
.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	
233,217	.....	.....	.....	.....	
2,829,255	.....	.....	.....	.....	
19,072	.....	.....	.....	.....	
2,276	.....	.....	.....	.....	
9,488,037	.....	.....	.....	.....	
<u>\$ 13,657,809</u>	<u>\$ .....</u>	<u>\$ .....</u>	<u>\$ .....</u>	<u>\$ .....</u>	
12.80%	.....	.....	.....	.....	

**Changes in Fund Balances****Governmental Funds****Last Ten Fiscal Years****(in thousands)**

(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Revenues</b>					
Taxes	\$ 32,334,920	\$ 35,317,243	\$ 34,216,240	\$ 31,544,362	\$ 27,693,512
Licenses and permits	1,263,525	1,318,920	1,349,929	1,300,154	1,261,366
Fees and charges	2,488,530	3,141,434	3,366,361	3,517,982	3,521,215
Grants and donations	19,270,292	19,567,321	19,204,113	19,610,900	22,075,028
Investment earnings (losses)	729,118	455,205	1,418,723	772,331	(164,294)
Fines, forfeits, settlements and judgments	630,682	804,869	830,178	818,804	764,621
Other	317,190	17,881	73,878	44,062	58,267
<b>Total revenues</b>	<b>57,034,257</b>	<b>60,622,873</b>	<b>60,459,422</b>	<b>57,608,595</b>	<b>55,209,715</b>
<b>Expenditures</b>					
Current:					
General government	6,891,380	7,428,922	8,351,906	7,684,863	6,633,032
Education	16,844,368	17,643,897	19,168,847	19,842,205	18,048,122
Human services	19,810,089	19,755,015	20,586,256	21,768,923	23,436,257
Criminal justice and corrections	3,384,667	3,673,967	3,912,691	4,173,403	3,949,006
Natural resources and environment	3,030,371	4,030,076	2,733,006	2,721,304	2,418,472
Transportation	3,021,534	3,188,602	3,456,266	3,971,868	3,727,772
State courts	360,374	412,793	435,531	457,883	403,267
Capital outlay	2,148,634	2,639,161	3,005,688	2,636,135	2,523,481
Gain/(loss) on disposal of general fixed assets	.....	.....	768	.....	.....
Debt service:					
Principal retirement	795,954	736,331	810,726	860,289	943,493
Interest and fiscal charges	825,872	835,993	842,558	903,637	971,752
<b>Total expenditures</b>	<b>57,113,243</b>	<b>60,344,757</b>	<b>63,304,243</b>	<b>65,020,510</b>	<b>63,054,654</b>
Excess (deficiency) of revenues over expenditures	(78,986)	278,116	(2,844,821)	(7,411,915)	(7,844,939)
<b>Other Financing Sources (Uses)</b>					
Proceeds of bond issues	1,231,340	1,152,268	1,110,197	2,571,311	1,901,696
Proceeds of refunding bonds	2,470,805	426,107	401,977	94,760	.....
Operating transfers in	13,472,264	10,901,916	9,982,178	9,847,759	9,659,500
Operating transfers out	(12,107,675)	(9,559,920)	(8,606,547)	(8,456,830)	(8,185,220)
Proceeds of financing agreements	44,819	23,751	18,678	8,984	117,960
Payments to refunded bond agent	(2,470,805)	(426,107)	(401,977)	(94,760)	.....
<b>Total other financing sources (uses)</b>	<b>2,640,748</b>	<b>2,518,015</b>	<b>2,504,506</b>	<b>3,971,224</b>	<b>3,493,936</b>
<b>Net change in fund balances</b>	<b>\$ 2,561,762</b>	<b>\$ 2,796,131</b>	<b>\$ (340,315)</b>	<b>\$ (3,440,691)</b>	<b>\$ (4,351,003)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	3.0%	2.7%	2.7%	2.8%	3.2%

		Fiscal Year							
		2010	2011	2012	2013	2014			
\$	28,391,262	\$	29,355,780	\$	30,480,459	\$	32,173,233	\$	33,712,162
	1,396,105		1,462,002		1,519,256		1,851,362		1,903,517
	4,507,761		4,543,730		5,236,550		4,930,332		4,827,751
	28,302,772		30,231,722		25,891,493		27,596,477		28,886,209
	776,902		495,585		461,343		191,892		481,773
	1,231,959		1,183,431		1,234,008		1,537,935		866,209
	54,325		119,190		171,866		148,442		565,212
	<u>64,661,086</u>		<u>67,391,440</u>		<u>64,994,975</u>		<u>68,429,673</u>		<u>71,242,833</u>
	6,830,572		6,750,211		6,363,177		6,416,211		6,177,769
	18,201,985		19,685,314		16,960,772		17,149,935		18,723,050
	27,506,447		29,070,430		29,663,993		30,594,941		32,888,676
	4,293,598		4,436,318		4,106,400		4,025,052		3,673,356
	2,353,990		2,162,579		2,095,042		2,206,123		2,351,663
	3,050,317		3,504,054		3,183,656		3,730,419		3,726,115
	430,980		426,559		401,216		445,686		475,097
	2,171,050		1,239,097		2,276,467		2,424,648		2,105,023
	.....		.....		.....		.....		.....
	1,093,865		1,153,973		1,310,958		1,270,667		1,012,513
	1,024,211		1,054,036		1,019,426		960,974		894,496
	<u>66,957,015</u>		<u>69,482,571</u>		<u>67,381,107</u>		<u>69,224,656</u>		<u>72,027,758</u>
	(2,295,929)		(2,091,131)		(2,386,132)		(794,983)		(784,925)
	1,705,534		962,333		317,936		229,511		298,118
	1,961,934		1,540,777		2,799,911		1,759,221		807,336
	10,203,770		9,413,135		9,611,610		9,648,910		9,215,113
	(8,841,850)		(8,091,465)		(8,141,874)		(8,097,250)		(7,590,188)
	9,594		724		662,553		631,503		383,524
	<u>(1,961,934)</u>		<u>(1,540,777)</u>		<u>(2,799,911)</u>		<u>(1,759,221)</u>		<u>(807,336)</u>
	<u>3,077,048</u>		<u>2,284,727</u>		<u>2,450,225</u>		<u>2,412,674</u>		<u>2,306,567</u>
\$	<u>781,119</u>	\$	<u>193,596</u>	\$	<u>64,093</u>	\$	<u>1,617,691</u>	\$	<u>1,521,642</u>
	3.3%		3.2%		3.5%		3.3%		2.7%

