

FLORIDA

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Fiscal Year Ended June 30, 2017



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JIMMY PATRONIS CHIEF FINANCIAL OFFICER  
FLORIDA DEPARTMENT OF FINANCIAL SERVICES

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# **ACKNOWLEDGEMENTS**

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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, 2017



Rick Scott  
GOVERNOR

Jimmy Patronis  
CHIEF FINANCIAL OFFICER

**FLORIDA DEPARTMENT OF FINANCIAL SERVICES**

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

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# **INTRODUCTORY SECTION**



February 12, 2018

Citizens of the State of Florida  
The Honorable Rick Scott, Governor  
The Honorable Joe Negron, President of the Senate  
The Honorable Richard Corcoran, Speaker of the House of Representatives

To the Citizens of Florida, Governor Scott, President Negron, and Speaker Corcoran:

I am pleased to submit the State of Florida's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017, 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, 2017. 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, public safety, 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 eighth year of positive growth in general fund collections in June 2017. While the state's recovery from the Great Recession has been protracted, most of the key measures of the Florida economy had returned to or surpassed their prior peaks by the close of the 2016-17 fiscal year. The drags—particularly construction—have proven to be more persistent than past events, but the strength in tourism is largely compensating for this, allowing healthy economic conditions to be largely achieved in the various forecasts by the end of the 2016-17 fiscal year. In this regard, the state's Economic Estimating Conference confirmed in mid-January that Florida's economy continues to improve as expected, although some of the projected increases were slightly tamped down. The key drivers underlying these forecasts are discussed in greater detail below.

Notably, Florida's population growth and other key indicators continue to show strength. Florida's real Gross Domestic Product in 2016 showed growth of 3.0 percent, placing Florida above the national average (1.5 percent in 2016) for the fourth year in a row. Newly released data for the second quarter (GDP for 2017:Q2) indicated a similar pattern of growth in the current year, ranking Florida thirteenth in the nation in real growth. On the more real-time measure of personal income, the calendar year results were even stronger: Florida ended 2016 with 4.9 percent growth over 2015—above the national growth rate of 3.6 percent and ranking third among all states. However, Florida's pace for the third quarter of 2017 (2017:Q3) on an annualized basis slowed slightly relative to the second quarter. While the State's personal income continued to grow, it matched the national average and ranked Florida 18th in the country in the latest federal report. To some extent, the early



effects of Hurricane Irma's landfall in Florida in September 2017 color these results. Even with the hurricane shock to the economy, the forecast for the 2017-18 fiscal year assumes Florida's personal income will top \$1 trillion for the first time, with 4.3 percent growth over the prior year. Underpinning the projected growth in personal income is continued population growth; these projections were slightly strengthened in early December 2017 by the Demographic Estimating Conference. In addition, new vehicle registrations and tourist visits continue to contribute strongly to Florida's economic recovery. While the Revenue Estimating Conference has yet to meet in response to the new economic and population forecasts, the state's revenue collections are currently expected to grow at least as much as last year.

The level of employment in Florida also continues to improve from the low levels of the Great Recession. For the third quarter of the 2017 calendar year, total non-farm employment stood at just over 8.6 million jobs. The forecast indicates that non-farm employment will add approximately 212.9 thousand jobs during the course of the 2017-18 fiscal year, representing a 2.5 percent increase over the prior fiscal year. At 3.7 percent in December, Florida's unemployment rate was 0.4 percentage point below the national rate of 4.1 percent. The Economic Estimating Conference believes Florida is now below the "full employment" unemployment rate (about 4.0 percent), and will stay there through the 2020-21 fiscal year.

While typical economic recoveries are led by increases in lending and housing construction; the recovery from the Great Recession has behaved differently in Florida. Overall, Florida economic growth rates are healthy *in spite of* subdued construction activity, particularly in the residential sector. For now, tourism strength is overwhelming this persistent weakness. In the current forecast, tourism remains at record-breaking levels, while none of the key construction metrics for housing show a return to peak levels until the 2021-22 fiscal year.

Even though it remains at relatively low levels, the construction sector is improving. Single-Family building permit activity, an indicator of new construction, remains in positive territory, showing strong back-to-back growth in both the 2012 and 2013 calendar years (over 30 percent in each year). The final data for the 2014 calendar year revealed significantly slowing (but still positive) activity—posting only 1.6 percent growth over the prior year. However, calendar year activity for 2015 and 2016 increased by 20.3 percent and 11.1, respectively. Despite the strong percentage growth rates in four of the last five calendar years, the level is still low by historic standards—about half of the long-run per capita level. More recent data for the first eleven months of the 2017 calendar year indicates that single-family building permit activity is running about 13.3 percent over the same period in the prior year, close to the 2016 annual growth rate. The latest forecast calls for continuing improvement in these starts, reaching annual rates of 84.8 thousand units in the 2017-18 fiscal year and 90.6 thousand units in the 2018-19 fiscal year. To put these numbers in perspective, the peak year for single-family starts was the 2004-05 fiscal year at nearly 182 thousand units.

Because the most recent sales tax forecast relies heavily on strong tourism growth, the Legislative Office of Economic and Demographic Research (EDR) feels tourism-related revenue losses pose the greatest potential risk to the economic outlook in the near-term. While the outlook for foreclosures has significantly improved (the incoming pipeline has substantially narrowed over the past four years), meaningful improvement in the housing market will continue to lag behind the rest of Florida's economy. This means that tourism will need to continue its outsized performance in order for the broader economic measures to stay in normal territory. Even so, the housing and construction recovery in Florida is well underway—albeit slowly. The turnaround in Florida housing is being led by: still affordable home prices that are attracting new buyers and clearing the inventory; the slow 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 are expected to fuel future population growth. The potential that any of these factors come in stronger than expected provides an upside risk to the forecast.

According to the constitutionally required Long-Range Financial Outlook adopted in September 2017, the state is not anticipating a budget gap for the upcoming budget year, meaning that projected revenues are sufficient to address anticipated expenditures. However, this assessment comes with two caveats. First, it was developed immediately prior to the onset of Hurricanes Irma and Maria and does not include any of those effects, positive or negative. Second, the projections for the subsequent years provide a warning that a structural imbalance will occur in the future without Legislative intervention to head it off. In addition, the Long-Range Financial Outlook identifies potential future 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,



Jimmy Patronis  
Chief Financial Officer



# **FINANCIAL SECTION**



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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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, 2017, 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 31 percent and 4 percent, respectively, of the assets and revenues of the business-type activities.
- The Florida Turnpike System, which represents 87 percent and 89 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 33 percent and 12 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 4 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 Defined Benefit Pension Plan which represent 92 percent and 72 percent, respectively, of the assets and additions of the Pension and Other Employee Benefits Trust Funds.
- The Florida Housing Finance Corporation, Citizens Property Insurance Corporation, component units related to the State's universities and colleges, and certain other funds and entities that, in the aggregate, represent 64 percent and 35 percent, respectively, of the assets and revenues of the discretely presented component units.

The financial statements for the above-listed funds and entities were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those 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 from 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, 2017, 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 4, the State adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. This statement requires the State to disclose tax abatement information about the State's tax abatement agreements and agreements that are entered into by other governments that reduce the State's tax revenues. Our opinion is not modified with respect to this matter.



## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 14 through 19 and the budgetary information, funding and contribution information for pension and other postemployment benefits, and information on infrastructure using the modified approach on pages 170 through 183 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB 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 and Other 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, related budgetary comparison schedules, and Statistical Section on pages 187 through 299 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 relate 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 other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the 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 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 12, 2018, 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 solely 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 effectiveness of the State's 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,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name "Sherrill" and last name "Norman" clearly legible, and "F." as a small initial between them.

Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 12, 2018

## 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, 2017 (fiscal year 2016-17). 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.

**Table 1: Major Features of the Basic Financial Statements**

	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<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, 2017, and 2016, derived from the government-wide Statement of Net Position. The state's net position at the close of the fiscal year was \$66.2 billion for governmental activities and \$30.4 billion for business-type activities which was a combined total of \$96.6 billion for the primary government. The three components of net position include net investments in capital assets; restricted; and unrestricted. The largest component, totaling \$77.7 billion as of June 30, 2017, 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 \$30.0 billion as of June 30, 2017. 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 \$12.4 billion at June 30, 2017. 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 \$20.5 billion at June 30, 2017, an increase of \$2.3 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 25,608	\$ 25,992	\$ 38,684	\$ 36,955	\$ 64,292	\$ 62,947
Capital assets, net	74,275	71,872	11,910	11,268	86,185	83,140
Total assets	99,883	97,864	50,594	48,223	150,477	146,087
Total deferred outflows of resources	3,409	1,813	95	68	3,504	1,881
Other liabilities	3,267	3,284	2,459	1,870	5,726	5,154
Noncurrent liabilities	33,190	31,713	17,662	19,007	50,852	50,720
Total liabilities	36,457	34,997	20,121	20,877	56,578	55,874
Total deferred inflows of resources	653	1,003	162	157	815	1,160
Net position:						
Net investments in capital						
assets	69,022	66,197	8,652	7,767	77,674	73,964
Restricted	9,561	9,486	20,480	18,207	30,041	27,693
Unrestricted	(12,401)	(12,006)	1,274	1,283	(11,127)	(10,723)
Total net position	\$ 66,182	\$ 63,677	\$ 30,406	\$ 27,257	\$ 96,588	\$ 90,934

**Statement of Activities**

Table 3 presents the state's Condensed Statement of Activities for fiscal year 2016-17 and fiscal year 2015-16, 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 increased during the fiscal year by \$5.5 billion. The net position of governmental activities increased by \$2.5 billion, and the net position of business-type activities increased by \$3.0 billion. The majority of the increase in total program expenses for governmental activities relates to a \$1.3 billion increase in Human Services and a \$643 million increase in Education expenses, while the largest decrease in business-type activities expenses is the \$1.6 billion decrease in Prepaid College Program 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	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues						
Charges for services	\$ 7,895	\$ 7,664	\$ 10,258	\$ 11,388	\$ 18,153	\$ 19,052
Operating grants and contributions	27,968	27,225	5	11	27,973	27,236
Capital grants and contributions	2,251	2,503	6	3	2,257	2,506
Total program revenues	38,114	37,392	10,269	11,402	48,383	48,794
General revenues and payments						
Sales and use tax	25,333	24,256	.....	.....	25,333	24,256
Other taxes	13,689	13,364	.....	.....	13,689	13,364
Investment earnings (loss)	62	328	(1)	7	61	335
Emergency assessments	.....	.....	.....	3	.....	3
Miscellaneous	.....	.....	1	1	1	1
Total general revenues and payments	39,084	37,948	.....	11	39,084	37,959
Total revenues	77,198	75,340	10,269	11,413	87,467	86,753
Program expenses						
General government	6,920	6,700	.....	.....	6,920	6,700
Education	20,805	20,162	.....	.....	20,805	20,162
Human services	35,857	34,596	.....	.....	35,857	34,596
Criminal justice and corrections	4,277	4,022	.....	.....	4,277	4,022
Natural resources and environment	3,137	2,852	.....	.....	3,137	2,852
Transportation	4,405	4,962	574	514	4,979	5,476
State courts	587	521	.....	.....	587	521
Lottery	.....	.....	4,522	4,390	4,522	4,390
Hurricane Catastrophe Fund	.....	.....	80	68	80	68
Prepaid College Program	.....	.....	(252)	1,323	(252)	1,323
Reemployment Assistance	.....	.....	415	466	415	466
Nonmajor enterprise funds	.....	.....	339	333	339	333
Indirect interest on long-term debt	84	78	.....	.....	84	78
Total program expenses	76,072	73,893	5,678	7,094	81,750	80,987
Excess (deficiency) before gain (loss) and transfers	1,126	1,447	4,591	4,319	5,717	5,766
Gain (loss) on sale of capital assets	(167)	90	(1)	(154)	(168)	(64)
Transfers	1,541	1,671	(1,541)	(1,671)	.....	.....
Change in net position	2,500	3,208	3,049	2,494	5,549	5,702
Beginning net position, as restated (Note 1)	63,682	60,469	27,357	24,763	91,039	85,232
Ending net position	\$ 66,182	\$ 63,677	\$ 30,406	\$ 27,257	\$ 96,588	\$ 90,934



## Major Fund Analysis

### **Governmental Funds**

The state's governmental funds reported a combined ending fund balance of \$17.8 billion at June 30, 2017, a \$151 million or 0.8 percent decrease from the prior year. Revenues increased by \$2.0 billion or 2.6 percent, other financing sources and uses increased by \$251 million or 12.3 percent, and expenditures increased by \$2.9 billion or 3.8 percent. Overall increases in revenues and expenditures were primarily attributable to a rise in tax revenues.

### **Proprietary Funds**

The state's proprietary funds report combined ending net position of \$30.4 billion at June 30, 2017, of which \$8.7 billion is the net investment in capital assets, and \$20.5 billion is restricted for specific purposes. The remaining \$1.3 billion 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.

***Lottery*** – This fund reported a net position of \$78.4 million at June 30, 2017, a decrease of \$29.0 million or 27.0 percent. Revenues increased by \$41.8 million or 0.7 percent while expenses and operating transfers out increased by \$96.8 million or 1.6 percent. Revenues increased primarily as a result of increased ticket sales, while expenses increased primarily due to increased prize payments.

***Reemployment Assistance*** – This fund reported a net position of \$3.7 billion at June 30, 2017, an increase of \$400 million or 12 percent. Revenues and operating transfers in decreased by \$218 million or 20.8 percent while expenses and operating transfers out declined by \$56 million or 11.6 percent. Revenues decreased as result of lower unemployment tax rates due to the improving economy and lower unemployment rates relative to the prior fiscal year. The reduction in expenses is due to a decrease in benefit payments relative to the prior year as the economy and unemployment rate in Florida improved.

***Prepaid College Program*** – The net position at June 30, 2017, totaled \$2.4 billion, an increase of \$710 million or 42.8 percent. Revenues decreased by \$1.0 billion or 68.9 percent while expenses decreased by \$1.6 billion or 119 percent. The decrease in revenues was primarily due to a decrease in the actuarial determination of the present value of future contract premiums and a decrease 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. The decreases in the actuarial value of future contract premiums and actuarial determination of the present value of future benefit payments were due to an expected decrease in estimated future tuition costs for state universities and colleges.

## 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 \$4.9 million decrease between the original and final estimated revenues. Final budgeted total expenditures increased by \$615.4 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, 2017, the state reported \$74.3 billion in net capital assets for governmental activities and \$11.9 billion in net capital assets for business-type activities. Net capital assets for governmental and business-type activities increased from fiscal year 2015-16 to fiscal year 2016-17 by approximately 3.7 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 \$11.8 billion. Construction commitments by other state agencies for major projects including office buildings and correctional facilities increased by \$67 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 \$2.1 billion, or approximately 9.2 percent, from the prior fiscal year to a total of \$20.7 billion at June 30, 2017 due to new debt issued being greater than scheduled amortization and debt service payments. The majority of the outstanding bonded debt serves to finance educational facilities (\$11.6 billion), the Florida Hurricane Catastrophe Fund (\$2.7 billion) and transportation (\$4.5 billion). New and refinanced bonded debt issues for 2017 totaled \$3.6 billion.

Public-Private Partnership (PPP) contracts outstanding decreased from the prior year by \$52 million or 1.9 percent to a total of \$2.7 billion. The annual debt service requirements increased from \$2.1 billion in 2016 to \$2.2 billion in 2017 due to the refinement of how PPP obligations are reflected in outstanding debt. In Fiscal Year 2016 and 2017, debt service increased by \$82 million and \$125 million, respectively, to nearly \$2.2 billion in Fiscal Year 2017 reflecting the impact of PPP payments. The annual debt service is projected to increase to a high of \$2.3 billion in Fiscal Year 2018, reflecting the payment obligations for the PPP I-4 Project.

Pursuant to the provisions of Governmental Accounting Standards Board Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the State of Florida recorded \$6.9 billion in pension liabilities for the defined benefit plans it administers for the fiscal year ended June 30, 2017. The \$6.9 billion includes the State's proportionate share of the liability for the Florida Retirement System Pension Plan, the Retiree Health Insurance Subsidy Program, and the Florida National Guard Supplemental Retirement Benefit Plan. (See Note 6 to the Financial Statements for further information.)

The state maintained its credit ratings during the past year. During the fiscal year ended June 30, 2017, 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 increased over the past year to 5.59 percent and projected to remain below the 6 percent policy target for the foreseeable future.

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 2017 Debt 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 6, 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 2016-17 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, 2017, came in 4.1 percent higher than the prior fiscal year, bettering the annual growth rate recorded for fiscal year 2015-16. Eight years after the back-to-back negative growth rates seen during the collapse of the housing boom and entry into the Great Recession, Florida marked the end of its long recovery period. This means that the growth rate for fiscal year 2016-17 is at the high-end of the range moving toward the 3.5 percent annual average growth projected for the long-run.

Most (64.6 percent) of the year-over-year increase in general fund receipts came from gains in sales tax collections. For fiscal year 2016-17, this revenue source noticeably increased its dominant share of the fund, ending the year with 69.0 percent of total revenue received. As the economic recovery continued to pick up momentum with strong gains in the state's Gross Domestic Product and personal income relative to other states, signs of an economy nearing full recovery 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). Total sales tax liability grew a solid 4.7 percent from fiscal year 2015-16 to fiscal year 2016-17. This equates to slightly over \$1.1 billion in growth for this source, with \$989.4 million flowing through to the general fund.

Including sales tax, over one-half of the state's general revenue sources posted gains over the prior year. Just as national corporate profits increased in fiscal year 2016-17 over fiscal year 2015-16, the state's corporate income tax collections also grew over the year, making this source the state's second strongest contributor to revenue growth. Still below peak collections, corporate income tax receipts prior to refunds posted 4.2 percent growth to achieve 96.8 percent of the previous high. Because corporate refunds were significantly smaller than immediate prior years, net collections showed even stronger growth of 10.2 percent. The other gaining sources contributed far less to the total. Of the sources clearly losing ground over the year, by far the most significant was related to an anticipated event. The reduction in reported Indian Gaming revenues related to the expired authorization to conduct banked card games, which caused the state to treat the related collections as though they were in an effective reserve for part of fiscal year 2015-16 and all of fiscal year 2016-17.

Several revenue sources have continued to track the ebb and flow of the state's one lagging sector, the construction industry. 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 towering foreclosures have hindered a return to normal conditions in the real-estate market. Eleven years after the boom's peak, this picture has finally changed for the better. For statewide existing home sales and the median sales price for existing homes, the direction has been positive with both metrics exhibiting healthy percentage gains over the prior year, registering 2.7 percent and 10.6 percent growth, respectively. The picture also solidified for single-family private housing starts and construction expenditures, enabling total documentary stamp taxes to grow 6.3 percent. This growth brought documentary stamp taxes to 59.6 percent of their prior peak. Reflecting a slightly different aspect of the market, the intangibles tax, which entirely benefits the general fund, regained its footing as refinancing activity firmed, posting an 8.5 percent increase over the prior year. However, the collection levels are still low by historic standards for the two sources, distorting the magnitude of percentage changes.

At the end of the 2016-17 state fiscal year, total general fund collections were only \$35.6 million or just 0.1 percent above the estimate made by the state's Revenue Estimating Conference in March 2017. This is the second consecutive year that the fiscal year ended within two-tenths of one percent of the estimate, signaling the underlying stability in the economy. Further, general fund sources collectively outperformed the class of total revenue for the state. Including federal dollars, total revenue increased by 4.7 percent over this period.

The Revenue Estimating Conference last met in August 2017 to revise the general fund forecast for fiscal years 2017-18 and 2018-19. Based on the slightly weaker near-term National and Florida economic forecasts, the new forecast for overall General Revenue would have essentially matched the old forecast in the short-term; however, recognition of Indian Gaming revenue share payments associated with banked card games resulted in a net increase in the estimate. Overall, anticipated revenues were revised upward by \$132.2 million in fiscal year 2017-18 and by \$188.1 million in fiscal year 2018-19, for a two-year total of \$320.3 million. The revised fiscal year 2017-18 estimate exceeds the prior year's collections by \$1.33 billion or 4.5 percent. The revised forecast for fiscal year 2018-19 has projected growth of \$1.28 billion or 4.1 percent over the revised fiscal year 2017-18 estimate. The growth rates for fiscal year 2019-20 was unchanged at 4.0 percent, and for fiscal year 2020-21 it was increased from 3.6 percent to 3.7 percent, with the resulting dollar levels staying similar to the prior forecast.

As a buffer against future financial shocks, the latest General Revenue Outlook shows that there will be just over \$1.30 billion in unallocated general revenue remaining at the end of the current fiscal year. In addition, the state's major reserve for emergencies, the Budget Stabilization Fund, has a planned balance of at least \$1.42 billion on June 30, 2018. The fund cash balance is now at the highest recorded level in its history. The other source most frequently mentioned as part of the state's informal reserve system is the Lawton Chiles Endowment Fund which had a market value of \$745 million on October 31, 2017, bringing the total of all reserves to just over \$3.46 billion or 11.2 percent of the state's estimated general fund tax collections. According to the state's Long-Range Financial Outlook adopted in September 2017, the state is not anticipating a budget gap for the upcoming fiscal year, meaning the projected revenues should meet all anticipated needs. However, this assessment comes with two caveats. First, it was made immediately prior to Hurricanes Irma and Maria and does not include any of those effects, positive or negative. Second, the projections for the subsequent years indicate that a structural imbalance is beginning to occur and that the Legislature will need to take future action.

### **Contact the State's Financial Management**

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

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

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**FINANCIAL  
SECTION:  
BASIC FINANCIAL  
STATEMENTS**



## STATEMENT OF NET POSITION

JUNE 30, 2017

(in thousands)

	Primary Government			Component
	Governmental	Business-type		Units
	Activities	Activities	Totals	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 103,443	\$ 31,949	\$ 135,392	\$ 1,418,688
Pooled investments with State Treasury	15,171,013	5,289,438	20,460,451	3,404,450
Other investments	1,423,064	30,118,158	31,541,222	19,330,902
Receivables, net	4,888,676	953,328	5,842,004	2,219,739
Internal balances	253,800	(253,800)	.....	.....
Due from component units/primary	2,051	392	2,443	534,411
Inventories	79,986	6,481	86,467	73,377
Restricted cash and cash equivalents	.....	65	65	603,472
Restricted pooled investments with State Treasury	.....	30,882	30,882	648,311
Restricted investments	.....	605,667	605,667	5,730,036
Advances to other entities	836,424	.....	836,424	.....
Other loans and notes receivable, net	2,849,235	1,867,886	4,717,121	2,134,291
Other assets	403	33,763	34,166	450,523
Capital assets, net	74,275,058	11,909,651	86,184,709	24,266,721
Total assets	99,883,153	50,593,860	150,477,013	60,814,921
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Accum. decrease in fair value - hedging derivatives	.....	.....	.....	64,202
Grants paid in advance	58,650	.....	58,650	192
Amount deferred on refunding of debt	90,575	30,022	120,597	10,267
Pension-related items	3,259,509	65,400	3,324,909	1,630,254
Total deferred outflows of resources	3,408,734	95,422	3,504,156	1,704,915
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	2,191,069	503,921	2,694,990	2,577,575
Due to other governments	.....	6,648	6,648	.....
Due to component units/primary	62,001	334	62,335	70,093
Obligations under security lending agreements	1,014,611	1,948,486	2,963,097	.....
Long-term liabilities				
Due within one year	4,139,685	1,113,630	5,253,315	2,637,403
Due in more than one year	29,050,066	16,547,446	45,597,512	14,763,379
Total liabilities	36,457,432	20,120,465	56,577,897	20,048,450
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred service concession arrangement receipts	.....	139,590	139,590	5,887
Accum. increase in fair value - hedging derivatives	.....	.....	.....	4,171
Amount deferred on refunding of debt	85,040	16,888	101,928	2,917
Pension-related items	567,877	5,879	573,756	180,287
Other	.....	.....	.....	109
Total deferred inflows of resources	652,917	162,357	815,274	193,371
<b>NET POSITION</b>				
Net investments in capital assets	69,021,627	8,652,433	77,674,060	19,995,799
Restricted for				
Environment, Recreation and Conservation	3,354,846	.....	3,354,846	.....
Public Education	701,059	.....	701,059	.....
Health and Family Services	1,796,164	.....	1,796,164	.....
Transportation	1,630,744	298,572	1,929,316	.....
Nonmajor governmental funds	1,182,019	.....	1,182,019	.....
Debt service	217,884	.....	217,884	59,923
Lottery	.....	95,499	95,499	.....
Prepaid College Program	.....	2,367,619	2,367,619	.....
Hurricane Catastrophe Fund	.....	13,980,584	13,980,584	.....
Reemployment Assistance	.....	3,737,155	3,737,155	.....
Other	678,388	467	678,855	7,025,464
Funds held for permanent endowment				
Expendable	.....	.....	.....	736,627
Nonexpendable	.....	.....	.....	3,801,096
Unrestricted	(12,401,193)	1,274,131	(11,127,062)	10,659,106
Total net position	\$ 66,181,538	\$ 30,406,460	\$ 96,587,998	\$ 42,278,015

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

**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 6,920,055	\$ 5,182,354	\$ 796,904	\$ 7,278	(933,519)
Education	20,805,316	250,636	2,296,988	127	(18,257,565)
Human services	35,856,581	1,502,243	23,169,516	2,229	(11,182,593)
Criminal justice and corrections	4,276,747	266,759	93,347	786	(3,915,855)
Natural resources and environment	3,137,354	344,710	1,467,898	13,402	(1,311,344)
Transportation	4,405,444	260,096	142,165	2,226,921	(1,776,262)
State courts	586,606	88,213	1,277	.....	(497,116)
Indirect interest on long-term debt	84,311	.....	.....	.....	(84,311)
Total governmental activities	76,072,414	7,895,011	27,968,095	2,250,743	(37,958,565)
Business-type activities:					
Transportation	574,436	1,175,815	.....	3,688	605,067
Lottery	4,522,491	6,150,021	.....	.....	1,627,530
Hurricane Catastrophe Fund	80,081	1,203,757	.....	.....	1,123,676
Prepaid College Program	(251,749)	457,842	.....	.....	709,591
Reemployment Assistance	414,596	821,223	4,347	.....	410,974
Nonmajor enterprise funds	339,090	449,732	601	2,260	113,503
Total business-type activities	5,678,945	10,258,390	4,948	5,948	4,590,341
Total primary government	\$ 81,751,359	\$ 18,153,401	\$ 27,973,043	\$ 2,256,691	\$ (33,368,224)
<b>Component units</b>					
Florida Housing Finance Corporation	\$ 237,402	\$ 192,039	\$ .....\$ .....\$	.....	(45,363)
University of Florida	5,305,221	3,567,178	869,326	64,932	(803,785)
Citizens Property Insurance Corporation	889,569	627,485	.....	.....	(262,084)
Nonmajor component units	11,946,851	3,515,738	3,448,720	768,533	(4,213,860)
Total component units	\$ 18,379,043	\$ 7,902,440	\$ 4,318,046	\$ 833,465	\$ (5,325,092)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net (expense) revenue	\$ (37,958,565)	\$ 4,590,341	\$ (33,368,224)	\$ (5,325,092)
General revenues:				
Taxes				
Sales and use tax	25,333,464	.....	25,333,464	.....
Fuel taxes	3,016,110	.....	3,016,110	.....
Corporate income tax	2,383,783	.....	2,383,783	.....
Documentary stamp tax	2,427,903	.....	2,427,903	.....
Intangible personal property tax	370,421	.....	370,421	.....
Communications service tax	933,454	.....	933,454	.....
Beverage and tobacco taxes	1,521,059	.....	1,521,059	.....
Insurance premium tax	959,339	.....	959,339	.....
Gross receipts utilities tax	767,388	.....	767,388	.....
Property taxes	.....	.....	.....	477,039
Other taxes	1,309,079	.....	1,309,079	.....
Investment earning (loss)	61,669	(696)	60,973	926,456
Gain (loss) on sale of capital assets	(166,526)	(799)	(167,325)	(9,457)
Payments from the State of Florida	.....	.....	.....	4,310,713
Emergency assessments	.....	300	300	.....
Miscellaneous	.....	1,018	1,018	826,429
Transfers	1,540,720	(1,540,720)	.....	.....
Contributions to permanent funds	.....	.....	.....	115,909
Total general revenues, transfers and contributions	40,457,863	(1,540,897)	38,916,966	6,647,089
Changes in net position	2,499,298	3,049,444	5,548,742	1,321,997
Net position - beginning, as restated (Note 1)	63,682,240	27,357,016	91,039,256	40,956,018
Net position - ending	\$ 66,181,538	\$ 30,406,460	\$ 96,587,998	\$ 42,278,015

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 187.

**2017 STATE OF FLORIDA CAFR**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017  
(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	\$ 19,429	\$ 1,336	\$ .....	\$ 9,043
Pooled investments with State Treasury	5,643,250	2,174,973	1,176,338	1,901,741
Other investments	932,130	.....	.....	.....
Receivables, net	1,751,746	189,173	58,516	1,958,795
Due from other funds	170,595	26,503	93,473	74,398
Due from component units/primary	540	162	591	.....
Inventories	18,038	761	.....	51,290
Other	271	.....	.....	.....
Total current assets	8,535,999	2,392,908	1,328,918	3,995,267
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	.....	.....
Advances to other funds	1,390	.....	.....	.....
Advances to other entities	4,199	3,703	827,542	.....
Other loans and notes receivable, net	7,439	1,247,911	1,281	32,817
Total noncurrent assets	13,028	1,251,614	828,823	32,817
Total assets	8,549,027	3,644,522	2,157,741	4,028,084
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Grants paid in advance	.....	.....	.....	.....
Total deferred outflows of resources	.....	.....	.....	.....
Total assets and deferred outflows	8,549,027	3,644,522	2,157,741	4,028,084
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	502,970	67,322	803	457,427
Due to other funds	245,247	25,611	2,620	24,129
Due to component units/primary	37,095	15,955	148	6,452
Compensated absences	9,030	1,722	98	1,166
Claims payable	195,425	.....	.....	820,026
Deposits	3,056	5,140	12,075	24,188
Obligations under security lending agreements	713,496	83,175	55,653	6,007
Total current liabilities	1,706,319	198,925	71,397	1,339,395
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	907,026	.....
Deposits	.....	.....	.....	.....
Total noncurrent liabilities	.....	.....	907,026	.....
Total liabilities	1,706,319	198,925	978,423	1,339,395
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	163,308	701	.....	801,262
Total deferred inflows of resources	163,308	701	.....	801,262
<b>FUND BALANCES</b>				
Nonspendable	20,932	761	.....	51,290
Restricted	71,000	2,422,416	1,627,328	112,567
Committed	1,168,162	1,021,719	456,324	1,723,570
Unassigned	5,419,306	.....	(904,334)	.....
Total fund balances	6,679,400	3,444,896	1,179,318	1,887,427
Total liabilities, deferred inflows and fund balances	\$ 8,549,027	\$ 3,644,522	\$ 2,157,741	\$ 4,028,084

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

Transportation	Nonmajor Governmental Funds	Totals 6/30/17
\$ 818	\$ 18,159	\$ 48,785
1,774,957	1,833,495	14,504,754
.....	228,566	1,160,696
474,291	311,102	4,743,623
168,016	81,631	614,616
.....	30	1,323
7,490	2,407	79,986
.....	132	403
2,425,572	2,475,522	21,154,186
.....	215,366	215,366
84,096	.....	85,486
980	.....	836,424
708,708	851,079	2,849,235
793,784	1,066,445	3,986,511
3,219,356	3,541,967	25,140,697
58,650	.....	58,650
58,650	.....	58,650
3,278,006	3,541,967	25,199,347
641,189	133,443	1,803,154
49,398	140,442	487,447
.....	2,176	61,826
139	811	12,966
.....	25,445	1,040,896
332,965	146,709	524,133
70,596	55,451	984,378
1,094,287	504,477	4,914,800
.....	890	907,916
.....	8,737	8,737
.....	9,627	916,653
1,094,287	514,104	5,831,453
552,975	36,747	1,554,993
552,975	36,747	1,554,993
7,490	28,783	109,256
50	1,810,896	6,044,257
1,623,204	1,151,437	7,144,416
.....	.....	4,514,972
1,630,744	2,991,116	17,812,901
\$ 3,278,006	\$ 3,541,967	\$ 25,199,347

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2017 STATE OF FLORIDA CAFR

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
JUNE 30, 2017  
(in thousands)**

Total fund balances for governmental funds	\$ 17,812,901
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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	19,143,708	
Nondepreciable infrastructure	48,429,257	
Buildings, equipment and other depreciable assets	6,831,490	
Accumulated depreciation	(4,283,918)	
Construction work in progress	3,130,291	
		73,250,828

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences	(707,684)	
Installment purchases/capital leases/public-private partnership agreements	(2,431,159)	
Claims payable	(2,084,519)	
Bonds payable	(15,001,215)	
Certificates of participation payable	(81,900)	
Net other post employment benefits	(2,262,503)	
Pension Liability	(6,689,494)	
Due to other governments	(417,330)	
Other	(16,175)	
		(29,691,979)

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.	7,084
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Deferred amounts for pension-related items are reported in the Statement of Net Position as deferred outflows or deferred inflows of resources (to be amortized as pension expense) but are not reported in the funds.	2,654,446
--	-----------

Accrued interest payable on bonds that is not recognized on the fund statements but is recognized on the Statement of Net Position.	(46,842)
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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.	1,554,993
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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.	30,851
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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.	609,256
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Net position of governmental activities	\$ 66,181,538
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The notes to the financial statements are an integral part of this statement.