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

Industry	Calendar Year				
	2004	2005	2006	2007	2008
Agriculture	\$ 2,227,668	\$ 2,242,702	\$ 2,076,127	\$ 1,652,121	\$ 1,369,553
Mining	570,630	751,037	849,709	663,193	469,944
Construction	4,186,326	4,881,040	5,220,010	3,990,215	3,343,767
Manufacturing	14,619,140	17,726,833	18,880,215	16,277,337	14,056,016
Transportation	8,735,773	9,548,276	10,823,084	10,852,559	10,965,637
Communications <sup>(1)</sup>	13,165,323	14,253,972	15,042,938	15,677,020	15,924,520
Wholesale	17,282,512	22,480,523	25,890,934	21,307,898	19,899,564
Retail trade	178,084,155	198,092,426	192,829,254	182,161,612	164,058,988
Finance and insurance	21,102,170	23,697,839	18,872,894	20,875,323	21,022,328
Services	39,880,201	44,364,948	45,374,785	46,330,585	46,799,729
Government	147,522	102,172	211,732	274,053	354,338
Other	1,942,456	1,470,912	1,235,108	1,708,341	817,777
<b>Total</b>	<b>\$ 301,943,876</b>	<b>\$ 339,612,680</b>	<b>\$ 337,306,790</b>	<b>\$ 321,770,257</b>	<b>\$ 299,082,161</b>
State direct sales tax rate <sup>(3)</sup>	6.0%	6.0%	6.0%	6.0%	6.0%

Note: Taxable sales information is available for reporting on a calendar-year basis only.

<sup>(1)</sup> Taxable sales associated with communications services tax.

<sup>(2)</sup> Beginning in 2002, industry classification standards changed from the Standard Industry Classification (SIC) system to the North American Industry Classification System (NAICS), which modified how business establishments are classified. Since GASB statement 44 requires reporting for 10 prior fiscal years, NAICS data was not available for the complete prior reporting periods and SIC based data has been used to complete prior reports. Beginning with calendar year 2012, NAICS data is available for the full 10 prior year reporting periods. Figures and summaries provided for this and future reports will be based upon NAICS classifications.

<sup>(3)</sup> The sales tax rate on non-residential electricity is 7.0%. The sales tax rate on communication services (nonresidential phone and all cable) was 6.8% from October 1, 2001 until August 1, 2010 when it was reduced to 6.65%. The sales tax rate on amusement machines is 4.0%. As of July 1, 2005, the sales tax requirement for farm equipment changed from a 2.5% tax rate to become exempt from sales tax.

Source: Florida Department of Revenue

Calendar Year				
2009	2010	2011	2012 <sup>(2)</sup>	2013
\$ 1,169,974	\$ 1,114,023	\$ 1,165,247	\$ 593,296	\$ 1,231,900
320,213	295,621	311,842	331,665	388,064
2,813,374	2,820,903	2,804,215	3,126,150	3,433,049
11,479,034	10,878,166	11,513,052	11,662,104	12,872,788
11,215,193	10,838,604	11,436,895	8,634,841	11,953,528
16,084,681	17,837,511	15,104,143	14,512,956	14,000,080
17,283,554	19,514,708	19,661,065	10,112,139	24,339,323
158,206,374	161,552,218	173,087,498	158,134,617	194,887,248
27,554,293	27,456,593	28,324,565	39,688,012	30,287,022
44,001,387	45,724,851	47,962,744	77,920,525	53,738,778
331,221	307,812	345,215	320,316	319,054
757,198	741,152	811,416	803,974	996,105
<u>\$ 291,216,496</u>	<u>\$ 299,082,162</u>	<u>\$ 312,527,897</u>	<u>\$ 325,840,595</u>	<u>\$ 348,446,939</u>
6.0%	6.0%	6.0%	6.0%	6.0%

**Principal Sales Tax Payers By Industry**  
**Calendar Years 2013 and 2004**  
(dollars are in thousands)

SCHEDULE B-2

Industry	Calendar Year 2013			Calendar Year 2004		
	Number of filers	Sales Tax Liability	Percentage of Total	Number of filers	Sales Tax Liability	Percentage of Total
Agriculture	3,928	\$ 41,566	0.18%	8,596	\$ 105,639	0.53%
Mining	636	23,651	0.10%	926	38,656	0.19%
Construction	7,820	218,430	0.95%	8,303	329,538	1.65%
Manufacturing	29,084	821,731	3.59%	28,585	963,039	4.81%
Transportation & utilities	5,843	603,310	2.63%	7,332	602,548	3.01%
Communications	3,626	931,005	4.06%	2,618	895,242	4.48%
Wholesale	41,728	757,734	3.31%	32,992	707,112	3.54%
Retail trade	228,211	11,163,395	48.74%	253,699	10,429,416	52.16%
Finance and insurance	193,530	2,768,066	12.09%	162,352	2,111,745	10.56%
Services	148,726	5,497,213	24.00%	129,294	3,775,042	18.88%
Government	175	22,230	0.10%	65	9,830	0.05%
Other	4,432	56,468	0.25%	2,902	27,776	0.14%
<b>Total</b>	<b>667,739</b>	<b>\$ 22,904,799</b>	<b>100.00%</b>	<b>637,664</b>	<b>\$ 19,995,583</b>	<b>100.00%</b>

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available for reporting. The categories presented are intended to provide alternative information regarding the sources of the state's revenue. In addition, some of the categories from the revenue base/rate schedule have been combined in preparing this schedule.