2017 STATE OF FLORIDA CAFR

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(in thousands)**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services
<b>REVENUES</b>				
Taxes	\$ 33,551,201	\$ 293,218	\$ 1,116,654	\$ 1,086,696
Licenses and permits	508,292	50,930	1,141	37,161
Fees and charges	1,535,964	188,158	56,686	767,323
Grants and donations	22,415	164,519	2,125,843	23,283,955
Investment earnings (losses)	24,528	14,435	39,760	(175)
Fines, forfeits, settlements and judgments	532,709	5,097	160,596	61,170
Other	3,398	14,535	2,302	525,886
Total revenues	36,178,507	730,892	3,502,982	25,762,016
<b>EXPENDITURES</b>				
Current:				
General government	4,470,445	29,193	.....	148,937
Education	15,585,517	.....	4,557,842	.....
Human services	8,824,261	.....	.....	26,539,067
Criminal justice and corrections	3,531,287	.....	.....	.....
Natural resources and environment	489,860	1,054,045	.....	.....
Transportation	2,192	.....	.....	.....
State courts	437,567	.....	.....	.....
Capital outlay	106,930	92,527	183	7,710
Debt service:				
Principal retirement	13,589	.....	.....	3,854
Interest and fiscal charges	5,042	.....	.....	309
Total expenditures	33,466,690	1,175,765	4,558,025	26,699,877
Excess (deficiency) of revenues over expenditures	2,711,817	(444,873)	(1,055,043)	(937,861)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of bond issues	2,606	.....	150,000	.....
Proceeds of refunding bonds	.....	.....	.....	.....
Proceeds of financing agreements	4,162	.....	.....	.....
Operating transfers in	535,276	899,727	2,180,330	1,579,951
Operating transfers out	(3,402,792)	(313,344)	(1,354,485)	(431,054)
Payments to refunded bond agent	.....	.....	.....	.....
Total other financing sources (uses)	(2,860,748)	586,383	975,845	1,148,897
Net change in fund balances	(148,931)	141,510	(79,198)	211,036
Fund balances - beginning, as restated (Note 1)	6,828,331	3,303,386	1,258,516	1,676,391
Fund balances - ending	\$ 6,679,400	\$ 3,444,896	\$ 1,179,318	\$ 1,887,427

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

Transportation	Nonmajor Governmental Funds	Totals 6/30/17
\$ 2,727,802	\$ 259,131	\$ 39,034,702
13,372	1,515,365	2,126,261
662,371	773,283	3,983,785
2,267,094	2,239,826	30,103,652
(2,809)	36,772	112,511
3,905	525,997	1,289,474
23,596	46,841	616,558
5,695,331	5,397,215	77,266,943
203,461	1,974,359	6,826,395
.....	181,322	20,324,681
.....	445,128	35,808,456
.....	495,807	4,027,094
.....	1,427,054	2,970,959
4,159,880	.....	4,162,072
.....	78,949	516,516
2,639,125	61,632	2,908,107
250,102	1,063,459	1,331,004
80,260	739,317	824,928
7,332,828	6,467,027	79,700,212
(1,637,497)	(1,069,812)	(2,433,269)
100,000	4,794	257,400
.....	1,446,829	1,446,829
321,547	1,413	327,122
1,580,064	3,082,824	9,858,172
(676,202)	(1,964,393)	(8,142,270)
.....	(1,446,829)	(1,446,829)
1,325,409	1,124,638	2,300,424
(312,088)	54,826	(132,845)
1,942,832	2,936,290	17,945,746
\$ 1,630,744	\$ 2,991,116	\$ 17,812,901

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2017 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, 2017  
(in thousands)**

Net change in fund balance - total governmental funds	\$ (132,845)
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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.	7,065
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over the estimated useful lives of the assets and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation in the current period.

Capital outlay expenditures	2,908,107	
Capital asset transfers, net	(169,075)	
Depreciation expense	(308,633)	
		2,430,399

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.	(23,972)
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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.	(83,996)
--	----------

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	(1,898)	
Decrease in accrued interest	2,646	
Decrease in claims payable	205,043	
Increase in net other post employment benefits	(394,053)	
Increase in due to other governments	(85)	
Decrease in other liabilities	1,325	
		(187,022)

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, deferred amounts on refundings when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Bond proceeds	(257,400)	
Refunding bond proceeds	(1,446,829)	
Financing agreement proceeds	(327,122)	
Repayment of bonds	1,062,660	
Repayment of capital leases/installment purchase contracts	268,344	
Payment to refunded bond escrow agent	1,446,829	
Amortization of bond premium	202,549	
Amortization of amount deferred on refunding of debt	(9,767)	
Accrued interest payable at refunding	(83,750)	
		855,514

Pension 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. Also, governmental funds report current pension contribution expenses, whereas these amounts are deferred and amortized in the Statement of Activities.	(365,845)
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Change in net position of governmental activities	\$ 2,499,298
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The notes to the financial statements are an integral part of this statement.

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## **PROPRIETARY FUND FINANCIAL STATEMENTS**

### **Major Funds**

#### **TRANSPORTATION**

This fund primarily 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 used 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 223.

### **Internal Service Funds**

Internal service funds are presented on page 229.

2017 STATE OF FLORIDA CAFR

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2017**  
**(in thousands)**

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$ 3,318	\$ 342	\$ 11	\$ 3,147	\$ 145
Pooled investments with State Treasury	1,074,259	184,293	.....	.....	3,609,356
Other investments	.....	.....	12,902,205	2,331,893	.....
Receivables, net	22,895	40,968	200,659	402,814	152,344
Due from other funds	114,739	.....	.....	23	745
Due from component units/primary	.....	.....	.....	.....	391
Inventories	5,055	1,426	.....	.....	.....
Other	247	2,391	5	2	.....
Total current assets	1,220,513	229,420	13,102,880	2,737,879	3,762,981
<u>Noncurrent assets</u>					
Restricted cash and cash equivalents	65	.....	.....	.....	.....
Restricted pooled investments with State Treasury	.....	30,882	.....	.....	.....
Restricted investments	308,297	297,370	.....	.....	.....
Long-term investments	.....	.....	3,733,078	11,078,267	.....
Other loans and notes receivable, net	80,643	.....	.....	1,785,976	.....
<u>Capital assets</u>					
Land and other non-depreciable assets	1,157,524	3,222	.....	.....	.....
Non-depreciable infrastructure	8,918,407	.....	.....	.....	.....
Buildings, equipment, and other depreciable assets	846,747	12,889	46	50	.....
Accumulated depreciation	(351,029)	(9,847)	(39)	(35)	.....
Construction work in progress	1,235,160	.....	.....	.....	.....
Other	.....	24,177	.....	.....	.....
Total noncurrent assets	12,195,814	358,693	3,733,085	12,864,258	.....
Total assets	13,416,327	588,113	16,835,965	15,602,137	3,762,981
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Amount deferred on refunding of debt	30,022	.....	.....	.....	.....
Pension-related items	.....	9,872	534	962	.....
Total deferred outflows of resources	30,022	9,872	534	962	.....
<b>LIABILITIES</b>					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	64,460	5,545	153,200	237,807	17,818
Accrued prize liability	.....	169,096	.....	.....	.....
Due to other governments	.....	.....	.....	.....	6,648
Due to other funds	95,673	71,775	307	.....	1,360
Due to component units/primary	.....	.....	.....	.....	.....
Compensated absences	.....	558	62	69	.....
Installment purchases/capital leases	44,337	.....	.....	.....	.....
Bonds payable	.....	.....	.....	.....	.....
Bonds payable from restricted assets	142,760	.....	.....	.....	.....
Deposits	94,756	.....	.....	.....	.....
Claims payable	.....	.....	1,000	.....	.....
Obligations under security lending agreements	51,244	10,273	.....	1,869,679	.....
Certificates of participation payable	.....	.....	.....	.....	.....
Tuition and housing benefits payable	.....	.....	.....	630,324	.....
Pension liability	.....	202	12	13	.....
Total current liabilities	493,230	257,449	154,581	2,737,892	25,826
<u>Noncurrent liabilities</u>					
Advances from other funds	84,096	.....	.....	.....	.....
Accrued prize liability	.....	229,662	.....	.....	.....
Bonds payable	2,645,020	.....	2,700,000	.....	.....
Certificates of participation payable	.....	.....	.....	.....	.....
Installment purchases/capital leases	217,690	.....	.....	.....	.....
Deposits	401	.....	.....	.....	.....
Compensated absences	.....	3,230	144	248	.....
Tuition and housing benefits payable	.....	.....	.....	10,495,776	.....
Pension liability	.....	20,008	1,095	1,448	.....
Other	.....	8,233	73	90	.....
Total noncurrent liabilities	2,947,207	261,133	2,701,312	10,497,562	.....
Total liabilities	3,440,437	518,582	2,855,893	13,235,454	25,826
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred service concession arrangement receipts	139,590	.....	.....	.....	.....
Amount deferred on refunding of debt	16,888	.....	.....	.....	.....
Pension-related items	.....	1,006	14	11	.....
Total deferred inflows of resources	156,478	1,006	14	11	.....
<b>NET POSITION</b>					
Net investment in capital assets	8,565,247	6,264	8	15	.....
Restricted for Reemployment Assistance	.....	.....	.....	.....	3,737,155
Restricted for Lottery	.....	95,499	.....	.....	.....
Restricted for Hurricane Catastrophe Fund	.....	.....	13,980,584	.....	.....
Restricted for Prepaid College Program	.....	.....	.....	2,367,619	.....
Restricted for Transportation	298,572	.....	.....	.....	.....
Restricted - other	.....	.....	.....	.....	.....
Unrestricted	985,615	(23,366)	.....	.....	.....
Total net position	\$ 9,849,434	\$ 78,397	\$ 13,980,592	\$ 2,367,634	\$ 3,737,155

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

Nonmajor Enterprise Funds	Totals 6/30/17	Internal Service Funds
\$ 24,986	\$ 31,949	\$ 54,658
421,530	5,289,438	666,259
19,456	15,253,554	47,002
14,179	833,859	28,130
9,880	125,387	19,715
1	392	728
.....	6,481	.....
1,297	3,942	.....
491,329	21,545,002	816,492
.....	65	.....
.....	30,882	.....
.....	605,667	.....
53,259	14,864,604	.....
1,267	1,867,886	.....
.....	1,160,746	319
.....	8,918,407	.....
152,732	1,012,464	1,571,748
(59,621)	(420,571)	(551,679)
3,445	1,238,605	3,842
5,644	29,821	.....
156,726	29,308,576	1,024,230
648,055	50,853,578	1,840,722
.....	30,022	1,409
54,032	65,400	44,163
54,032	95,422	45,572
24,968	503,798	196,160
.....	169,096	.....
.....	6,648	.....
6,630	175,745	36,021
334	334	175
5,393	6,082	2,838
1,506	45,843	5,793
.....	.....	19,340
.....	142,760	.....
22,304	117,060	164,767
.....	1,000	.....
17,290	1,948,486	30,233
.....	.....	31,415
.....	630,324	.....
1,238	1,465	641
79,663	3,748,641	487,383
.....	84,096	500
.....	229,662	.....
.....	5,345,020	221,609
.....	.....	419,510
14,924	232,614	14,399
43,392	43,793	.....
13,572	17,194	9,671
.....	10,495,776	.....
105,354	127,905	82,858
47,086	55,482	31,173
224,328	16,631,542	779,720
303,991	20,380,183	1,267,103
.....	139,590	.....
.....	16,888	2,958
4,848	5,879	6,977
4,848	162,357	9,935
80,899	8,652,433	310,616
.....	3,737,155	.....
.....	95,499	.....
.....	13,980,584	.....
.....	2,367,619	.....
.....	298,572	.....
467	467	84,599
311,882	1,274,131	214,041
\$ 393,248	\$ 30,406,460	\$ 609,256



## 2017 STATE OF FLORIDA CAFR

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(in thousands)**

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program
<b>OPERATING REVENUES</b>				
Sales - nonstate	\$ 18,002	\$ 6,162,313	\$ 1,068,177	\$ 386,077
Change in actuarial value of contract premiums	.....	.....	.....	21,923
Fees	1,142,874	.....	.....	2,454
Sales - state	.....	.....	41	225
Rents and royalties - nonstate	8,573	533	.....	.....
Rents - state	.....	.....	.....	.....
Fines, forfeits, settlements and judgments	3,585	171	.....	.....
Other	.....	.....	.....	.....
Total operating revenues	1,173,034	6,163,017	1,068,218	410,679
<b>OPERATING EXPENSES</b>				
Benefit payments	.....	.....	.....	.....
Payment of lottery winnings	.....	3,996,632	.....	.....
Commissions on lottery sales	.....	343,608	.....	.....
Contractual services	387,313	130,786	3,827	415,680
Change in actuarial value of contract benefit payments	.....	.....	1,000	(687,386)
Insurance claims expense	.....	.....	.....	.....
Personal services	15,738	30,097	1,567	1,987
Depreciation	52,484	1,570	4	9
Materials and supplies	24,717	2,078	11	64
Repairs and maintenance	.....	628	.....	.....
Basic services	.....	4,404	266	150
Interest and fiscal charges	.....	.....	9	30
Bad debt	.....	.....	.....	.....
Total operating expenses	480,252	4,509,803	6,684	(269,466)
Operating income (loss)	692,782	1,653,214	1,061,534	680,145
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Grants and donations	3,688	.....	.....	.....
Investment earnings (losses)	(2,840)	(12,996)	135,539	47,163
Interest and fiscal charges	(94,184)	(12,688)	(73,397)	(17,717)
Fines, forfeits, judgments and settlements	870	.....	1	145
Property disposition gain (loss)	(4,287)	(57)	.....	.....
Grant expense and client benefits	.....	.....	.....	.....
Emergency assessment funds received	.....	.....	300	.....
Other	5,533	.....	.....	.....
Total nonoperating revenues (expenses)	(91,220)	(25,741)	62,443	29,591
Income (loss) before transfers and contributions	601,562	1,627,473	1,123,977	709,736
Operating transfers in	117,689	.....	.....	.....
Operating transfers out	(63,306)	(1,656,506)	(10,000)	.....
Capital contributions	171,900	.....	.....	.....
Change in net position	827,845	(29,033)	1,113,977	709,736
Total net position - beginning, as restated (Note 1)	9,021,589	107,430	12,866,615	1,657,898
Total net position - ending	\$ 9,849,434	\$ 78,397	\$ 13,980,592	\$ 2,367,634

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

2017 STATE OF FLORIDA CAFR

Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/17	Internal Service Funds
\$ .....	\$ 99,307	\$ 7,733,876	\$ 50,360
.....	.....	21,923	.....
732,785	263,366	2,141,479	178
.....	39,632	39,898	2,387,683
.....	6	9,112	91
.....	109	109	155,730
.....	11,058	14,814	20
.....	18,889	18,889	18,218
732,785	432,367	9,980,100	2,612,280
414,596	.....	414,596	.....
.....	.....	3,996,632	.....
.....	.....	343,608	.....
.....	96,934	1,034,540	550,233
.....	.....	(686,386)	.....
.....	.....	.....	1,857,865
.....	189,647	239,036	95,701
.....	9,876	63,943	38,395
.....	4,983	31,853	6,966
.....	3,987	4,615	4,229
.....	28,957	33,777	7,773
.....	2,666	2,705	1
.....	.....	.....	1,787
414,596	337,050	5,478,919	2,562,950
318,189	95,317	4,501,181	49,330
4,347	2,861	10,896	.....
88,427	(832)	254,461	(3,699)
.....	(924)	(198,910)	(34,612)
.....	2	1,018	.....
.....	721	(3,623)	(622)
.....	(925)	(925)	.....
.....	.....	300	.....
.....	(184)	5,349	29
92,774	719	68,566	(38,904)
410,963	96,036	4,569,747	10,426
2,764	22,850	143,303	19,454
(13,969)	(91,725)	(1,835,506)	(22,885)
.....	.....	171,900	70
399,758	27,161	3,049,444	7,065
3,337,397	366,087	27,357,016	602,191
\$ 3,737,155	\$ 393,248	\$ 30,406,460	\$ 609,256

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(in thousands)**

	Transportation	Lottery	Hurricane Catastrophe Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,198,433	\$ 6,154,510	\$ 1,068,843
Cash paid to vendors	(437,779)	(484,557)	(3,949)
Cash paid to employees	(20,493)	(27,340)	(1,469)
Cash received/(paid) for grants	.....	.....	.....
Lottery prizes	.....	(3,985,553)	.....
Cash paid for insurance claims	.....	.....	.....
Reemployment assistance	.....	.....	.....
Net cash provided (used) by operating activities	740,161	1,657,060	1,063,425
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in (out)	40,773	(1,743,251)	(10,000)
Advances from or repayment from other funds	(3,098)	.....	.....
Advances, grants or loans (to) from or repayment from others	(103,968)	.....	.....
Payment of bonds or loans (principal and interest)	.....	.....	(567,368)
Emergency assessment funds received	.....	.....	648
Net cash provided (used) by noncapital financing activities	(66,293)	(1,743,251)	(576,720)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Cash received from sale or lease of capital assets	.....	.....	.....
Cash received from the issuance of debt	.....	.....	.....
Cash received from capital grants and donations	3,688	.....	.....
Payment of bond principal	(135,605)	.....	.....
Payment of principal on installment purchase/capital lease	.....	.....	.....
Payment of interest on bonds/installment purchase/capital lease	(144,845)	.....	.....
Purchase or construction of capital assets	(456,282)	(1,786)	(2)
Line of credit draws/(payments)	.....	.....	.....
Net cash provided (used) by capital and related financing activities	(733,044)	(1,786)	(2)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Security lending	(3,390)	(4,825)	.....
Proceeds from the sale or maturity of investments	2,151,837	45,459	117,324,740
Cash paid to grand prize winners upon maturity of grand prize investments	.....	(45,459)	.....
Investment earnings	(1,840)	(1,057)	72,717
Purchase of investments	(2,132,551)	.....	(117,884,160)
Net cash provided (used) by investing activities	14,056	(5,882)	(486,703)
Net increase (decrease) in cash and cash equivalents	(45,120)	(93,859)	.....
Cash and cash equivalents - beginning	1,122,762	309,376	11
Cash and cash equivalents - ending	\$ 1,077,642	\$ 215,517	\$ 11

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

2017 STATE OF FLORIDA CAFR

Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/17	Internal Service Funds
\$ 515,317	\$ 773,208	\$ 421,278	\$ 10,131,589	\$ 2,612,319
(537,928)	.....	(137,356)	(1,601,569)	(561,411)
(1,799)	.....	(181,373)	(232,474)	(90,200)
.....	5,397	10,067	15,464	.....
.....	.....	.....	(3,985,553)	.....
.....	.....	.....	.....	(1,847,158)
.....	(431,508)	.....	(431,508)	.....
(24,410)	347,097	112,616	3,895,949	113,550
.....	(11,187)	(69,743)	(1,793,408)	1,832
.....	.....	.....	(3,098)	.....
.....	.....	(310)	(104,278)	.....
.....	.....	.....	(567,368)	.....
.....	.....	.....	648	.....
.....	(11,187)	(70,053)	(2,467,504)	1,832
.....	.....	1,354	1,354	.....
.....	.....	.....	.....	48
.....	.....	14,786	18,474	.....
.....	.....	.....	(135,605)	(61,005)
.....	.....	(2,356)	(2,356)	(15,433)
.....	.....	.....	(144,845)	(23,450)
(6)	.....	(1,097)	(459,173)	(9,649)
.....	.....	(208)	(208)	.....
(6)	.....	12,479	(722,359)	(109,489)
5,022	.....	1,630	(1,563)	(366)
11,344,438	.....	85,945	130,952,419	.....
.....	.....	.....	(45,459)	.....
124,210	88,034	(2,030)	280,034	(4,377)
(11,452,898)	.....	(86,584)	(131,556,193)	.....
20,772	88,034	(1,039)	(370,762)	(4,743)
(3,644)	423,944	54,003	335,324	1,150
6,791	3,185,557	392,513	5,017,010	719,767
\$ 3,147	\$ 3,609,501	\$ 446,516	\$ 5,352,334	\$ 720,917

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

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

	Transportation	Lottery	Hurricane Catastrophe Fund
Operating income (loss)	\$ 692,782	\$ 1,653,214	\$ 1,061,534
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	52,484	1,570	4
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	7,557	(8,133)	835
(Increase) decrease in due from other funds	33	.....	.....
Increase (decrease) in allowance for uncollectibles	.....	(414)	.....
(Increase) decrease in inventories	(3,437)	58	.....
(Increase) decrease in future contract premiums and other receivables	.....	.....	.....
(Increase) decrease in other non-current assets	.....	(1,383)	.....
Increase (decrease) in accounts payable	15,003	(3,073)	954
Increase (decrease) in compensated absences	.....	(52)	31
Increase (decrease) in due to other funds	(38,514)	.....	.....
Increase (decrease) in tuition and housing benefits payable	.....	.....	.....
Increase (decrease) in other non-current liability	.....	1,550	14
(Increase) decrease in deposits and prepaid items	(7)	2	(4)
Increase (decrease) in unearned revenue	14,260	.....	.....
Increase (decrease) in prize liability	.....	12,462	.....
Increase (decrease) in pension liability and deferrals	.....	1,259	57
Net cash provided (used) by operating activities	\$ 740,161	\$ 1,657,060	\$ 1,063,425

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

Borrowing under capital lease or installment purchase	\$ 57,972	\$ .....	\$ .....
Change in fair value of investments	(20,163)	(39,533)	2,080
Contribution of capital assets	6,734	.....	.....
Other noncash items	11,685	.....	.....