Taxable sales information is available for reporting on a calendar-year basis only.

Source: Florida Department of Revenue

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**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(dollars in millions, except per capita)**

SCHEDULE C-1

Governmental Activities						
Fiscal Year	Full Faith and Credit	Pledged Revenue	Installment Purchases and Capital Leases	Public-Private Partnerships <sup>(3) (4)</sup>	Certificates of Participation	Total Governmental
2005	\$ 12,035	\$ 5,245	\$ 174	\$ .....	\$ 85	\$ 17,539
2006	11,476	5,379	144	.....	279	17,278
2007	12,004	5,227	135	.....	267	17,633
2008	12,939	5,912	111	.....	256	19,218
2009	13,417	6,395	207	.....	395	20,414
2010	13,782	7,362	70	.....	846	22,060
2011	14,067	7,235	53	.....	807	22,162
2012	13,405	6,760	60	1,649	766	22,640
2013	12,656	6,014	69	2,280	723	21,742
2014	11,816	6,104	69	2,308	676	20,973

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

- <sup>(1)</sup> Tax-supported revenues are comprised of State General Revenue receipts, including primarily sales and use tax revenues, and revenues generated from taxes specifically pledged for repayment of debt. See Schedule C-3 for a more complete description of tax-supported revenues.
- <sup>(2)</sup> Population data used in calculation of this ratio can be found in Schedule D-1.
- <sup>(3)</sup> This column accounts for Public-Private Partnership agreements recorded as of fiscal year 2012.
- <sup>(4)</sup> Refer to Notes 9 and 10 for further detail.

Business-type Activities

Pledged Revenue	Public-Private Partnerships <sup>(4)</sup>	Installment Purchases and Capital Leases	Total Primary Government	Debt as a Percentage of Tax-supported Revenues <sup>(1)</sup>	Debt Per Capita <sup>(2)</sup>
\$ 2,071	\$ .....	\$ .....	\$ 19,610	66.37%	\$ 1,103.04
3,358	.....	.....	20,636	62.56%	1,136.69
6,361	.....	.....	23,994	74.28%	1,300.72
10,220	.....	.....	29,438	98.97%	1,581.51
7,714	.....	.....	28,128	108.18%	1,505.18
8,600	.....	.....	30,660	108.16%	1,630.74
8,230	.....	.....	30,392	102.83%	1,607.61
7,990	.....	.....	30,630	99.75%	1,605.88
6,107	.....	4	27,853	86.14%	1,446.18
5,823	345	21	27,162	80.60%	1,392.40

**Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(dollars in millions, except per capita)**

SCHEDULE C-2

Fiscal Year	General Bonded Debt Outstanding			Restricted Resources	Net General Bonded Debt Outstanding	Debt as a Percentage of Tax-supported Revenue <sup>(1)</sup>	Debt Per Capita <sup>(2)</sup>
	Full Faith and Credit	Certificates of Participation	Total				
2005	\$ 12,035	\$ 85	\$ 12,120	\$ 83	\$ 12,037	40.74%	\$ 677.07
2006	11,476	279	11,755	76	11,679	35.41%	643.31
2007	12,004	267	12,271	73	12,198	37.76%	661.25
2008	12,939	256	13,195	84	13,111	44.08%	704.37
2009	13,417	395	13,812	143	13,669	52.57%	731.45
2010	13,782	846	14,628	247	14,381	50.73%	764.89
2011	14,067	807	14,874	287	14,587	49.35%	771.59
2012	13,405	766	14,171	290	13,881	45.20%	727.76
2013	12,656	723	13,379	280	13,099	40.51%	680.13
2014	11,816	676	12,492	263	12,229	36.29%	626.89

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

<sup>(1)</sup> Tax-supported revenues are comprised of State General Revenue receipts, including primarily sales and use tax revenues, and revenues generated from taxes specifically pledged for repayment of debt. See Schedule C-3 for a more complete description of tax-supported revenues.

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

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

Legal debt margin calculated for fiscal year 2013-2014:

Tax-supported revenues <sup>(1)</sup>	\$ 33,699
Debt limit <sup>(2)</sup>	2,022
Debt applicable to limit:	
Aggregate debt service on tax-supported debt	<u>1,887</u>
Legal debt margin	<u>\$ 135</u>

	2005	2006	2007	2008	2009 <sup>(3)</sup>	2010 <sup>(3)</sup>	2011 <sup>(3)</sup>	2012 <sup>(3)</sup>	2013	2014
Debt limit <sup>(2)</sup>	\$ 1,773	\$ 1,979	\$ 1,938	\$ 1,785	\$ 1,560	\$ 1,701	\$ 1,773	\$ 1,843	\$ 1,940	\$ 2,022
Total debt applicable to limit	<u>1,596</u>	<u>1,681</u>	<u>1,772</u>	<u>1,898</u>	<u>2,058</u>	<u>2,095</u>	<u>2,204</u>	<u>2,191</u>	<u>2,196</u>	<u>1,887</u>
Legal debt margin	<u>\$ 177</u>	<u>\$ 298</u>	<u>\$ 166</u>	<u>\$ (113)</u>	<u>\$ (498)</u>	<u>\$ (394)</u>	<u>\$ (431)</u>	<u>\$ (348)</u>	<u>\$ (256)</u>	<u>\$ 135</u>
Total net debt applicable to the limit as a percentage of debt limit.	90.02%	84.94%	91.43%	106.33%	131.92%	123.16%	124.31%	118.88%	113.20%	93.32%

<sup>(1)</sup> For purposes of this Schedule C-3, tax-supported revenues are comprised of the general revenues of the state, including primarily sales and use tax receipts, and the specific state tax revenues pledged for payment of debt service. Tax-supported debt is debt secured by the full faith and credit of the state or payable from general revenue or specified state tax sources. As of June 30, 2014, the total outstanding balance of tax-supported debt was approximately \$20,012,500,000.

<sup>(2)</sup> The state debt fiscal responsibility policy, Section 215.98, Florida Statutes, establishes the ratio of tax-supported debt service to tax-supported revenues as the benchmark debt ratio for purposes of setting the state's legal debt margin. Under the present policy, if the ratio exceeds 6%, additional tax-supported debt may be authorized only if the legislature determines the additional debt is in the best interest of the state. If the ratio exceeds 7%, additional tax-supported debt may be authorized only if the legislature determines it is necessary to address a critical state emergency. The 6% ratio has been used to determine the debt limit in this schedule.

<sup>(3)</sup> In Fiscal Years 2009, 2010, 2011, and 2012 tax-supported debt service exceeded 7% of tax-supported revenues.

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

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

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

Year Ended 6/30	Revenue <sup>(1)</sup>	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Principal	Interest <sup>(2)</sup>	
<b>Florida Turnpike</b>						
2005	598,762	157,570	441,192	70,910	103,940	2.52
2006	647,959	155,357	492,602	60,135	98,536	3.10
2007	681,615	175,386	506,229	65,610	102,844	3.01
2008	650,743	184,218	466,525	72,665	118,657	2.44
2009	604,897	190,603	414,294	81,660	121,485	2.04
2010	611,596	172,422	439,174	91,405	132,816	1.96
2011	611,946	180,060	431,886	99,000	144,061	1.78
2012	620,201	173,704	446,497	105,060	138,179	1.84
2013	767,985	157,388	610,597	111,680	133,549	2.49
2014	808,374	157,343	651,031	116,398	130,033	2.64
<b>Florida Forever/Preservation 2000/Everglades</b>						
2005	1,960,100	.....	1,960,100	194,640	140,275	5.85
2006	2,363,800	.....	2,363,800	213,378	135,020	6.78
2007	1,776,500	.....	1,776,500	230,120	137,480	4.83
2008	1,138,600	.....	1,138,600	246,045	135,064	2.99
2009	655,500	.....	655,500	272,975	140,919	1.58
2010	622,282	.....	622,282	275,925	127,008	1.54
2011	669,440	.....	669,440	308,085	125,948	1.54
2012	729,901	.....	729,901	321,675	104,460	1.71
2013	950,700	.....	950,700	345,485	88,253	2.19
2014	1,049,500	.....	1,049,500	97,960	72,963	6.14
<b>Lottery Education<sup>(3)</sup></b>						
2005	1,103,633	.....	1,103,633	84,255	102,638	5.91
2006	1,224,651	.....	1,224,651	95,430	106,922	6.05
2007	1,263,272	.....	1,263,272	103,920	105,579	6.03
2008	1,283,414	.....	1,283,414	119,030	119,451	5.38
2009	1,287,856	.....	1,287,856	139,955	145,166	4.52
2010	1,247,150	.....	1,247,150	156,660	145,787	4.12
2011	1,184,000	.....	1,184,000	168,607	146,329	3.76
2012	1,321,663	.....	1,321,663	176,845	134,745	4.24
2013	1,424,307	.....	1,424,307	185,661	125,883	4.57
2014	1,498,409	.....	1,498,409	194,105	118,649	4.79
<b>Alligator Alley</b>						
2005	14,437	5,114	9,323	1,135	2,533	2.54
2006	18,968	6,016	12,952	1,205	2,462	3.53
2007	23,538	6,673	16,865	1,335	1,854	5.29
2008	21,962	5,547	16,415	1,345	2,105	4.76
2009	19,384	7,292	12,092	1,395	2,051	3.51
2010	19,948	6,360	13,588	1,460	1,988	3.94
2011	19,737	7,059	12,678	1,525	1,923	3.68
2012	19,647	7,243	12,404	1,590	1,858	3.60
2013	25,115	7,409	17,706	1,660	1,790	5.13
2014	26,755	8,272	18,483	1,740	1,707	5.36
<b>State Infrastructure Bank</b>						
2007	39,602	.....	39,602	5,195	3,000	4.83
2008	43,550	.....	43,550	5,915	5,785	3.72
2009	48,924	.....	48,924	5,390	5,543	4.47
2010	48,924	.....	48,924	7,075	5,296	3.95
2011	56,698	.....	56,698	8,265	4,962	4.29
2012	76,531	.....	76,531	11,200	4,548	4.86
2013	64,368	.....	64,368	9,955	3,988	4.62
2014	69,407	.....	69,407	10,710	3,491	4.89
<b>Florida Hurricane Catastrophe Fund Finance Corporation</b>						
2007	1,580,008	15,108	1,564,900	.....	113,300	13.81
2008	1,886,868	15,639	1,871,229	.....	311,397	6.01
2009	1,570,615	16,224	1,554,391	309,673	199,167	3.05
2010	1,798,380	15,467	1,782,913	256,655	115,739	4.79
2011	1,714,728	15,644	1,699,084	269,485	122,919	4.33
2012	1,791,238	14,642	1,776,596	282,660	121,597	4.39
2013	1,746,135	17,071	1,729,064	3,796,795	80,687	0.45 <sup>(5)</sup>
2014	1,789,747	17,650	1,772,097	300,000	88,295	4.56

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

SCHEDULE C-4  
(Continued)