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

2017 STATE OF FLORIDA CAFR

Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/17	Internal Service Funds
\$ 680,145	\$ 318,189	\$ 95,317	\$ 4,501,181	\$ 49,330
9	.....	9,876	63,943	38,395
(3,753)	69,442	(2,249)	63,699	(3,144)
4,451	98	(107)	4,475	(722)
.....	(16,217)	2,240	(14,391)	1,787
.....	.....	.....	(3,379)	.....
(21,923)	.....	.....	(21,923)	.....
.....	.....	225	(1,158)	.....
3,894	(24,120)	6,818	(524)	6,265
43	.....	112	134	(432)
(35)	(295)	296	(38,548)	1,431
(687,386)	.....	.....	(687,386)	.....
17	.....	8,724	10,305	4,678
(2)	.....	(66)	(77)	.....
.....	.....	(3,930)	10,330	13,387
.....	.....	.....	12,462	.....
130	.....	(4,640)	(3,194)	2,575
\$ (24,410)	\$ 347,097	\$ 112,616	\$ 3,895,949	\$ 113,550

\$ .....	\$ .....	\$ .....	\$ 57,972	\$ .....
(370,931)	.....	(6,991)	(435,538)	(13,074)
.....	.....	.....	6,734	.....
.....	.....	.....	11,685	.....

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## **FIDUCIARY FUND FINANCIAL STATEMENTS**

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

Individual fund descriptions and financial statements begin on page 237.

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

Individual fund descriptions and financial statements begin on page 243.

### **INVESTMENT TRUST FUNDS**

Individual fund descriptions and financial statements begin on page 249.

### **AGENCY FUNDS**

Individual fund descriptions and financial statements begin on page 253.



**2017 STATE OF FLORIDA CAFR**

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**JUNE 30, 2017**

**(in thousands)**

	Private- Purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Agency Funds	Totals 6/30/17
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,892	\$ 175,008	\$ 771,495	\$ 53,540	\$ 1,005,935
Pooled investments with State Treasury	504,083	138,986	1,176,431	958,885	2,778,385
Total cash and cash equivalents	509,975	313,994	1,947,926	1,012,425	3,784,320
<u>Investments</u>					
Certificates of deposit	.....	800,168	1,638,985	.....	2,439,153
U.S. government & federally guaranteed obligations	58,253	11,016,097	.....	8,982	11,083,332
Federal agencies	57,924	8,493,496	.....	.....	8,551,420
Commercial paper	.....	4,050,193	4,912,382	.....	8,962,575
Repurchase agreements	.....	750,000	25,125	.....	775,125
Bonds and notes	79,368	8,728,694	131,742	.....	8,939,804
International bonds and notes	8,075	1,972,841	8,799	.....	1,989,715
Real estate contracts	.....	10,984,655	.....	.....	10,984,655
Mutual fund investments	2,694	9,914,861	.....	.....	9,917,555
Money market and short-term investments	112,712	1,091,999	323,608	.....	1,528,319
Domestic equity	231,764	45,797,219	.....	.....	46,028,983
Alternative investments	.....	24,004,242	.....	.....	24,004,242
International equity	60,295	34,529,446	.....	.....	34,589,741
International equity commingled	.....	7,911,257	.....	.....	7,911,257
Deferred compensation annuities	.....	20,776	.....	.....	20,776
Self-directed brokerage investments	.....	510,859	.....	.....	510,859
Other investments	.....	17,211	.....	100	17,311
Total investments	611,085	170,594,014	7,040,641	9,082	178,254,822
<u>Receivables</u>					
Accounts receivable	1,199	34,186	.....	522,801	558,186
State contributions receivable	.....	9,030	.....	.....	9,030
Nonstate contributions receivable	.....	259,342	.....	.....	259,342
Interest receivable	3,427	124,236	8,858	418	136,939
Dividends receivable	668	202,883	.....	.....	203,551
Pending investment sales	4,727	1,264,200	.....	.....	1,268,927
Foreign currency contracts receivable	235	4,964,380	.....	.....	4,964,615
Due from state funds	1,266	71,944	.....	137,098	210,308
Due from other governments	9,336	.....	.....	2,307	11,643
Total receivables	20,858	6,930,201	8,858	662,624	7,622,541
Security lending collateral	.....	1,289,852	.....	.....	1,289,852
Advances to other funds	907,026	.....	.....	.....	907,026
Advances to other entities	840,859	.....	.....	.....	840,859
Capital assets	1,039	1,071	.....	.....	2,110
Accumulated depreciation	(917)	(544)	.....	.....	(1,461)
Other assets	431	7,623	29	.....	8,083
Total assets	2,890,356	179,136,211	8,997,454	1,684,131	192,708,152
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension-related items	870	167	.....	.....	1,037
Total deferred outflows of resources	870	167	.....	.....	1,037
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	5,051	116,577	516	588,766	710,910
Due to other funds	941	72,861	66	196,945	270,813
DROP	.....	216,703	.....	.....	216,703
Pending investment purchases	39,185	3,779,227	.....	.....	3,818,412
Short sell obligations	.....	322,262	.....	.....	322,262
Foreign currency contracts payable	235	4,949,138	.....	.....	4,949,373
Broker rebate fees	.....	1,106	.....	.....	1,106
Due to other governments	3,043	.....	5,336	637,534	645,913
Obligations under security lending agreements	23,312	1,329,476	56,582	11,292	1,420,662
Claims payable	1,486	.....	.....	19,226	20,712
Deposits payable	39,434	10,512	.....	230,253	280,199
Compensated absences	541	960	.....	.....	1,501
Other liabilities	1,240	3,792	.....	115	5,147
Pension liability	2,211	383	.....	.....	2,594
Total liabilities	116,679	10,802,997	62,500	1,684,131	12,666,307
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension-related items	20	416	.....	.....	436
Total deferred inflows of resources	20	416	.....	.....	436
<b>NET POSITION</b>					
Restricted for pension benefits and other purposes	\$ 2,774,527	\$ 168,332,965	\$ 8,934,954	\$ .....	\$ 180,042,446

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

**2017 STATE OF FLORIDA CAFR**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

**FIDUCIARY FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**(in thousands)**

	Private- Purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Totals 6/30/17
<b>ADDITIONS</b>				
<u>Contributions and other deposits</u>				
Pension fund employer contributions - state	\$ .....	\$ 685,517	\$ .....	\$ 685,517
Pension fund employer contributions - nonstate	.....	2,855,022	.....	2,855,022
Pension fund employee contributions	.....	982,040	.....	982,040
Other contributions	.....	160,115	.....	160,115
Purchase of time by employees	.....	7,063	.....	7,063
Fees	3,351	1,735	.....	5,086
Grants and contributions	148,125	.....	.....	148,125
Flexible benefits contributions	.....	378,195	.....	378,195
Fines, forfeits, settlements and judgments	139	.....	.....	139
Unclaimed property remittances	428,025	.....	.....	428,025
Receivership assets acquired	29,677	.....	.....	29,677
Transfers in from state funds	3,557	660,538	.....	664,095
Total contributions and other deposits	612,874	5,730,225	.....	6,343,099
<u>Investment income</u>				
Interest income	861	1,162,138	67,857	1,230,856
Dividends	5,318	1,816,019	.....	1,821,337
Other investment income (loss)	.....	2,186,459	.....	2,186,459
Net increase (decrease) in fair market value	38,238	15,708,323	266	15,746,827
Total investment income (loss)	44,417	20,872,939	68,123	20,985,479
Investment activity expense	(2,514)	(576,698)	(4,146)	(583,358)
Net income (loss) from investing activity	41,903	20,296,241	63,977	20,402,121
<u>Security lending activity</u>				
Security lending income	.....	63,625	.....	63,625
Security lending expense	.....	(14,200)	.....	(14,200)
Net income from security lending	.....	49,425	.....	49,425
Total net investment income (loss)	41,903	20,345,666	63,977	20,451,546
Other additions	5,062	28,738	.....	33,800
Total additions	659,839	26,104,629	63,977	26,828,445
<b>DEDUCTIONS</b>				
Benefit payments	.....	11,297,516	.....	11,297,516
Insurance claims expense	337,333	3,828	.....	341,161
Supplemental insurance payments	.....	79,425	.....	79,425
Flexible reimbursement payments	.....	31,155	.....	31,155
Life insurance premium payments	.....	30,684	.....	30,684
Remittances to annuity companies	.....	183,989	.....	183,989
Program contribution refunds	.....	13,482	.....	13,482
Interest expense	626	1	.....	627
Student loan default payments	81,152	.....	.....	81,152
Payments to unclaimed property claimants	310,389	.....	.....	310,389
Distribution to State School Fund	157,184	.....	.....	157,184
Administrative expense	22,518	25,752	54	48,324
Property disposition gain (loss)	2	.....	.....	2
Transfers out to state funds	4,909	679,454	.....	684,363
Other deductions	34,496	8	.....	34,504
Total deductions	948,609	12,345,294	54	13,293,957
<u>Depositor activity</u>				
Deposits	84,405	.....	18,178,927	18,263,332
Withdrawals	(207,929)	.....	(17,303,515)	(17,511,444)
Excess (deficiency) of deposits over withdrawals	(123,524)	.....	875,412	751,888
Change in net position	(412,294)	13,759,335	939,335	14,286,376
Net position - beginning	3,186,821	154,573,630	7,995,619	165,756,070
Net position - ending	\$ 2,774,527	\$ 168,332,965	\$ 8,934,954	\$ 180,042,446

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 259.

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## 2017 STATE OF FLORIDA CAFR

## STATEMENT OF NET POSITION

## COMPONENT UNITS

JUNE 30, 2017

(in thousands)

	Florida Housing Finance Corporation	University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/17
<b>ASSETS</b>					
Cash and cash equivalents	\$ 235,363	\$ 208,394	\$ 244,860	\$ 730,071	\$ 1,418,688
Pooled investments with State Treasury	745,839	1,004,662	.....	1,653,949	3,404,450
Other investments	1,430,387	1,078,446	11,746,102	5,075,967	19,330,902
Receivables, net	139,673	671,172	157,223	1,251,671	2,219,739
Due from component units/primary	.....	76,102	.....	458,309	534,411
Inventories	.....	38,250	.....	35,127	73,377
Restricted cash and cash equivalents	.....	68,358	8,237	526,877	603,472
Restricted pooled investments with State Treasury	.....	90,035	.....	558,276	648,311
Restricted investments	.....	2,302,969	.....	3,427,067	5,730,036
Other loans and notes receivable, net	2,013,488	36,945	.....	83,858	2,134,291
Other assets	3,040	154,593	9,498	283,392	450,523
Capital assets, net	.....	3,463,759	8,064	20,794,898	24,266,721
Total assets	4,567,790	9,193,685	12,173,984	34,879,462	60,814,921
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accum. decrease in fair value -hedging derivatives	.....	49,228	.....	14,974	64,202
Grants paid in advance	.....	.....	.....	192	192
Amount deferred on refunding of debt	.....	376	.....	9,891	10,267
Pension-related items	.....	364,097	.....	1,266,157	1,630,254
Total deferred outflows of resources	.....	413,701	.....	1,291,214	1,704,915
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	119,154	568,792	848,261	1,041,368	2,577,575
Due to component units/primary	.....	33,503	.....	36,590	70,093
Long-term liabilities					
Due within one year	253,890	225,577	1,510,846	647,090	2,637,403
Due in more than one year	1,903,606	2,526,934	2,506,566	7,826,273	14,763,379
Total liabilities	2,276,650	3,354,806	4,865,673	9,551,321	20,048,450
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred service concession arrangement receipts	.....	.....	.....	5,887	5,887
Accum. increase in fair value -hedging derivatives	.....	4,171	.....	.....	4,171
Amount deferred on refunding of debt	.....	2,732	.....	185	2,917
Pension-related items	.....	36,458	.....	143,829	180,287
Other	.....	.....	.....	109	109
Total deferred inflows of resources	.....	43,361	.....	150,010	193,371
<b>NET POSITION</b>					
Net investment in capital assets	.....	2,058,919	8,064	17,928,816	19,995,799
Restricted for					
Debt service	.....	3,399	.....	56,524	59,923
Other	2,147,131	852,495	8,237	4,017,601	7,025,464
Funds held for permanent endowment					
Expendable	.....	369,159	.....	367,468	736,627
Nonexpendable	.....	1,346,187	.....	2,454,909	3,801,096
Unrestricted	144,009	1,579,060	7,292,010	1,644,027	10,659,106
Total net position	\$ 2,291,140	\$ 6,209,219	\$ 7,308,311	\$ 26,469,345	\$ 42,278,015

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

2017 STATE OF FLORIDA CAFR

**STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(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	\$ 237,402	\$ 192,039	\$ .....	\$ .....	\$ (45,363)
University of Florida	5,305,221	3,567,178	869,326	64,932	.....
Citizens Property Insurance Corporation	889,569	627,485	.....	.....	.....
Nonmajor component units	11,946,851	3,515,738	3,448,720	768,533	.....
Total component units	<u>\$ 18,379,043</u>	<u>\$ 7,902,440</u>	<u>\$ 4,318,046</u>	<u>\$ 833,465</u>	<u>(45,363)</u>

General revenues

Property taxes	.....
Investment earnings (losses)	.....
Gain (loss) on sale of capital assets	.....
Payments from the State of Florida	.....
Miscellaneous	187,300
Contributions to permanent funds	.....
Total general revenues and contributions	<u>187,300</u>
Change in net position	141,937
Net position - beginning, as restated (Note 1)	2,149,203
Net position - ending	<u>\$ 2,291,140</u>

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

Net (Expense) Revenue and Changes in Net Position			
University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/17
\$ .....	\$ .....	\$ .....	\$ (45,363)
(803,785)	.....	.....	(803,785)
.....	(262,084)	.....	(262,084)
.....	.....	(4,213,860)	(4,213,860)
(803,785)	(262,084)	(4,213,860)	(5,325,092)
.....	.....	477,039	477,039
289,646	103,411	533,399	926,456
(8,718)	.....	(739)	(9,457)
727,156	.....	3,583,557	4,310,713
97,105	.....	542,024	826,429
76,838	.....	39,071	115,909
1,182,027	103,411	5,174,351	6,647,089
378,242	(158,673)	960,491	1,321,997
5,830,977	7,466,984	25,508,854	40,956,018
\$ 6,209,219	\$ 7,308,311	\$ 26,469,345	\$ 42,278,015



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# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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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:

- CareerSource Florida, Inc.
- Corrections Foundation, Inc.
- Florida Board of Governors
- Florida Citrus Commission (Department of Citrus)
- Florida Clerks of Court Operations Corporation
- Florida Commission on Community Service (Volunteer Florida)
- Florida Engineers Management Corporation
- Florida Intergovernmental Relations Foundation\*
- 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 (SBA)
- State Board of Education (SBE)
- Wireless Emergency Telephone System

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 non-major 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 non-major. 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 these component units. The assets of these component units at June 30, 2017, are approximately \$1,566,275.