Year Ended	Revenue <sup>(1)</sup>	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Principal	Interest <sup>(2)</sup>	
<b>State University System Bonds</b>						
2011	37,798	.....	37,798	16,240	11,306	1.37
2012	40,055	.....	40,055	16,495	10,766	1.47
2013	51,730	.....	51,730	17,335	9,614	1.92
2014	55,766	.....	55,766	12,835	8,796	2.58
<b>University Auxiliary Bonds</b>						
<b>Parking System Revenue Bonds</b>						
<b>Florida International University</b>						
2011	10,009	3,212	6,797	2,230	2,165	1.55
2012	11,435	4,673	6,762	2,710	2,865	1.21
2013	12,663	4,062	8,601	2,815	2,151	1.73
2014	13,762	5,032	8,730	2,655	3,023	1.54
<b>University of South Florida</b>						
2011	12,544	7,277	5,267	1,990	1,570	1.48
2012	13,549	7,944	5,605	2,130	1,429	1.57
2013	13,187	7,799	5,388	2,205	1,354	1.51
2014	13,783	7,661	6,122	2,285	1,272	1.72
<b>Florida Agricultural &amp; Mechanical University</b>						
2011	2,628	1,338	1,290	155	77	5.56
2012	2,708	1,261	1,447	160	70	6.29
2013	2,422	1,538	884	170	61	3.82
2014	2,216	1,501	715	180	53	3.07
<b>University of Florida</b>						
2011	12,276	7,388	4,888	1,905	1,225	1.56
2012	12,255	7,320	4,935	2,075	1,055	1.58
2013	11,988	7,545	4,443	2,165	965	1.42
2014	12,499	7,176	5,323	2,260	870	1.70
<b>Florida Atlantic University</b>						
2011	5,708	2,233	3,475	750	508	2.76
2012	6,962	3,486	3,476	805	456	2.76
2013	7,324	2,821	4,503	835	544	3.27
2014	7,161	3,164	3,997	1,300	779	1.92
<b>University of Central Florida</b>						
2011	16,181	3,379	12,801	2,235	1,567	3.37
2012	18,576	3,149	15,427	2,880	1,833	3.27
2013	19,199	3,545	15,654	3,065	1,674	3.30
2014	19,251	3,335	15,916	3,275	1,639	3.24
<b>Florida State University</b>						
2011	9,857	2,145	7,712	2,605	1,901	1.71
2012	11,104	2,347	8,757	3,395	2,223	1.56
2013	11,879	2,660	9,219	3,515	2,112	1.64
2014	11,045	3,027	8,018	3,620	1,994	1.43
<b>Housing System Revenue Bonds</b>						
<b>Florida Agricultural &amp; Mechanical University</b>						
2013	11,600	6,856	4,744	1,216	3,145	1.09
2014	11,146	7,297	3,849	2,684	3,228	0.65
<b>Florida International University</b>						
2011	23,518	12,418	11,099	3,430	3,694	1.56
2012	25,069	14,049	11,020	3,765	3,395	1.54
2013	25,991	14,149	11,842	3,975	4,691	1.37
2014	30,469	16,622	13,847	5,175	4,521	1.43
<b>University of Florida</b>						
2011	44,885	27,209	17,676	2,235	2,625	3.64
2012	45,673	33,519	12,154	2,630	2,265	2.48
2013	48,964	32,770	16,194	3,680	3,125	2.38
2014	52,210	35,004	17,206	3,500	3,040	2.63

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

Year Ended	Revenue <sup>(1)</sup>	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Principal	Interest <sup>(2)</sup>	
<b>Florida Atlantic University</b>						
2011	14,802	6,119	8,683	2,405	3,357	1.51
2012	16,299	6,419	9,880	2,585	3,177	1.71
2013	16,498	7,481	9,017	2,690	3,077	1.56
2014	15,898	7,153	8,745	2,795	2,971	1.52
<b>University of Central Florida</b>						
2011	22,872	11,509	11,363	2,740	3,766	1.75
2012	24,712	11,910	12,802	2,985	3,382	2.01
2013	25,577	14,208	11,369	3,125	5,117	1.38
2014	29,316	17,450	11,866	3,125	5,117	1.44
<b>Florida State University</b>						
2011	32,671	16,925	15,745	3,215	5,628	1.78
2012	35,639	16,416	19,223	3,815	5,998	1.96
2013	39,011	15,963	23,048	4,140	5,652	2.35
2014	42,203	18,193	24,010	4,285	6,886	2.15
<b>Student Health and Wellness Center Revenue Bonds</b>						
<b>University of Central Florida</b>						
2011	10,856	.....	10,856	320	299	17.55
2012	12,754	.....	12,754	345	271	20.70
2013	13,243	.....	13,243	360	256	21.50
2014	14,127	.....	14,127	375	242	22.90
<b>Florida State University</b>						
2011	8,734	.....	8,734	.....	.....	3.67 <sup>(4)</sup>
2012	13,404	.....	13,404	1,075	1,305	5.63
2013	14,232	.....	14,232	1,110	1,272	5.97
2014	13,851	.....	13,851	1,155	1,228	5.81
<b>University of North Florida</b>						
2012	3,834	.....	3,834	400	929	2.88
2013	3,985	.....	3,985	410	618	3.88
2014	4,248	.....	4,248	420	627	4.06
<b>Bookstore Revenue Bonds</b>						
<b>University of Central Florida</b>						
2011	1,978	434	1,543	195	95	5.31
2012	1,788	485	1,303	220	76	4.40
2013	1,880	401	1,479	230	65	5.02
2014	1,840	548	1,292	240	53	4.41
<b>Student Services Center Revenue Bonds</b>						
<b>Florida Agricultural &amp; Mechanical University</b>						
2011	2,603	1,396	1,207	365	159	2.29
2012	2,416	1,153	1,263	385	141	2.40
2013	2,197	1,395	802	405	120	1.53
2014	.....	.....	.....	.....	.....	.....
<b>University of Florida</b>						
2014	21,347	.....	21,347	1,045	1,571	8.16
<b>Water Pollution Control Bonds</b>						
2011	96,063	.....	96,063	21,285	19,019	2.38
2012	120,674	.....	120,674	25,405	24,721	2.41
2013	87,796	.....	87,796	34,155	23,514	1.52
2014	90,394	.....	90,394	34,840	22,025	1.59
<b>Inland Protection Bonds</b>						
2011	211,533	.....	211,533	5,080	4,695	21.64
2012	189,683	.....	189,683	5,335	3,403	21.71
2013	188,346	.....	188,346	5,605	3,181	21.44
2014	192,444	.....	192,444	5,885	2,931	21.83
<b>Seaport Investment Program</b>						
2014	200,000	.....	200,000	6,195	2,387	23.30

<sup>(1)</sup> Refer to Note 8A.2. for information on the sources of pledged revenues.