**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 non-major 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, 2017. 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

***Non-major:***

- 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******Non-major:***

- Broward College
- Chipola College
- College of Central Florida
- Daytona State College
- Eastern Florida State College
- Florida Gateway College
- Florida Keys Community College
- Florida State College at Jacksonville
- Florida SouthWestern State College
- 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:

***Non-major:***

- 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:

***Non-major:***

- 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 Concrete Masonry Education Council\*
- Florida Corrections Accreditation Commission, Inc.\*
- Florida Education Foundation, Inc.\*
- Florida Education Fund, Inc.
- Florida Fund for Minority Teachers, Inc.\*
- Florida Healthy Kids Corporation
- Florida Is For Veterans, Inc.\*
- 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
- The Florida College System Foundation, Inc.\*
- The Florida Endowment Foundation for Vocational Rehabilitation, Inc.
- Triumph Gulf Coast, 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 \$411 million and \$392 million, respectively. These amounts represent two 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; 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 non-fiduciary 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 total assets and deferred outflows of resources, total 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 non-major 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. Federal grants 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 Florida’s Turnpike System.

**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 operations of 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. 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, directly-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 non-spendable. 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 6 for information on pension liabilities; 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, 2017, the government-wide statement of net position reported a restricted net position of \$30.0 billion, of which \$21.0 billion is restricted by enabling legislation.

## Components of Fund Balance

**Nonspendable fund balance** includes amounts that cannot be spent. This includes activity that is not in a spendable form such as inventories, prepaid amounts, and long-term portion of loans and notes receivable, net, 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 balance** has 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, 2017 (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	\$ 18,309	\$ 761	\$ .....	\$ 51,290	\$ 7,490	\$ 2,530	\$ 80,380
Long-term Receivables and Advances	2,623	.....	.....	.....	.....	.....	2,623
Permanent Fund Principal	.....	.....	.....	.....	.....	26,253	26,253
Total	20,932	761	.....	51,290	7,490	28,783	109,256
<b>Restricted:</b>							
Grantors/Contributors	611	59,283	248	10,610	.....	29,473	100,225
Enabling Legislation	33,611	9,877	101,825	35,675	50	377,063	558,101
Constitutional Provision	.....	60,549	680,293	.....	.....	937	741,779
Creditors	9,286	24,813	815,517	6,302	.....	1,286,365	2,142,283
Federal Government	27,492	2,267,894	29,445	59,980	.....	117,058	2,501,869
Total	71,000	2,422,416	1,627,328	112,567	50	1,810,896	6,044,257
<b>Committed:</b>	1,168,162	1,021,719	456,324	1,723,570	1,623,204	1,151,437	7,144,416
<b>Unassigned:</b>	5,419,306	.....	(904,334)	.....	.....	.....	4,514,972
Total Fund Balances	\$ 6,679,400	\$ 3,444,896	\$ 1,179,318	\$ 1,887,427	\$ 1,630,744	\$ 2,991,116	\$ 17,812,901

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 2017 General Appropriations Act as being unappropriated June 30, 2017, cash balances that are to be transferred to and from the funds indicated during the 2017-18 fiscal year (in thousands).

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
Transfer to (from) Fund	\$ 200,300	\$ (97,400)	\$ .....	\$ (40,000)	\$ .....	\$ (62,900)	\$ .....
Transfer from Non-Governmental Funds	227,901	.....	.....	.....	.....	.....	227,901
Totals	\$ 428,201	\$ (97,400)	\$ .....	\$ (40,000)	\$ .....	\$ (62,900)	\$ 227,901

## 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 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 Non-Operating Revenues

Proprietary funds distinguish operating from non-operating 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 non-operating for reporting purposes.

## I. Accounting and Reporting Changes

The state implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *Other Postemployment Benefits (OPEB) Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This statement includes financial reporting requirements and note disclosures for defined benefit OPEB plans administered through trust that meet specified criteria. This statement also includes financial reporting requirements for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet specified criteria. Refer to Note 6 for additional information on the state's OPEB plan. Adoption of this statement had no impact on the state's financial statements.

The state implemented GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement defines a tax abatement and requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The implementation of this statement requires changes to the notes to the financial statements.

The state implemented GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer. This statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. Adoption of this Statement had no impact on the state's financial statements.

The state implemented GASB Statement No. 80, *Blending Requirements for Certain Component Units—An Amendment of GASB Statement 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This additional criterion does not apply to component

units included in the financial reporting entity pursuant to the provisions of Statement 39, *Determining Whether Certain Organizations Are Component Units*. Adoption of this statement has no impact on the state's financial statements.

The state implemented GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses certain issues that have been raised with respect to Statements 67, *Financial Reporting for Pension Plans*, Statement 68, *Accounting and Financial Reporting for Pensions*, and Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Adoption of this statement has no impact on the state's financial statements.

## J. Fund Balance and Net Position Reclassifications and Restatements

Fund balances and net position at June 30, 2016 have been adjusted as follows (in thousands):

	<b>Governmental Activities</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>		<b>Component Units</b>
	Governmental Activities	Nonmajor Governmental Funds	Hurricane Catastrophe Fund	Nonmajor Enterprise Funds	University of Florida
<b>Fund Balance/Net Position, June 30, 2016, as previously reported</b>	\$ 63,676,558	\$ 2,954,444	\$ 12,771,928	\$ 360,947	\$ 5,861,165
To increase net position for assets not capitalized in a prior fiscal year.	23,836				
To decrease fund balance to remove receivables not written off in the prior fiscal year.	(18,154)	(18,154)			
To increase net position to report receivables for premium revenue earned in the prior fiscal year.			94,687		
To increase net position as a result of a change in Space Florida's fiscal year end from June 30 to September 30.				5,140	
To decrease net position related to an accounting change.					(30,188)
<b>Fund Balance/Net Position, June 30, 2016, as restated</b>	<u>\$ 63,682,240</u>	<u>\$ 2,936,290</u>	<u>\$ 12,866,615</u>	<u>\$ 366,087</u>	<u>\$ 5,830,977</u>

## NOTE 2 - DEPOSITS AND INVESTMENTS

### A. Deposits

At June 30, 2017, the state's deposits in financial institutions totaled approximately \$2.2 billion for primary government and \$2.0 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, 110, and 150 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, 2017, 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).

**Schedule of Deposits with State Treasury  
Exposed to Custodial Credit Risk  
As of June 30, 2017**

Custodial Credit Risk	Bank Statement Balance (in U.S. \$)	
	Primary Government	Component Units
(1)	\$ 904,676	\$ 435,124
(2)	44,213	311,399
(3)	.....	11,998
Total deposits subject to custodial credit risk	<u>\$ 948,889</u>	<u>\$ 758,521</u>

#### 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 investment 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 effective January 1, 2017, 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 53% and 71%, respectively, with policy ranges from 45-70% for FRS and 61-81% for LCEF, but within these ranges there are no limits on the amount of foreign equity securities that are denominated in foreign currency. The FRS Pension Trust Fund is not limited to holding securities in

foreign currency only in the global equity asset class. All asset classes may hold non-U.S. securities, 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 exposure to foreign securities held outside of commingled funds to 50% 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, 2017, as illustrated in the following schedule (in thousands):

**Schedule of Investments with State Board of Administration**  
**Foreign Currency Deposits Held**  
**As of June 30, 2017**

Currency	Bank Statement Balance (in U.S. \$)			
	FRS Pension Trust Fund	LCEF	Florida Prepaid Program and Investment Plan	Total
Australian dollar	\$ 2,221	\$ .....	\$ 85	\$ 2,306
Bangladesh taka	81	.....	.....	81
Brazilian real	816	32	.....	848
British pound sterling	20,495	140	176	20,811
Canadian dollar	4,148	271	.....	4,419
Chilean peso	210	.....	.....	210
Colombian peso	2	.....	.....	2
Czech koruna	38	.....	.....	38
Danish krone	548	.....	.....	548
Egyptian pound	69	1	.....	70
Euro currency unit	17,455	50	404	17,909
Hong Kong dollar	10,755	175	108	11,038
Hungarian forint	54	15	.....	69
Indian rupee	12,152	.....	.....	12,152
Indonesian rupiah	343	20	.....	363
Israeli shekel	2,123	5	48	2,176
Japanese yen	20,755	124	706	21,585
Kuwaiti dinar	302	.....	.....	302
Malaysian ringgit	657	27	.....	684
Mexican peso	2,746	38	.....	2,784
Moroccan dirham	8	1	.....	9
New Zealand dollar	1,656	.....	60	1,716
Nigerian naira	116	.....	.....	116
Norwegian krone	2,065	.....	16	2,081
Pakistan rupee	413	.....	.....	413
Philippines peso	465	44	.....	509
Polish zloty	41	.....	.....	41
Qatari riyal	312	.....	.....	312
Singapore dollar	1,818	.....	69	1,887
South African rand	325	400	.....	725
South Korean won	3,362	9	.....	3,371
Swiss franc	5,319	8	.....	5,327
Taiwan new dollar	10,333	.....	.....	10,333
Thailand baht	129	8	.....	137
Turkish lira	728	.....	.....	728
United Arab Emirate dirham	160	.....	.....	160
Vietnam dong	2,780	.....	.....	2,780
Other	1	.....	.....	1
Total deposits subject to foreign currency risk	\$ 126,001	\$ 1,368	\$ 1,672	\$ 129,041

**B. Investments**

At June 30, 2017, the state's investments reported in governmental and business-type activities and fiduciary funds totaled \$234.9 billion, consisting of pooled investments with the State Treasury in the amount of \$23.3 billion and other investments in the amount of \$211.6 billion. The State Treasury also had holdings at June 30, 2017, of \$4.3 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 \$24.3 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 the 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. See Note 1E, Investments, for further detail on fair value.

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, 2017, was \$20.4 billion or 74% 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):

**Schedule of Pooled Investments with State Treasury**  
**Condensed Statement of Fiduciary Net Position**  
**June 30, 2017**

<b>ASSETS</b>	
Current and Other Assets	\$ 28,625,376
Total Assets	<u>28,625,376</u>
<b>LIABILITIES</b>	
Other Liabilities	<u>2,185,190</u>
Total Liabilities	<u>2,185,190</u>
<b>NET POSITION</b>	
Net position held for Internal Pool Participants	25,318,529
Net position held for External Pool Participants	<u>1,121,657</u>
	<u>\$ 26,440,186</u>

**Condensed Statement of Changes in Fiduciary Net Position**  
**June 30, 2017**

<b>ADDITIONS</b>	
Net income (loss) from investing activity	<u>\$ (155,546)</u>
<b>DEDUCTIONS</b>	
Distributions paid and payable	<u>155,546</u>
<b>DEPOSITOR ACTIVITY</b>	
Deposits	113,095,446
Withdrawals	(113,705,440)
Excess (deficiency) of deposits over withdrawals	<u>(609,994)</u>
Change in net position	(609,994)
Net position, beginning	<u>27,050,180</u>
Net position, ending	<u>\$ 26,440,186</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):

**Schedule of Pooled Investments with State Treasury  
Summary of Investment Holdings**

	Par	Fair Value	Range of Interest Rates *	Range of Maturity Dates
Commercial paper	\$ 240,500	\$ 240,362	0.26%-1.17%	7/6/2017 - 9/18/2017
Money market funds	394,241	394,241	0.27%-0.31%	N/A
Repurchase agreements	452,666	452,666	1.05%-1.15%	7/3/2017
U.S. guaranteed obligations	6,071,913	5,984,050	0.125%-10.5%	7/31/2017-3/20/2065
Federal agencies	9,065,790	8,721,040	0.09%-15.78%	7/14/2017-8/25/2056
Bonds and notes - domestic	6,067,766	5,941,544	0.074%-10.375%	7/1/2017-9/1/2116
Bonds and notes - international	870,774	887,919	1.00%-8.875%	8/1/2017-2/26/2055
Federal agencies discounted securities	591,044	590,550	0.54%-2.68%	7/3/2017-3/25/2042
U.S. guaranteed obligations discounted securities	293,895	285,963	0.76%-2.81%	7/27/2017-5/15/2037
Commingled STIF	466,121	466,121	N/A	N/A
Unemployment compensation funds	3,597,148	3,597,148	N/A	N/A
Totals	<u>\$ 28,111,858</u>	<u>\$ 27,561,604</u>		

\* The coupon rate in effect at June 30, 2017, 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 904 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, 2017, as well as reconciliation to the basic financial statements (in thousands):

**Schedule of Pooled Investments with State Treasury  
As of June 30, 2017**

<b>Investment type</b>	<b>Fair Value</b>
Commercial paper	\$ 222,411
Money market funds	394,241
U.S. guaranteed obligations	6,270,013
Federal agencies	9,006,982
Bonds and notes - domestic	5,626,920
Bonds and notes - international	807,554
Commingled STIF	466,121
Unemployment compensation funds pooled with U.S. Treasury	3,597,148
Total investments excluding security lending collateral**	<u>26,391,390</u>
Lending collateral investments:	
Commercial paper	17,951
Repurchase agreements	452,666
Federal agencies	304,608
Bonds and notes - domestic	314,624
Bonds and notes - international	80,365
Total lending collateral investments	<u>1,170,214</u>
Total investments	<u>27,561,604</u>
Cash on deposit	<u>1,060,145</u>
Total State Treasury holdings	<u>28,621,749</u>
Adjustments:	
Outstanding warrants	(457,691)
Deposits in transit	3,627
SPIA Revolving Account*	(6,812)
Unsettled securities liability	<u>(551,004)</u>
Reconciled balance, June 30, 2017	<u><u>\$ 27,609,869</u></u>
Reconciliation to the basic financial statements (in thousands):	
Pooled investments with State Treasury	
Governmental activities	\$ 15,171,013
Business-type activities	5,289,438
Fiduciary funds	2,778,385
Component units	3,404,450
Component units timing difference	<u>287,390</u>
Total pooled investments with State Treasury	<u>26,930,676</u>
Restricted pooled investments with State Treasury	
Business-type activities	30,882
Component units	<u>648,311</u>
Total restricted pooled investments with State Treasury	<u>679,193</u>
Total pooled investments with State Treasury	<u><u>\$ 27,609,869</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 (STIF). 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 74.2% of total other investments at June 30, 2017. Investments in the FRS Investment Plan Trust Fund (Defined Contribution Pension Fund) represents 4.7% of total other investment, while investments in the Florida Hurricane Catastrophe Fund and the Florida Prepaid College Trust Fund represented another 7.8% 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 at June 30, 2017, as well as reconciliation to the basic financial statements (in thousands):

**Schedule of Other Investments  
As of June 30, 2017**

Investment type	Fair value*			Total
	FRS Pension Trust Fund	Other funds		
		Managed by SBA	Not managed by SBA	
Certificates of deposit	\$ 800,168	\$ 3,722,218	\$ 3,800	\$ 4,526,186
Commercial paper	4,050,193	12,441,740	.....	16,491,933
Money market funds	16,867	1,786,255	687	1,803,809
Repurchase agreements	750,000	1,080,000	.....	1,830,000
U.S. guaranteed obligations	10,910,710	10,020,675	4,254	20,935,639
Federal agencies	8,418,178	5,601,039	5,908	14,025,125
Domestic bonds and notes	6,859,419	2,314,449	1,749,151	10,923,019
Commingled domestic bonds and notes funds	.....	1,822,918	.....	1,822,918
International bonds and notes	1,952,266	461,455	493	2,414,214
Domestic stocks	45,250,543	2,315,758	40,670	47,606,971
Commingled domestic equity funds	.....	3,656,877	.....	3,656,877
International stocks	34,509,635	716,930	4,225	35,230,790
Commingled international equity funds	7,911,257	2,059,291	.....	9,970,548
Commingled real asset funds	.....	334,393	.....	334,393
Alternative investments	24,004,242	.....	.....	24,004,242
Real estate investments (directly owned)	8,486,964	.....	.....	8,486,964
Commingled real estate investments funds	2,497,691	.....	587	2,498,278
Self-Directed brokerage accounts	.....	510,859	.....	510,859
Futures (debt and equity)	(11,394)	.....	.....	(11,394)
Option contracts purchased	30,620	.....	2,432	33,052
Swap contracts (debt related)	(2,015)	.....	.....	(2,015)
Mutual funds	.....	.....	2,239,236	2,239,236
Deferred compensation annuities	.....	.....	20,776	20,776
Total investments excluding lending collateral	156,435,344	48,844,857	4,072,219	209,352,420
Lending collateral investments:				
Certificates of deposit	.....	644,428	.....	644,428
Commercial paper	.....	218,085	.....	218,085
Money market funds	713,459	.....	.....	713,459
Repurchase agreements	508,840	1,006,160	.....	1,515,000
Domestic bonds and notes	67,553	.....	.....	67,553
International bonds and notes	.....	16,768	.....	16,768
Total lending collateral investments	1,289,852	1,885,441	.....	3,175,293
Total investments for all types - fair value	\$ 157,725,196	\$ 50,730,298	\$ 4,072,219	\$ 212,527,713
% of total other investments	74%	24%	2%	

\* Investments of the Local Government Surplus Funds Trust Fund are reported based on amortized cost which approximates fair value. See the Local Government Surplus Funds Trust Fund disclosure on page 75 to obtain investment details of the Local Government Surplus Funds Trust Fund. In addition, investments of the Debt Service Escrowed Fund, which meet the requirements of a legal or in-substance defeasance, are reported at cost.

Reconciliation to the basic financial statements (in thousands):

	Governmental activities	Business-type activities	Fiduciary funds	Component Units <sup>1</sup>	Total
Other investments	\$ 1,207,698	\$ 15,253,554	\$ .....	\$ 725,740	\$ 17,186,992
Restricted investments	.....	605,667	.....	.....	605,667
Long-term investments	215,366	14,864,604	178,254,822	.....	193,334,792
Security lending collateral <sup>2</sup>	.....	.....	1,289,852	.....	1,289,852
Timing and other differences <sup>3</sup>	(25,500)	(7,189)	(19,958)	163,057	110,410
Total other investments	\$ 1,397,564	\$ 30,716,636	\$ 179,524,716	\$ 888,797	\$ 212,527,713

<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 B 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 the state's year end of June 30, 2017.

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

**FRS Pension Trust Fund**  
**Securities Pledged as Collateral for Futures and Swaps Contracts**  
**As of June 30, 2017**

Investment Type	Fair Value
U.S. guaranteed obligations	\$ 93,159
Total	\$ 93,159

In addition, cash and foreign currency required to open futures and swap contracts (i.e. initial margin) in the FRS Pension Trust Fund were pledged as collateral with the SBA's futures and swap counterparties. Pursuant to these types of contracts, and also pending foreign currency contracts, the FRS Pension Trust Fund agrees to receive or pay to the counterparties an amount of cash equal to the daily fluctuation in the value of the contract. Such receivables and payables are known as variation margin. All initial and variation margin amounts held by counterparties, and the variation margins held by the FRS Pension Trust Fund as of June 30, 2017, are included in "Accounts receivable" and in "Accounts payable and accrued liabilities", respectively, on the Statement of Fiduciary Net Position. These amounts are presented in the table below (in thousands):

**FRS Pension Trust Fund**  
**Cash and Foreign Currency Pledged as Collateral for Futures and Swaps Contracts**  
**As of June 30, 2017**

	Fair Value
Margin receivable from counterparties:	
Futures contracts	\$ 29,350
Swap contracts	4,074
Foreign currency contracts	7,815
Total margin receivable	\$ 41,239
Margin payable to counterparties:	
Futures contracts	\$ 262
Swap contracts	726
Total margin payable	\$ 988

The FRS Pension Trust Fund also held short positions in investments at June 30, 2017. Short investment positions are reported as liabilities on the Statement of Fiduciary Net Position. The schedule below presents the short investment positions at fair value at June 30, 2017, (in thousands):

**FRS Pension Trust Fund**  
**Short Investment Positions**  
**As of June 30, 2017**

<u>Investment Type</u>	<u>Fair Value</u>
U.S. guaranteed obligations	\$ (23,303)
Federal agencies	(290,622)
Option contracts	<u>(8,338)</u>
Total	<u>\$ (322,263)</u>

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, 2017. 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, as of June 30, 2017, 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, 2017, are excluded.

**Schedule of Other Investments  
For Discretely Presented Component Units  
As of June 30, 2017**

Investment type	Fair value
Certificates of deposit	\$ 30,657
Commercial paper	57,741
Repurchase agreements	42,320
Money market funds	357,512
U.S. guaranteed obligations	4,032,779
Federal agencies	1,900,502
Domestic bonds & notes	8,641,476
International bonds & notes	1,086,350
Domestic stocks	1,071,230
International stocks	745,695
Real estate investments	84,007
Mutual funds	2,308,984
Investment agreements	3,975,945
Total other investments for all types	<u>\$ 24,335,198</u>
Reconciliation of fair value to the basic financial statements:	
Other investments	\$ 19,330,902
Restricted investments	5,730,036
Less SBA Investments*	(725,740)
Total other investments for component units	<u>\$ 24,335,198</u>

\*Investment types for component units with investments held by SBA are disclosed on the Schedule of Other Investments on page 73.

At June 30, 2017, 68.04% 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, 2017, 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, 2017

S&P rating <sup>2</sup>	Moody's rating <sup>2</sup>	Total <sup>1</sup>	Commercial paper	Federal agencies	Domestic bonds & notes	International bonds & notes	Repurchase agreements <sup>3</sup>	Money Market funds
AAA		\$ 394,241	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ 394,241
AAA		1,072,021	.....	15,660	991,005	65,356	.....	.....
AA		10,218,578	.....	9,036,392	991,295	190,758	133	.....
A		2,577,793	.....	.....	2,181,088	396,705	.....	.....
A-1		240,362	240,362	.....	.....	.....	.....	.....
BBB		1,150,152	.....	.....	1,003,245	146,907	.....	.....
BB		3,251	.....	.....	2,275	976	.....	.....
B		502	.....	.....	502	.....	.....	.....
Below B		89	.....	.....	89	.....	.....	.....
	Aaa	717,626	.....	.....	692,462	25,164	.....	.....
	Aa	46,308	.....	200	46,108	.....	.....	.....
	A	6,458	.....	.....	6,458	.....	.....	.....
	Baa	6,218	.....	.....	5,638	580	.....	.....
	Ba	727	.....	.....	727	.....	.....	.....
	Below B	34	.....	.....	34	.....	.....	.....
Not Rated	Not Rated	464,930	.....	259,338	20,618	61,473	123,501	.....
		16,899,290	\$ 240,362	\$ 9,311,590	\$ 5,941,544	\$ 887,919	\$ 123,634	\$ 394,241
Not rated <sup>4</sup>	Not rated <sup>4</sup>	6,270,013	U.S. guaranteed obligations					
Not rated	Not rated	466,121	Commingled STIF					
Not rated <sup>4</sup>	Not rated <sup>4</sup>	329,032	Repurchase agreements					
		\$ 23,964,456	<sup>1</sup>					

<sup>1</sup> The remaining \$3,597,148 (in thousands) reported for Pooled Investments with State Treasury is comprised primarily of investments with the U.S. Treasury Unemployment Compensation Funds Pool.

<sup>2</sup> Long-term ratings are presented except for "A-1," which is a short-term rating for S&P.

<sup>3</sup> Collateral underlying the repurchase agreements was not rated.

<sup>4</sup> U.S. guaranteed obligations and collateral for repurchase agreements which are explicitly guaranteed by the U.S. government do not require disclosure of credit quality.



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, 2017, more than five percent of the State Treasury's investment pool is invested in Federal National Mortgage Association (FNMA), Federal Home Loan Bank System (FHLB), and the Federal Home Loan Mortgage Corporation (FHLMC). These investments are approximately 11 percent, 14 percent, and 10 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 constitutes 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, and 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, and Fitch A. Securities of a single issuer are generally limited to 5% of the amortized cost of the portfolio (excluding U.S. Treasuries and Agencies).

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

***Intermediate Aggregate Less MBS Index 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-. Securities of a single issuer are generally limited to 5% of the fair value of the portfolio (excluding U.S. Treasuries and Agencies). This portfolio primarily contains U.S. Treasuries, government agencies and corporates.

***Core Portfolios*** – Securities should generally be rated investment grade with a very small allocation to below investment grade (down to BB-/Ba3) by one of the three NRSROs at the time of purchase. Minimum investment grade ratings include S&P BBB-, Moody's Baa3, and Fitch BBB-. Securities of a single issuer are generally limited to 5% of the fair 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 corporates.

***Lending Portfolios*** – Under investment policy guidelines in effect for the FRS Pension Trust Fund, eligible cash collateral investments are:

- Tri-party qualified repurchase agreement transactions collateralized by U.S. Treasury bills, notes, bonds, and/or strips, U.S. Government Agency securities, U.S. Government Agency mortgage-backed securities, and U.S. equity securities. Collateral consisting of U.S. Treasury and Government Agencies must maintain a market value of at least 102% of the market value of the securities subject to being repurchased. Collateral consisting of U.S. equities must maintain a market value of at least 110% of the market value of the securities subject to being repurchased,
- Money market mutual funds regulated by SEC rule 2a-7 and rated the highest applicable rating by at least one of the three NRSROs – S&P AAAm, Moody's Aaamf, Fitch AAAMmf, and
- U.S. Treasury bills, notes, and bonds.

Investments that were purchased prior to the policy guidelines established in December 2008 are being held to maturity in existing lending portfolios.

**Lawton Chiles Endowment Fund** – Policy guidelines allow cash collateral to be invested only in tri-party repurchase agreements and certain government money market funds, similar to those allowed for the FRS Pension Fund.

**Florida Prepaid College 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, 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, 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, 2017. The schedule below discloses credit quality ratings on investments held in the FRS Pension Trust Fund at June 30, 2017 (in thousands):

**FRS Pension Trust Fund  
Credit Quality Ratings  
As of June 30, 2017**

Credit Rating <sup>1</sup>		Total <sup>2</sup>	Certificates of deposit	Commercial paper	Money market funds	Repurchase agreements	Federal <sup>4</sup> agencies	Domestic bonds & notes	International bonds & notes
S&P	Moody's								
A-1/AAAm		\$ 4,780,519	\$ .....	\$4,050,193	\$ 730,326	\$ .....	\$ .....	\$ .....	\$ .....
AAA		898,851	.....	.....	.....	.....	2,554	549,972	346,325
AA		1,695,932	200,018	.....	.....	31,104	511,383	748,695	204,732
A		2,223,742	.....	.....	.....	.....	.....	1,594,013	629,729
BBB		3,520,802	.....	.....	.....	.....	.....	2,924,149	596,653
BB		61,893	.....	.....	.....	.....	.....	37,118	24,775
B		21,689	.....	.....	.....	.....	.....	8,307	13,382
CCC		24,837	.....	.....	.....	.....	.....	24,837	.....
D		2,625	.....	.....	.....	.....	.....	2,625	.....
Not rated	Aaa	501,501	.....	.....	.....	.....	10,853	448,645	42,003
Not rated	Aa	34,907	.....	.....	.....	.....	.....	28,439	6,468
Not rated	A	146,169	.....	.....	.....	.....	.....	143,634	2,535
Not rated	Baa	74,149	.....	.....	.....	.....	.....	60,360	13,789
Not rated	Ba	1,394	.....	.....	.....	.....	.....	.....	1,394
Not rated	Caa	2,590	.....	.....	.....	.....	.....	2,590	.....
Not rated	Ca	3,353	.....	.....	.....	.....	.....	3,353	.....
Not rated	Not rated	9,529,497	600,150	.....	.....	615,243	7,893,388	350,235	70,481
		<u>23,524,450</u>	<u>\$ 800,168</u>	<u>\$4,050,193</u>	<u>\$ 730,326</u>	<u>\$ 646,347</u>	<u>\$8,418,178</u>	<u>\$ 6,926,972</u>	<u>\$ 1,952,266</u>
Ratings not Applicable:									
Repurchase agreements <sup>3</sup>		612,493							
U.S. guaranteed obligations <sup>3</sup>		10,910,710							
Domestic stocks		45,250,543							
International stocks		34,509,635							
Commingled international equity funds		7,911,257							
Alternative investments		24,004,242							
Real estate (directly owned)		8,486,964							
Commingled real estate investment funds		2,497,691							
Futures (debt and equity)		(11,394)							
Options purchased		30,620							
Swaps		(2,015)							
Total investments		<u>\$157,725,196</u>							

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

<sup>3</sup> U.S. obligations and repurchase agreements that are collateralized by securities explicitly guaranteed by the U.S. government do not require disclosure of credit quality. Of the \$612 million in repurchase agreements presented here, \$250 million were collateralized by domestic and international stocks, which do not carry credit ratings.

<sup>4</sup> Federal Agency TBAs and mortgage-backed securities are classified as "Not Rated" because they do not have explicit credit ratings on individual securities.

All futures, options, and swaps contracts held by the FRS Pension Trust Fund at June 30, 2017, were exchange traded, thereby minimizing counterparty credit risk through the use of futures and swaps clearing merchants and clearing houses.

Counterparty credit ratings for spot and forward foreign currency exchange contracts held in the FRS Pension Trust Fund at June 30, 2017, are listed below (in thousands):

**FRS Pension Trust Fund**  
**Foreign Currency Exchange Contract Counterparty Credit Ratings**  
**As of June 30, 2017**

Counterparty Credit Rating (Long/Short) <sup>1</sup>			Receivable	Payable	Net Unrealized
S&P	Moody	Fitch	Fair Value	Fair Value	Gain (Loss)
AA/A-1	Aa/P-1	AA/F1	\$ 544,522	\$ (544,882)	\$ (360)
AA/A-1	A/P-1	AA/F1	328	(328)	.....
A/A-1	Aa/P-1	AA/F1	1,459	(1,460)	(1)
A/A-1	A/P-1	AA/F1	1,279	(1,287)	(8)
A/A-1	A/P-1	A/F1	4,256,227	(4,252,063)	4,164
A/A-1	NR/NR	AA/F1	15,424	(15,430)	(6)
A/A-1	NR/NR	NR/NR	1	(1)	.....
A/A-2	A/P-1	A/F1	30,257	(31,541)	(1,284)
A/A-2	NR/P-2	A/F1	1,027	(1,025)	2
NR/NR	NR/P-1	NR/NR	83,794	(82,929)	865
NR/NR	NR/NR	A/F1	5,454	(5,469)	(15)
NR/NR	NR/NR	NR/NR	12,719	(12,723)	(4)
Total:			<u>\$ 4,952,491</u>	<u>\$ (4,949,138)</u>	<u>\$ 3,353</u>

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

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, 2017, (in thousands):

## All SBA Managed Funds (except FRS Pension Trust Fund)

## Credit Quality Ratings

As of June 30, 2017

Credit Rating <sup>1</sup>		Total <sup>2</sup>	Certificates of deposit	Commercial paper	Money market funds	Repurchase Agreements	Federal agencies	Domestic bonds and notes	Commingled domestic bonds and notes funds	International bonds and notes
S&P	Moody's									
A-1/AAAm		\$ 13,417,377	\$ .....	\$ 12,571,981	\$ 845,396	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
AAA		237,053	.....	.....	.....	.....	.....	237,053	.....	.....
AA		4,153,015	62,015	.....	.....	181,656	3,343,324	548,870	.....	17,150
A		637,306	.....	.....	.....	.....	.....	489,765	.....	147,541
BBB		870,102	.....	.....	.....	.....	.....	750,026	.....	120,076
BB		2,113	.....	.....	.....	.....	.....	460	.....	1,653
Not rated	p-1	88,038	.....	88,038	.....	.....	.....	.....	.....	.....
Not rated	Aaa	342,342	.....	.....	.....	11	201,271	120,276	.....	20,784
Not rated	Aa	234,149	.....	.....	.....	.....	.....	84,384	.....	149,765
Not rated	A	7,035	.....	.....	.....	.....	.....	6,831	.....	204
Not rated	Baa	9,366	.....	.....	.....	.....	.....	5,084	.....	4,282
Not rated	Not rated	10,503,084	4,305,224	.....	940,894	1,289,139	2,056,444	71,697	1,822,918	16,768
		30,500,980	\$ 4,367,239	\$ 12,660,019	\$ 1,786,290	\$ 1,470,806	\$ 5,601,039	\$ 2,314,446	\$ 1,822,918	\$ 478,223

## Ratings not applicable

Repurchase agreements <sup>3</sup>	615,354
U.S. guaranteed obligations <sup>3</sup>	10,020,676
Domestic stocks	2,315,758
Commingled domestic equity funds	3,656,877
International stocks	716,930
Commingled international equity funds	2,059,291
Commingled real asset funds	334,393
Self-directed brokerage accounts	510,859
Total investments	\$ 50,731,118 <sup>4</sup>

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

<sup>3</sup> U.S. obligations and repurchase agreements that are collateralized by securities explicitly guaranteed by the U.S. government do not require disclosure of credit quality.

<sup>4</sup> The remaining (\$820) (in thousands) reported for all SBA Managed Funds (except FRS Pension Trust Fund) is comprised of differences between carrying value (at amortized cost) and fair value of investments with the Local Government Surplus Funds Trust Fund.

The Florida Hurricane Catastrophe Fund held investments with Bank of Nova Scotia (6.19%), Federal Farm Credit Banks (13.09%), and FHLMC (7.81%) in excess of 5% of the Florida Hurricane Catastrophe Fund's fair value.

The Florida Prepaid College Program held investments with the Resolution Funding Corporation (5.25%) and the FNMA (5.24%) in excess of 5% of the Florida Prepaid College Program's fair value.

The Florida Prepaid Investment Plan held investments with the FNMA (8.47%) in excess of 5% of the Florida Prepaid Investment Plan's fair value.

### Component Units

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

#### Major Component Units Credit Quality Ratings As of June 30, 2017

Component Unit	Federal agencies	Bonds & notes	Money market funds	Mutual funds	U.S. guaranteed obligations	Commercial paper	Total	S&P rating
Florida Housing Finance Corporation (FHFC) *	\$ .....	\$ 5,757	\$ .....	\$ .....	\$ .....	\$ .....	\$ 5,757	AAA-AA+
FHFC (continued)	.....	24,734	.....	.....	.....	.....	24,734	AAA-AA-
FHFC (continued)	.....	16,890	.....	.....	.....	.....	16,890	AAA-BBB+
FHFC (continued)	.....	106,820	.....	.....	.....	.....	106,820	AAA-BBB-
FHFC (continued)	.....	10,997	.....	.....	.....	.....	10,997	AAA-D
FHFC (continued)	85,334	.....	.....	.....	.....	.....	85,334	AA+
FHFC (continued)	.....	.....	.....	.....	.....	399	399	A 1
University of Florida (UF)	2,113	7,512	14,819	49,283	.....	.....	73,727	AAA
UF (continued)	2,828	1,909	.....	51,622	.....	.....	56,359	AA
UF (continued)	.....	5,034	.....	16,481	.....	.....	21,515	A
UF (continued)	.....	101,204	50	18,385	.....	.....	119,639	Less than A
Citizens Property Insurance Corporation (CPIC)	1,371,781	.....	.....	.....	2,269,268	.....	3,641,049	AA+
CPIC (continued)	.....	8,077,161	.....	.....	.....	.....	8,077,161	A+
CPIC (continued)	.....	.....	.....	.....	.....	27,893	27,893	Not rated
	<u>\$ 1,462,056</u>	<u>\$ 8,358,018</u>	<u>\$ 14,869</u>	<u>\$ 135,771</u>	<u>\$ 2,269,268</u>	<u>\$ 28,292</u>	<u>\$ 12,268,274</u>	

\* Florida Housing Finance Corporation (FHFC) reported total investments with a fair value in the amount of \$132 million subject to concentration of credit risk. These investments and amounts were issued by FannieMae (\$132 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's custodial risk policy states that securities must be held in an account in the state's name. 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 institution at June 30, 2017. Investments that were uninsured and unregistered, and held by the counterparty, or by its trust department but not in the State's name, included the following (in thousands):

<b>State Treasury Custodial Credit Risk As of June 30, 2017</b>	
	Fair value
Invested security lending collateral:	
Commercial paper	\$ 17,951
Repurchase agreements	452,666
Federal agencies	304,608
Bonds and notes - domestic	314,624
Bonds and notes - international	80,365
Total	<u>\$ 1,170,214</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, 2017. Investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department, but not in the SBA's name, included the following (in thousands):

<b>Other Investments with SBA Custodial Credit Risk As of June 30, 2017</b>		
	FRS Pension Trust Fund	Other funds
Invested security lending collateral:		
Certificates of deposit	\$ .....	\$ 644,428
Commercial paper	.....	218,085
Repurchase agreements	58,840	1,006,160
Domestic bonds and notes	67,553	.....
International bonds and notes	.....	16,768
Total	<u>\$ 126,393</u>	<u>\$ 1,885,441</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, 2017**

<u>Component unit / Investment type</u>	<u>Fair value</u>
University of Florida	
Federal agencies	\$ 4,941
Bonds and notes	23,164
U.S. guaranteed obligations	1,405
Money market funds	9,400
Total	<u>\$ 38,910</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: six (6) years or the benchmark's effective duration if higher. In addition, the security lending portfolio manages exposure to interest rate risk by limiting the maximum weighted average maturity gap. The maximum weighted average maturity gap is defined as the difference between the weighted average days to maturity of the portfolio minus the weighted average days to maturity of the liabilities (loans). The maximum weighted average maturity gap for security lending portfolios is 30 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 the security lending collateral portfolio are presented using weighted average maturity.