<sup>(2)</sup> Debt service interest is shown net of interest subsidy payments received from the Federal Government for Build America Bonds.

<sup>(3)</sup> Source Department of Lottery, Audited Financial Statements.

<sup>(4)</sup> Coverage shown based on maximum annual debt service of \$2,382,950 for illustrative purposes.

<sup>(5)</sup> In Fiscal Year 2008, Florida Hurricane Catastrophe Fund executed a \$3.5 billion liquidity bond issue. The proceeds of the issue were used to redeem the bonds at maturity in Fiscal Year 2013. The coverage ratio shown is based only on the net revenue and does not include the bond proceeds used to redeem the bonds. Including the bond proceeds, the coverage ratio is 1.35.

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**Demographic and Economic Statistics  
For the Last Ten Calendar Years**

## SCHEDULE D-1

Year	Population				Personal Income (in millions)	
	Florida - April 1	Percent Change from Prior Year	U.S. - July 1	Percent Change from Prior Year	Florida	U.S.
2005	17,778,156	2.32%	295,516,599	0.93%	\$ 646,923	\$ 10,605,595
2006	18,154,475	2.12%	298,379,912	0.97%	702,930	11,376,405
2007	18,446,768	1.61%	301,231,207	0.96%	731,383	11,990,104
2008	18,613,905	0.91%	304,093,966	0.95%	735,701	12,429,234
2009	18,687,425	0.39%	306,771,529	0.88%	696,683	12,080,223
2010	18,801,332	0.61%	309,326,295	0.83%	725,160	12,417,659
2011	18,905,070	0.55%	311,582,564	0.73%	767,448	13,189,935
2012	19,074,434	0.90%	313,873,685	0.74%	792,950	13,873,161
2013	19,259,543	0.97%	316,128,839	0.72%	811,377	14,151,427
2014	19,507,369	1.29%	318,351,393	0.70%	850,671	14,765,520

<sup>(1)</sup> Unemployment Assistance rates are annualized (average of monthly rates).

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

Note: Historical data are from the US Department of Commerce, University of Florida, the US Department of Labor, Florida Department of Education, and Florida Demographic Estimating Conference. Forecast data are based on the National and Florida Economic Estimating Conference, November 2014.

Sources: Florida Legislature, Florida Department of Education

**State of Florida  
Population by Age**

Age Group	2000 Census	Percent	2010 Census	Percent	2020 Projection	Percent
0 - 14	3,034,656	18.99%	3,284,608	17.47%	3,564,661	16.81%
15 - 24	1,942,430	12.15%	2,457,140	13.07%	2,565,820	12.10%
25 - 44	4,569,515	28.59%	4,720,799	25.11%	5,245,642	24.73%
45 - 64	3,628,573	22.70%	5,079,161	27.01%	5,511,850	25.99%
65 and Over	2,807,650	17.57%	3,259,602	17.34%	4,321,398	20.37%
Total	15,982,824	100.00%	18,801,310	100.00%	21,209,371	100.00%

Source: Forecast from November 2014 Florida Demographic Estimating Conference adjusted by age percentages from Florida Population Studies, Bulletin 169, June 2014, University of Florida, Bureau of Economic and Business Research. Year 2000 Census data incorporates adjustments for age misreporting prepared by the University of Florida, Bureau of Economic and Business Research.

<u>Per Capita Personal Income</u>		<u>Unemployment Assitance Rate <sup>(1)</sup></u>		<u>Median Age</u>	<u>Public School Enrollment <sup>(2)</sup></u>
<u>Florida</u>	<u>U.S.</u>	<u>Florida</u>	<u>U.S.</u>	<u>Florida</u>	<u>Florida</u>
\$ 36,389	\$ 35,888	3.8%	5.1%	39.7	2,634,223
38,719	38,127	3.3%	4.6%	39.9	2,668,337
39,648	39,804	4.0%	4.6%	39.9	2,662,701
39,524	40,873	6.3%	5.8%	40.1	2,652,684
37,281	39,379	10.4%	9.3%	40.4	2,628,754
38,570	40,144	11.3%	9.6%	40.6	2,634,382
40,595	42,332	10.3%	8.9%	40.9	2,643,396
41,571	44,200	8.8%	8.1%	41.0	2,667,830
42,129	44,765	7.2%	7.4%	41.1	2,691,322
43,608	46,381	6.2%	6.2%	41.2	2,720,074

**Industry Sector Employment**  
**For Calendar Years 2013 and 2004**  
**(in thousands)**

SCHEDULE D-2

Industry	2013		2004	
	Employment	Percentage of Total Employment <sup>(1)</sup>	Employment	Percentage of Total Employment <sup>(1)</sup>
Retail Trade	1,003	13.09%	964	12.72%
Health Care and Social Assistance	985	12.86%	834	11.00%
Accommodation and Food Services	841	10.98%	745	9.83%
Local Government	738	9.63%	731	9.65%
Administrative and Waste Services	558	7.28%	545	7.19%
Professional and Technical Services	468	6.11%	404	5.33%
Construction	368	4.80%	573	7.56%
Finance and Insurance	347	4.53%	348	4.59%
Manufacturing	322	4.20%	411	5.42%
Wholesale Trade	321	4.19%	333	4.39%
<b>Total</b>	<b>5,951</b>	<b>77.67%</b>	<b>5,888</b>	<b>77.68%</b>

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

The Florida economy is continuing to recover from the worst recession since record-keeping began in 1970. In December 2013, Florida's seasonally adjusted total nonagricultural employment was 7,680,600, an increase of 210,300 jobs (+2.8 percent) over the year. Florida's annual job growth rate had been positive for 41 consecutive months. Prior to August 2010, the state had been losing jobs for three years. In December 2013, nine out of the ten major industries gained jobs over the year with trade, transportation, and utilities (+54,800 jobs) gaining the most jobs followed by professional and business services (+38,900 jobs). Government was the only major industry to lose jobs over the year (-800 jobs).