**Debt Investments**  
**As of June 30, 2017**

Investment type	Fair value	Effective weighted duration (in years)	Security Lending Market Value	Weighted average maturity (in days)
Commercial paper	\$ 222,411	0.06	\$ 17,951	80
Money market funds	394,241	0.08	.....	N/A
Repurchase agreements	.....	N/A	452,666	3
U.S. guaranteed obligations:				
U.S. Treasury bonds and notes	5,525,725	3.43	.....	N/A
U.S. Treasury strips	281,758	1.24	.....	N/A
U.S. Treasury bills	4,205	0.09	.....	N/A
GNMA mortgage-backed pass-through	245,971	3.63	.....	N/A
GNMA TBA pass-through	38,915	3.72	.....	N/A
GNMA collateralized mortgage obligations (CMO's)	20,364	1.74	.....	N/A
GNMA CMO's - interest only	8,359	(13.25)	.....	N/A
SBA asset-backed	144,716	3.43	.....	N/A
Federal agencies:				
Discount notes	579,962	0.01	.....	N/A
Unsecured bonds & notes	6,191,356	0.79	304,608	15
Mortgage-backed pass-through	1,620,402	3.39	.....	N/A
TBA mortgage-backed pass-through	257,913	3.87	.....	N/A
Mortgage-backed CMO's	342,615	3.70	.....	N/A
Mortgage-backed CMO's - principal only	141	5.46	.....	N/A
Mortgage-backed CMO's - interest only	14,593	2.38	.....	N/A
Bonds and notes - domestic:				
Corporate	3,681,029	5.89	314,624	54
Corporate asset-backed	862,715	1.09	.....	N/A
Non-government backed CMO's & CMBS*	673,102	4.04	.....	N/A
Non-government backed CMO's & CMBS* - interest only	13,875	1.75	.....	N/A
Municipal/provincial	396,199	5.72	.....	N/A
Bonds and notes - international:				
Government & Agency	81,999	4.24	.....	N/A
Corporate	725,555	4.22	80,365	18
Commingled STIF	466,121	0.08	.....	N/A
Futures contracts - long***	.....	5.69	.....	N/A
Futures contracts - short***	.....	1.75	.....	N/A
Total debt investments**	<u>\$ 22,794,242</u>		<u>\$ 1,170,214</u>	

\* Commercial Mortgage-Backed Securities (CMBS).

\*\* The remaining \$3,597,148 (in thousands) reported for Pooled Investments with State Treasury is comprised of investments with the U.S. Treasury Unemployment Compensation Funds Pool.

\*\*\*The futures contracts effective weighted duration was calculated using notional values rather than fair values.



## *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 397 days 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 the Barclays Capital U.S. MBS Index duration. Swaps and/or Agency debentures may contribute no more than 25% of the portfolio's total 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 duration less the MBS Index component. Interest rate swaps and interest rate futures, on a net basis, may contribute no more than 25% of the portfolio's total duration.

*Core Portfolios* – Portfolio duration should remain within plus or minus 0.50 years of the Barclays Capital U.S. Intermediate Aggregate Bond Index duration. Interest rate swaps and interest rate futures may contribute no more than 25% of the portfolio's total duration.

The Core Portfolios contain certain investments, such as Collateralized Mortgage Obligations (CMOs), which are more sensitive to interest rate changes than others. Examples of CMO securities that qualify as "highly interest rate sensitive" include interest-only (IOs), principal-only (POs), and inverse floaters (INVs). IO and PO securities are transactions that involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which increase the value of a PO and decrease the value of an IO. INVs have an inverse relationship to a benchmark rate, and the coupon payment is adjusted as the interest rate changes. If the benchmark interest rate decreases, the coupon rate increases and vice versa, which allows the bondholder to benefit from declining interest rates. Similar to an IO, an interest-only inverse floater's value increases as interest rates rise.

*Security Lending Portfolios* – Investment policy guidelines in effect for the FRS Pension Trust Fund allow investment in:

- Repurchase agreements, with a term to repurchase not to exceed 45 calendar days that are fully collateralized by U.S. Treasury bills, notes, bonds and/or strips, U.S. Government Agency securities, U.S. Government Agency mortgage-backed securities, and U.S. equity securities,
- Money market mutual funds regulated by SEC rule 2a-7, and
- U.S. Treasury bills, notes, and bonds maturing within 92 days or less.

Investments that were purchased prior to the investment policy guidelines established in December 2008, are still held in the FRS Pension Trust Fund lending programs, but are slowly paying down. For investments that had floating interest rates, interest rate reset dates were used to calculate the WAM.

The LCEF allows investment of cash collateral only in overnight repurchase agreements that are fully collateralized by U.S. Government and/or agency securities, and in certain money market funds with a rating of AAAM, Aaammf, or AAAMmf by S&P, Moody's or Fitch, respectively.

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 securities lending collateral portfolios are presented using weighted average maturity.

**FRS Pension Trust Fund**  
**Debt Investments**  
**As of June 30, 2017**

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	\$ .....	N/A	\$ 800,168	76
Commercial paper	.....	N/A	4,050,193	18
Money market funds	.....	N/A	730,326	3
Repurchase agreements	.....	N/A	1,258,840	3
U.S. guaranteed obligations:				
U.S. Treasury bills	1,094,652	0.23	.....	N/A
U.S. Treasury bonds and notes	7,842,876	3.90	.....	N/A
Index linked government bonds	241,913	6.54	.....	N/A
U.S. government guaranteed bonds and notes	38,824	4.88	.....	N/A
GNMA mortgage-backed pass-through	1,150,183	3.26	.....	N/A
GNMA TBA mortgage-backed pass-through	281,934	4.05	.....	N/A
GNMA CMO's and CMBS <sup>1</sup>	260,328	3.28	.....	N/A
Federal agencies:				
Discount notes	342,898	0.06	.....	N/A
Unsecured bonds and notes	514,881	2.72	.....	N/A
Agency strips	39,718	2.47	.....	N/A
Mortgage-backed pass-through	4,403,223	3.61	.....	N/A
FNMA, FHLMC TBA mortgage-backed pass-through	1,661,753	4.11	.....	N/A
Mortgage-backed CMO's and CMBS <sup>1</sup>	1,455,705	2.99	.....	N/A
Domestic bonds and notes:				
Corporate	4,875,787	4.52	.....	N/A
Non-government asset and mortgage-backed	973,783	2.10	49,899	25
Non-government backed CMO's and CMBS <sup>1</sup>	1,002,447	2.28	8,168	25
Municipal/provincial	14,183	5.78	.....	N/A
Real estate mortgage loans	2,705	2.27	.....	N/A
International bonds and notes:				
Government and agency	732,247	3.35	.....	N/A
Corporate	1,175,311	4.11	.....	N/A
Non-government asset and mortgage-backed	44,708	0.65	.....	N/A
Futures contracts - long (debt) <sup>2</sup>	(4,163)	3.64	.....	N/A
Futures contracts - short (debt) <sup>2</sup>	1,014	8.25	.....	N/A
Credit default swaps <sup>2</sup>	(2,508)	0.01	.....	N/A
Interest rate swap contracts <sup>2</sup>	493	(1.11)	.....	N/A
Total debt investments	<u>\$ 28,144,895</u>		<u>\$ 6,897,594</u>	

<sup>1</sup> Includes investments in IO's, PO's, and INV's totaling \$65 million at June 30, 2017.

<sup>2</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. dollar value based on foreign exchange rates at June 30, 2017.

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

**FRS Pension Trust Fund**  
**Sold Short<sup>1</sup> Debt Investment Positions**  
**As of June 30, 2017**

Investment type	Fair value (duration)	Effective weighted duration (in years)
GNMA commitments to sell (TBAs)	\$ (23,303)	2.71
FNMA, FHLMC commitments to sell (TBAs)	(290,622)	4.44
Total debt investments sold short <sup>1</sup>	<u>\$ (313,925)</u>	

<sup>1</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, 2017 (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, 2017**

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	\$ 525,593	\$ 525,593	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
U.S. Treasury bonds, notes, and SLGS*	17,132	16,563	363	206	.....	.....	.....	.....
U.S. Treasury strips	297,338	26,568	40,501	38,777	94,227	65,515	17,896	13,854
Total debt investments	<u>\$ 840,063</u>	<u>\$ 568,724</u>	<u>\$ 40,864</u>	<u>\$ 38,983</u>	<u>\$ 94,227</u>	<u>\$ 65,515</u>	<u>\$ 17,896</u>	<u>\$ 13,854</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, 2017**

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Time deposits <sup>1</sup>	\$ .....	N/A	\$ 916,322	4
Certificates of deposit	.....	N/A	4,367,239	55
Commercial paper	.....	N/A	12,660,019	43
Money market funds	940,660	0.08	845,630	3
Repurchase agreements	.....	N/A	2,086,160	5
U.S. guaranteed obligations:				
U.S. Treasury bills	126,416	0.05	1,306,824	210
U.S. Treasury bonds and notes	234,987	4.94	1,361,392	322
U.S. Treasury strips	5,811,886	10.03	.....	N/A
Index linked government bonds	145,462	6.82	.....	N/A
U.S. government guaranteed	66,925	4.06	.....	N/A
GNMA mortgage-backed pass through	97,341	4.06	.....	N/A
GNMA commitments to purchase (TBAs)	29,380	4.75	.....	N/A
Federal agencies:				
Discount notes	5,459	0.65	166,761	142
Unsecured bonds and notes	13,621	7.69	3,636,583	109
Agency strips	834,527	6.08	.....	N/A
Mortgage-backed (FNMA, FHLMC)	823,411	3.83	.....	N/A
FNMA, FHLMC commitments to purchase (TBAs)	107,220	3.83	.....	N/A
Mortgage-backed CMO's	13,457	2.52	.....	N/A
Domestic bonds and notes:				
Corporate	1,340,660	4.62	626,719	163
Non-government asset and mortgage-backed	243,157	1.43	.....	N/A
Non-government backed CMO's and CMBS <sup>2</sup>	78,870	4.61	.....	N/A
Municipal/provincial	7,625	12.21	17,415	7
Commingled Domestic bonds and notes funds	1,822,918	5.60	.....	N/A
International bonds and notes:				
Government agency discount notes	.....	N/A	20,005	284
Government and agency	8,842	7.59	166,532	50
Corporate	212,681	6.69	70,163	290
Total debt investments	<u>\$ 12,965,505</u>		<u>\$ 28,247,764</u>	

<sup>1</sup> Time deposits are reported with the "cash and cash equivalents" on the Statements of Net Position.

<sup>2</sup> Includes Investments in IO's totaling \$56.6 million at June 30, 2017, in the Florida Prepaid College Program.

**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, 2017**

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	\$ 3,686	\$ .....	\$ 2,281	\$ .....	\$ 1,405
Federal agencies	4,941	2,828	2,113	.....	.....
Bonds & notes	115,658	29,582	84,796	1,280	.....
Bond Mutual funds	135,771	3,763	34,329	97,679	.....
Total debt investments	<u>\$ 260,056</u>	<u>\$ 36,173</u>	<u>\$ 123,519</u>	<u>\$ 98,959</u>	<u>\$ 1,405</u>

**Major Component Units  
Debt Investments  
That Use Duration or Weighted Average Maturity Method  
As of June 30, 2017**

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	\$ 63,890	2.70	\$ .....	N/A
Federal agencies	21,444	1.10	.....	N/A
Bonds & notes	165,198	1.28	.....	N/A
Commercial paper	399	N/A	.....	N/A
Citizens Property Insurance Corporation				
Commercial paper	.....	N/A	27,893	0.39
U.S. guaranteed obligations	.....	N/A	2,269,268	3.44
Federal agencies	.....	N/A	1,371,781	3.44
Bonds & notes	.....	N/A	7,057,031	4.35
International bonds and notes	.....	N/A	1,020,129	3.05
Total debt investments	<u>\$ 250,931</u>		<u>\$ 11,746,102</u>	

**4. Foreign Currency Risk**

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

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

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

***Other Investments***

The FRS Pension Trust Fund, the LCEF, and the Florida Prepaid College Program had exposure to foreign currency risk at June 30, 2017. These funds are managed primarily by the use of "asset classes".

The FRS Pension Trust Fund investment policy, approved on October 25, 2016 (effective January 1, 2017), by the Trustees, limits the global equity asset class (including domestic and foreign equities) to a policy range of 45-70% and a target allocation of 53%. All asset classes may hold non-U.S. securities, depending on portfolio guidelines. Within the global equity asset class, the FRS Pension Trust Fund also holds units in commingled international equity 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 foreign currency are presented in the foreign currency risk table below by currency. 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 \$23.3 billion as of June 30, 2017.

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 50% 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 investments exposed to foreign currency risk as of June 30, 2017, listed in total, by currency (in thousands).

**FRS Pension Trust Fund**  
**Investments Exposed to Foreign Currency Risk (fair values in U.S.\$, in thousands)**  
**As of June 30, 2017**

Currency	Investment Type				
	Equity	Alternative Investments	Fixed Income	Equity, Options and Swaps	Foreign Currency Contracts, Net
Australian dollar	\$ 1,001,326	\$ .....	\$ .....	\$ .....	\$ (153,563)
Bangladesh taka	16,617	.....	.....	.....	.....
Brazilian real	530,904	.....	.....	.....	(48,531)
British pound sterling	3,948,224	33,527	.....	(342)	51,778
Canadian dollar	1,424,480	.....	.....	(48)	(87,385)
Chilean peso	34,361	.....	.....	.....	(38,901)
Colombian peso	9,967	.....	.....	.....	11,052
Czech koruna	4,586	.....	.....	.....	41,610
Danish krone	469,582	.....	.....	.....	(386)
Egyptian pound	25,511	.....	.....	.....	.....
Euro currency unit	7,476,917	715,506	.....	703	(252,308)
Hong Kong dollar	2,368,338	.....	.....	.....	(6,668)
Hungarian forint	54,205	.....	.....	.....	(41,177)
Indian rupee	983,825	.....	.....	.....	86,136
Indonesian rupiah	196,188	.....	.....	.....	55,328
Israeli shekel	90,438	.....	.....	.....	(38,217)
Japanese yen	4,660,824	.....	.....	(29)	(443,722)
Kenyan shilling	24,481	.....	.....	.....	.....
Kuwaiti dinar	15,733	.....	.....	.....	.....
Malaysian ringgit	156,038	.....	.....	.....	40,954
Mexican peso	237,709	.....	.....	.....	99,242
Moroccan dirham	6,303	.....	.....	.....	.....
New Zealand dollar	70,860	.....	.....	.....	74,627
Nigerian naira	32,252	.....	.....	.....	.....
Norwegian krone	228,965	.....	.....	.....	(66,052)
Omani rial	6,507	.....	63	.....	.....
Pakistani rupee	28,787	.....	.....	.....	.....
Philippines peso	104,087	.....	.....	.....	5,633
Polish zloty	110,317	.....	.....	.....	45,775
Qatari riyal	27,564	.....	.....	.....	.....
Romanian new leu	16,207	.....	.....	.....	5,491
Russian ruble	.....	.....	.....	.....	36,081
Singapore dollar	410,302	.....	.....	.....	(63,941)
South African rand	467,864	.....	.....	.....	26,175
South Korean won	1,231,151	.....	.....	.....	(4,429)
Sri Lankan rupee	22,197	.....	.....	.....	.....
Swedish krona	671,413	.....	.....	.....	72,915
Swiss franc	1,708,792	.....	.....	2,274	(122,004)
Taiwan new dollar	873,418	.....	.....	.....	(38,822)
Thailand baht	231,936	.....	.....	.....	6,211
Turkish lira	223,130	.....	.....	.....	117,706
United Arab Emirates dirham	53,901	.....	.....	.....	.....
Vietnam dong	13,729	.....	.....	.....	.....
Other	11,292	.....	.....	.....	(4,408)
<b>Total foreign currency risk</b>	<b>30,281,228</b>	<b>749,033</b>	<b>63</b>	<b>2,558</b>	<b>(633,800)</b>
<b>Other investments with potential exposure to foreign currency risk:</b>					
Alternative investments	.....	23,255,209	.....	.....	.....
Equity linked notes	79,947	.....	.....	.....	.....
Commingled international equity funds	7,911,257	.....	.....	.....	.....
<b>Total investments subject to foreign currency risk</b>	<b>\$ 38,272,432</b>	<b>\$ 24,004,242</b>	<b>\$ 63</b>	<b>\$ 2,558</b>	<b>\$ (633,800)</b>

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, 2017, 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, 2017**

		In Local Currency			Unrealized
		Number of	Notional	Notional	Gain/(Loss)
Currency		Contracts	Traded	Market	Unrealized
			Exposure	Exposure	Gain/(Loss)
					(in U.S. \$)
Stock Index Futures:					
GBP FT SE 100 Index	British pound sterling	143	10,620	10,357	(263) \$ (342)
Canada S&P/T SE 60 Index	Canadian dollar	40	7,176	7,114	(62) (48)
DJ Euro STOXX 50	Euro currency unit	417	14,763	14,307	(456) (520)
TOPIX Index Future	Japanese yen	68	1,086,616	1,095,820	9,204 82
Yen Denom NIKKEI	Japanese yen	185	1,868,485	1,856,013	(12,472) (111)
Mini MSCI Emerging Market <sup>1</sup>	U.S. dollar	364	18,326	18,351	25 25
Mini MSCI EAFE <sup>1</sup>	U.S. dollar	4,444	421,250	419,869	(1,381) (1,381)

<sup>1</sup> Futures denominated in U.S. dollars are based on an index that converts the foreign issues to U.S. dollar equivalents at currency market exchange rates.