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

	2013	2004
Total non-agricultural employment (in thousands)	7,579	7,481
Total agricultural employment (in thousands)	82	98
<b>Total employment</b>	<b>7,661</b>	<b>7,579</b>

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

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

SCHEDULE E-1

Function	Fiscal Year						
	2005	2006	2007	2008	2009	2010	2011
Financial administration	15,498	15,416	15,551	15,409	15,510	15,542	15,212
Streets and highways	7,173	7,074	7,030	7,156	7,229	7,048	6,751
Public welfare	17,194	12,673	12,458	12,507	12,528	12,723	12,278
Police protection	5,314	5,342	5,355	5,248	5,137	5,079	4,981
Natural resources	7,691	7,698	7,791	7,761	7,773	7,687	7,481
Health	15,583	15,959	16,434	16,388	17,105	16,917	16,303
Housing	27	28	29	28	27	28	31
Community development	277	292	303	284	289	256	278
Criminal justice and corrections	38,870	39,555	40,756	40,558	40,555	41,229	39,051
Utility and transportation	317	315	296	323	321	315	301
Employee security	1,345	1,315	1,272	1,243	1,269	1,439	1,481
Education	2,386	2,461	2,481	2,499	2,359	2,251	2,272
State courts	3,869	4,137	4,457	4,401	4,113	4,117	4,009
Other	2,007	2,154	2,140	2,059	1,908	1,802	1,724
<b>Total</b>	<b>117,551</b>	<b>114,419</b>	<b>116,353</b>	<b>115,864</b>	<b>116,123</b>	<b>116,433</b>	<b>112,153</b>

Note: FTE's are calculated based on a 40 hour work week. A numerical designator is based on 100% for a full-time employee (i.e.1.00 point for a FTE working 40 hours). All others are pro-rated accordingly.

Sources: Florida Legislature, Florida State Board of Administration, Florida Department of Management Services

Fiscal Year		
2012	2013	2014
16,778	25,974	25,856
6,116	5,821	5,827
14,148	13,784	13,736
5,201	5,181	5,314
7,437	7,245	7,185
15,437	14,957	14,414
39	87	44
53	37	36
35,875	25,524	24,114
270	269	259
1,563	1,384	1,446
2,251	2,184	2,147
4,042	4,097	4,112
2,698	999	1,025
<u>111,908</u>	<u>107,543</u>	<u>105,515</u>

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

SCHEDULE E-2

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>General Government</b>					
<b>Department of Revenue</b>					
Total administered taxes ( <i>in millions \$</i> )	34,742	38,736	37,477	34,152	30,140
<b>Department of Management Services</b> <sup>(1)</sup>					
Number of retired members covered	236,974	250,496	263,198	274,842	288,216
<b>Education</b>					
<b>Universities</b>					
University enrollments	277,583	287,375	294,016	301,135	302,513
Degrees awarded	59,771	61,215	64,778	68,423	70,616
<b>Human Services</b>					
<b>Department of Health</b> <sup>(2)</sup>					
Number of live births	226,219	237,166	239,120	231,417	221,391
Number of deaths	170,300	169,365	167,708	170,473	169,854
<b>Department of Children and Families</b>					
Supplemental Nutrition Assistance Program (SNAP) recipients	1,286,530	1,248,359	1,266,308	1,523,273	2,109,289
SNAP households	629,685	623,270	650,277	783,282	1,084,754
<b>Criminal Justice and Corrections</b>					
<b>Department of Corrections</b>					
Inmate admissions	32,204	35,098	37,864	41,054	39,354
Community supervision admissions	99,616	103,387	107,203	107,861	100,619
Facility population	84,901	88,576	92,844	98,192	100,894
<b>Natural Resources and Environment</b>					
<b>Department of Environmental Protection</b>					
State park and trail visitations	17,296,273	18,174,879	19,516,852	20,737,052	21,458,588
<b>Florida Fish and Wildlife Conservation Commission</b>					
Fishing and hunting licenses <sup>(3)</sup>	1,221,884	1,471,395	1,538,965	1,588,227	1,605,617
<b>Transportation</b>					
<b>Department of Highway Safety &amp; Motor Vehicles</b>					
Registrations <sup>(4)</sup>	18,762,439	21,773,396	22,126,592	22,125,361	20,918,645
Titles issued <sup>(4)</sup>	6,829,690	7,181,742	6,668,861	5,920,326	4,901,295
Traffic crashes <sup>(2)(5)</sup>	268,605	256,200	256,206	243,342	235,778
<b>Department of Transportation</b> <sup>(2)</sup>					
Daily vehicle miles traveled ( <i>in thousands</i> )	292,398	300,010	303,603	305,253	293,858
<b>State Courts</b>					
<b>State Courts System</b>					
Number of cases filed/added:					
Circuit criminal defendants	199,009	219,157	230,417	235,451	209,593
County criminal	485,864	509,525	523,274	515,552	464,090
County civil	425,012	479,514	541,823	615,290	503,314
Traffic	510,513	571,858	604,054	618,506	538,406
Family court	365,990	365,468	356,485	350,477	335,854
Circuit civil	162,116	164,245	226,288	418,579	547,194
Probate	109,505	111,583	105,486	102,532	98,345

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

- (1) The Florida Retirement System includes retirees from the following employer groups: State Agencies, County Agencies, District School Boards, Universities, State Colleges, Cities, Special Districts, Hospitals, and Other. Refer to Note 6 and Other Required Supplementary Information for further details.
- (2) Information for this agency and/or item is only reported by calendar year. Information reported in each column represents calendar year ended December 31.
- (3) Beginning in 2014, the count being included reports the number of actual licenses versus prior years that reported the count of license holders.
- (4) Includes motor vehicles, manufactured homes, and vessels.
- (5) Effective July 1, 2012, Section 316.066, F.S., was amended to require all law enforcement agencies to report additional crash data to Department of Highway Safety and Motor Vehicles. The 2012 data reflects six months of the reporting change in crashes and the 2013 data reflects a full year of the reporting change in crashes. The statutory change resulted in more crash reports being received for reporting.

Sources: Florida Department of Revenue, Florida Retirement System, Florida Board of Governors, Florida Department of Health, Florida Department of Children and Families, Florida Department of Corrections, Florida Department of Environmental Protection, Florida Department of Agriculture and Consumer Services, Department of Highway Safety and Motor Vehicles, Department of Transportation, Florida State Courts

Fiscal Year				
2010	2011	2012	2013	2014
29,677	31,391	31,989	34,659	41,095
302,978	318,881	333,870	347,147	362,216
312,259	321,503	329,737	334,989	337,750
73,579	76,021	79,323	81,260	83,001
214,519	213,237	212,954	215,194	Unavailable
172,509	172,856	175,849	180,014	Unavailable
2,726,167	3,170,445	3,326,637	3,581,136	3,565,520
1,452,191	1,725,855	1,815,239	1,962,933	1,946,026
36,992	34,992	32,279	33,295	32,442
94,387	92,258	90,880	88,819	86,369
102,232	102,319	100,527	100,884	100,942
20,110,021	20,442,212	24,983,179	25,575,794	27,170,451
1,576,518	1,534,518	1,638,055	1,544,549	2,350,586
19,496,005	19,197,024	20,024,942	20,259,599	21,357,026
5,104,919	5,361,258	5,039,215	5,362,575	6,014,150
235,461	227,998	281,340	316,943	Unavailable
286,902	288,007	284,052	287,977	Unavailable
201,785	196,453	188,669	186,117	176,768
433,437	405,248	367,478	361,046	355,981
483,521	459,538	477,024	438,963	417,323
500,316	483,644	472,662	383,776	280,102
347,049	349,222	322,854	289,752	281,154
490,092	293,415	305,732	294,124	198,856
98,553	100,849	101,606	107,144	114,024

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

SCHEDULE E-3

	Fiscal Year				
	2005	2006	2007	2008	2009
<b><u>General Government</u></b>					
<b>Department of Management Services</b>					
Buildings	90	85	85	85	85
<b><u>Education</u></b>					
<b>Universities and colleges <sup>(1)</sup></b>					
Assignable square feet (in thousands)	40,495	41,779	45,460	49,990	50,702
<b><u>Human Services</u></b>					
<b>Department of Health</b>					
Buildings	48	49	49	53	51
Vehicles	212	209	235	319	300
<b>Department of Children and Families</b>					
Buildings	515	227	211	211	211
<b><u>Criminal Justice and Corrections</u></b>					
<b>Department of Corrections</b>					
Correctional institutions	59	59	60	60	78
Work camps, forestry camps	37	40	41	42	42
Work release centers	26	30	30	32	34
Other facilities	6	6	6	5	5
<b><u>Natural Resources and Environment</u></b>					
<b>Division of Recreation and Parks</b>					
Number of state parks, greenways and trails	158	159	159	161	161
Acres of land owned	730,573	723,852	724,629	698,648	700,296
<b>Department of Environmental Protection</b>					
Acres of land owned <sup>(2)</sup>	4,257,103	4,316,161	4,429,484	4,500,719	4,521,508
<b>Florida Fish and Wildlife Conservation Commission</b>					
Vehicles	1,562	1,514	1,519	1,549	1,520
<b><u>Transportation</u></b>					
<b>Department of Transportation</b>					
Highway lane miles	41,295	41,613	42,022	42,181	42,542
Vehicles	5,709	5,841	5,445	5,313	5,125
Buildings	1,584	1,578	1,622	1,691	1,719
<b><u>State Courts</u></b>					
<b>State Courts System</b>					
Machinery and equipment	4,800	7,825	8,608	9,335	9,400

<sup>(1)</sup> Universities and colleges are presented in the CAFR as discretely presented component units of the state.

<sup>(2)</sup> Acreage information includes a cumulative total of acres acquired through each program and by donations and exchanges. The Water Management Districts have acquired and hold title to lands through other programs that are not included in this schedule.

Sources: Florida Department of Management Services, Florida Department of Education, Florida Department of Health, Florida Department of Corrections, Florida Division of Recreation and Parks, Florida Department of Transportation, Florida Department of Financial Services, Division of Risk Management, Florida State Courts, Florida Fish and Wildlife Conservation Commission.

Fiscal Year				
2010	2011	2012	2013	2014
85	84	86	88	88
51,787	54,488	54,890	56,277	57,938
57 327	57 328	73 323	36 315	38 378
223	530	296	211	211
62 43 34 5	61 41 34 4	63 40 33 7	55 39 32 16	56 38 35 16
160 702,730	160 704,139	171 788,982	171 789,059	171 788,619
4,535,931	4,563,632	4,239,023	4,245,742	4,268,885
1,669	1,637	1,876	1,637	1,800
42,711 5,125 1,774	42,883 4,683 1,745	43,138 4,607 391	43,337 4,703 385	43,514 4,406 383
9,760	9,697	9,199	10,495	10,656

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SEAL OF THE STATE OF  
CHIEF FINANCIAL OFFICER  
**JEFF ATWATER**  
FLORIDA DEPARTMENT OF FINANCIAL SERVICES  
IN GOD WE TRUST