The FRS Pension Trust Fund did not hold any positions in swap contracts that were exposed to foreign currency risk at June 30, 2017.

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, 2017, is presented on the next page, by currency (in thousands):



**FRS Pension Trust Fund**  
**Foreign Currency Exchange Contracts**  
**As of June 30, 2017**

Currency	Forward Currency Contracts				Spot Currency Contracts			
	Receivable	Payable	Net	Unrealized	Receivable	Payable	Net	Unrealized
			Receivables/ Payables	Gain/ (Loss)			Receivables/ Payables	Gain/ (Loss)
	Fair Value	Fair Value			Fair Value	Fair Value		
Australian dollar	\$ 19,193	\$ (172,853)	\$ (153,660)	\$ (2,728)	\$ 5,650	\$ (5,553)	\$ 97	\$ 9
Brazilian real	6,667	(56,815)	(50,148)	72	2,249	(632)	1,617	(18)
British pound sterling	227,515	(148,101)	79,414	2,486	17,601	(45,237)	(27,636)	102
Canadian dollar	57,965	(145,333)	(87,368)	(2,974)	1,611	(1,628)	(17)	(2)
Chilean peso	6,382	(45,283)	(38,901)	58	.....	.....	.....	.....
Chinese yuan renminbi	6,283	(10,691)	(4,408)	(72)	.....	.....	.....	.....
Columbian peso	25,368	(14,316)	11,052	(639)	.....	.....	.....	.....
Czech koruna	52,406	(10,796)	41,610	2,711	.....	.....	.....	.....
Danish krone	.....	.....	.....	.....	.....	(386)	(386)	.....
Euro currency unit	431,445	(714,729)	(283,284)	2,364	69,836	(38,860)	30,976	(24)
Hong Kong dollar	12,926	(20,012)	(7,086)	22	1,796	(1,378)	418	.....
Hungarian forint	35,913	(77,090)	(41,177)	(1,503)	.....	.....	.....	.....
Indian rupee	91,153	(5,017)	86,136	148	.....	.....	.....	.....
Indonesian rupiah	55,328	.....	55,328	(116)	.....	.....	.....	.....
Israeli shekel	2,259	(40,461)	(38,202)	(604)	.....	(15)	(15)	.....
Japanese yen	110,390	(604,782)	(494,392)	7,748	68,721	(18,051)	50,670	(51)
Malaysian ringgit	39,935	.....	39,935	(155)	1,187	(168)	1,019	1
Mexican peso	101,222	(1,020)	100,202	1,781	370	(1,330)	(960)	(1)
New Zealand dollar	137,365	(56,363)	81,002	(914)	.....	(6,375)	(6,375)	(34)
Norwegian krone	51,078	(117,130)	(66,052)	(1,185)	12,352	(12,352)	.....	(3)
Philippines peso	24,068	(18,795)	5,273	(99)	360	.....	360	.....
Polish zloty	122,670	(76,902)	45,768	631	7	.....	7	.....
Romanian new leu	5,491	.....	5,491	77	.....	.....	.....	.....
Russian ruble	36,081	.....	36,081	(718)	.....	.....	.....	.....
Singapore dollar	.....	(63,163)	(63,163)	(280)	.....	(778)	(778)	(2)
South African rand	26,840	(2,439)	24,401	(96)	2,732	(958)	1,774	(16)
South Korean won	40,806	(44,002)	(3,196)	(25)	.....	(1,233)	(1,233)	.....
Swedish krona	90,418	(18,858)	71,560	1,647	5,513	(4,158)	1,355	36
Swiss franc	40,943	(209,401)	(168,458)	(4,642)	92,875	(46,421)	46,454	14
Taiwan new dollar	5,326	(43,456)	(38,130)	395	.....	(692)	(692)	.....
Thailand baht	5,387	.....	5,387	5	1,137	(313)	824	.....
Turkish lira	138,444	(20,829)	117,615	(52)	91	.....	91	.....
U.S. dollar	2,491,024	(1,756,311)	734,713	.....	170,113	(267,672)	(97,559)	.....
<b>Total</b>	<b>\$ 4,498,291</b>	<b>\$ (4,494,948)</b>	<b>\$ 3,343</b>	<b>\$ 3,343</b>	<b>\$ 454,201</b>	<b>\$ (454,190)</b>	<b>\$ 11</b>	<b>\$ 11</b>

A schedule of the Lawton Chiles Endowment Fund and Florida Prepaid College Fund investments exposed to foreign currency risk as of June 30, 2017, is presented below, by currency (in thousands):

**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, 2017**

Currency	LCEF		Florida Prepaid Program and Investment Plan	
	Investment Type		Investment type	
	Equity	Foreign Currency Contracts, Net	Equity	Foreign Currency Contracts, Net
Australian dollar	\$ 11,499	\$ .....	\$ 39,390	\$ .....
Brazilian real	2,775	.....	.....	.....
British pound sterling	27,124	.....	64,200	(141)
Canadian dollar	16,244	.....	.....	.....
Czech koruna	68	.....	.....	.....
Danish krone	3,010	.....	6,105	.....
Egyptian pound	169	.....	.....	.....
Euro currency unit	54,276	(50)	124,501	1,787
Hong Kong dollar	18,120	.....	16,371	.....
Hungarian forint	517	.....	.....	.....
Indonesian rupiah	2,066	.....	.....	.....
Israeli shekel	1,024	.....	1,206	.....
Japanese yen	42,262	.....	98,975	.....
Malaysian ringgit	2,543	(38)	.....	.....
Mexican peso	1,552	.....	.....	.....
New Zealand dollar	761	.....	2,413	.....
Norwegian krone	2,531	.....	1,061	.....
Philippines peso	1,487	.....	.....	.....
Polish zloty	1,701	.....	.....	.....
Singapore dollar	620	.....	3,917	.....
South African rand	2,825	.....	.....	.....
South Korean won	10,487	.....	.....	.....
Swedish krona	5,210	.....	11,347	.....
Swiss franc	11,598	.....	29,678	.....
Taiwan new dollar	9,381	.....	.....	.....
Thailand baht	4,122	.....	.....	.....
Turkish lira	1,442	.....	.....	.....
Other	.....	.....	.....	.....
<b>Total investments subject to foreign currency risk</b>	<b>\$ 235,414</b>	<b>\$ (88)</b>	<b>\$ 399,164</b>	<b>\$ 1,646</b>

A Schedule of the Lawton Chiles Endowment Fund's, Florida Prepaid Program's and Investment Plan's foreign currency exchange contracts outstanding at June 30, 2017, is presented below, by currency (in thousands):

**Lawton Chiles Endowment Fund, Florida Prepaid Program and Investment Plan**

**Foreign Currency Exchange Contracts**

**As of June 30, 2017**

Currency	Spot Currency Contracts			
	Receivables	Payables	Net Receivables/ Payables	Net Unrealized Gain/(Loss)
<b>Lawton Chiles Endowment Fund:</b>				
Euro currency unit	\$ ..... \$	(50)	(50)	\$ .....
Malaysian ringgit	.....	(38)	(38)	.....
U.S. dollar	88	.....	88	.....
Total Lawton Chiles Endowment Fund	\$ 88	\$ (88)	\$ .....	\$ .....
<b>Florida Prepaid Program:</b>				
British pound sterling	\$ ..... \$	(141)	(141)	\$ .....
Euro currency unit	1,552	.....	1,552	(1)
U.S. dollar	142	(1,553)	(1,411)	.....
Total Florida Prepaid Program	\$ 1,694	\$ (1,694)	\$ .....	\$ (1)
<b>Florida Prepaid Investment Plan</b>				
Euro currency unit	\$ 235	\$ .....	235	\$ .....
U.S. dollar	.....	(235)	(235)	.....
Total Florida Prepaid Investment Plan	\$ 235	\$ (235)	\$ .....	\$ .....

**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. The collateral under security lending agreements (including accrued interest) exceeded the fair value of the securities underlying those agreements (including accrued interest) on June 30, 2017. 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 \$ 1,169,682,817 cash collateral and \$1,764,553,172 non-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 \$1,136,278,766. Securities held with others under security lending agreements with non-cash collateral totaled \$1,719,695,009. 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, 2017, are as follows (in thousands):

**State Treasury Investments on Loan Under Security Lending Agreements  
As of June 30, 2017**

<b>Securities on Loan for Cash Collateral, by Security Type</b>	<b>Fair Value of Securities on Loan*</b>
U.S. guaranteed obligations	\$ 441,710
Federal agencies	105,765
Bonds and notes - domestic	522,732
Bonds and notes - international	66,072
<b>Total securities on loan for cash collateral</b>	<b>1,136,279</b>
<b>Securities on Loan for Non-Cash Collateral, by Security Type</b>	
U.S. guaranteed obligations	1,703,193
Federal agencies	7,797
Bonds and notes - domestic	6,522
Bonds and notes - international	2,183
<b>Total securities on loan for non-cash collateral</b>	<b>1,719,695</b>
<b>Total securities on loan</b>	<b>\$ 2,855,974</b>

\* The fair value equals the carrying value of the investments on loan.

**Other Investments**

Through the SBA, various funds, including the FRS Pension Trust Fund, the LCEF, and the Florida Prepaid College Program participate in security lending programs during the fiscal year ended June 30, 2017. 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 \$3,214,077,945 in cash and \$9,883,168,102 in U.S. government securities as collateral for the lending programs as of June 30, 2017. At June 30, 2017, the collateral held for the security lending transactions exceeded the fair value of the securities underlying the agreements (including accrued interest), except with one borrower in the LCEF where the market value of securities on loan exceeded the market value of collateral held by \$36. 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 6% to 23% 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, 2017, the collateral re-investment portfolios for the FRS Pension Trust Fund and the LCEF were primarily reinvested in repurchase agreements (repos) or selected money market funds 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. At June 30, 2017, there were four lending agents, including the two master custodians and two third-party agents.

The schedule below discloses the fair value and carrying value of investments on loan at June 30, 2017 (in thousands):

**Schedule of Other Investments on Loan Under Security Lending Agreements  
As of June 30, 2017**

<b>Securities on Loan for Cash Collateral, by Security type</b>	Fair value of Securities on Loan <sup>1</sup>		
	FRS Pension Trust Fund	Other funds Managed by SBA	Total
U.S. guaranteed obligations	\$ 141,736	\$ 1,481,680	\$ 1,623,416
Federal agencies	14,508	53,290	67,798
Domestic bonds and notes	69,582	121,777	191,359
International bonds and notes	77,240	34,211	111,451
Domestic stocks	235,581	137,616	373,197
International stocks	747,803	15,052	762,855
<b>Total securities on loan for cash collateral</b>	<b>1,286,450</b>	<b>1,843,626</b>	<b>3,130,076</b>
<b>Securities on Loan for Non-Cash Collateral, by Security type</b>			
U.S. guaranteed obligations	\$ 2,606,857	\$ 301,040	\$ 2,907,897
Federal agencies	10,599	.....	10,599
Domestic bonds and notes	74,626	100	74,726
International bonds and notes	25,872	.....	25,872
Domestic stocks	5,326,784	28,939	5,355,723
International stocks	1,246,340	15,058	1,261,398
<b>Total securities on loan for non-cash collateral</b>	<b>9,291,078</b>	<b>345,137</b>	<b>9,636,215</b>
<b>Total securities on loan</b>	<b>\$ 10,577,528</b>	<b>\$ 2,188,763</b>	<b>\$ 12,766,291</b>

<sup>1</sup> The fair value of debt securities on loan includes accrued interest.

## 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, 2017. The State Treasury did not utilize derivatives for hedging activities during the fiscal year ending June 30, 2017. All of the State Treasury investment derivatives were reported at fair value in the accompanying financial statements as of June 30, 2017.

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

	Notional	Changes in Fair Value		Fair Value at June 30, 2017	
	(in U.S. \$)	Classification	Amount	Classification	Amount
<b>State Treasury</b>					
Investment derivative instruments:					
Futures	\$ (618,800)	Investment Income	\$ 2,787	Receivable/(Payable)	\$ 146
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, and may 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, and to effectively manage exposure to domestic and international equities, bonds, and real estate markets.

A futures contract is an agreement between 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 members in a market on an organized futures exchange. Upon entering into a futures contract, collateral (cash and/or securities) is deposited with the counterparty, in SBA's name, in accordance with the initial margin requirements of the counterparty. 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 counterparty. 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, 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 counterparty, in SBA's name, in accordance with the initial margin requirements of the counterparty. 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. As of June 30, 2017, all of the SBA investment derivatives were reported at fair value (in thousands).

		Increase/(Decrease) in Fair Value		Fair Value at June 30, 2017	
	Notional (in U.S. \$)	Classification	Amount (in U.S. \$)	Classification	Amount (in U.S. \$)
Fiduciary funds (FRS Pension Trust Fund)					
Investment derivative instruments:					
Futures <sup>1</sup>					
Futures (debt)	\$ 1,495,700	Investment Income	\$ (31,113)	Investment	\$ (3,149)
Futures (equity)	2,013,876	Investment Income	308,984	Investment	(8,245)
Total futures	\$ 3,509,576		\$ 277,871		\$ (11,394)
Forward currency contracts <sup>2</sup>					
	\$ 3,343	Investment Income	\$ 63,097	Receivable/(Payable), net	\$ 3,343
Options					
Options purchased	\$ 2,416,630	Investment Income	\$ (129,010)	Investment <sup>3</sup>	\$ 30,620
Options sold	(1,297,844)	Investment Income	88,832	Liability <sup>3</sup>	(8,338)
Total options	\$ 1,118,786		(40,178)		22,282
Swaps					
Interest rate swaps	\$ 241,105	Investment Income	\$ 5,673	Investment	\$ 493
Credit default swaps	171,000	Investment Income	(1,183)	Investment	(2,508)
Total swaps	\$ 412,105		\$ 4,490		\$ (2,015)

<sup>1</sup> The total notional values of long and short fixed income (i.e., debt) futures positions were \$2,032,700,000 and \$(537,000,000), respectively. The total notional value of long equity futures positions was \$2,013,875,750.

<sup>2</sup> The total receivable and payable notional and fair values (in U.S. dollars) for forward currency contracts in the FRS Pension Trust Fund were \$4,498,290,371 and \$(4,494,947,721) as of June 30, 2017, and are presented on the Statement of Fiduciary Net Position as "Foreign currency contracts receivable" and "Foreign currency contracts payable".

<sup>3</sup> Purchased options are reported as investments and short sales of options are reported as liabilities 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 \$11.3 billion as of June 30, 2017.

## 8. Fair Value Hierarchy

The state categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are unadjusted quoted prices in active markets for identical assets. Level 2 inputs are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active. Level 3 inputs are significant unobservable inputs.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

### *Pooled Investments with the State Treasury*

Securities classified in Level 1 are valued using quoted prices from the custodian bank's primary external pricing vendors.

Securities classified in Level 2 are evaluated prices from the custodian bank's primary external pricing vendors. The pricing methodology involves the use of evaluation models such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices. Other evaluation models use actual trade data, collateral attributes, broker bids, new issue pricings and other observable market information.

Debt and equity securities classified as Level 3 are valued with prices from the custodian bank's external pricing vendors or an alternative pricing source, utilizing inputs such as stale prices, cash flow models, broker bids, or cost. Cost or book value may be used as an estimate of fair value when there is a lack of an independent pricing source.

Certain investments, such as money market funds and repurchase agreements, are not included in the table, because they are carried at cost and not priced at fair value. Unemployment compensation funds are not included in the table, because 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.

At June 30, 2017, the State Treasury had the following recurring fair value measurements:

**Investments and Derivative Instruments Measured at Fair Value  
As of June 30, 2017**

<b>Investments by fair value level</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Commercial paper	\$ 222,411	\$ .....	\$ 222,411	\$ .....
U.S. guaranteed obligations	6,270,013	5,800,911	469,102	.....
Federal agencies	9,006,982	.....	9,006,982	.....
Bonds and notes - domestic	5,626,920	.....	5,626,920	.....
Bonds and notes - international	807,554	6,256	801,298	.....
Commingled STIF	466,121	.....	.....	466,121
Lending collateral investments:				
Commercial Paper	17,951	.....	17,951	.....
Federal agencies	304,608	.....	304,608	.....
Bonds and notes - domestic	314,624	.....	314,624	.....
Bonds and notes - international	80,365	.....	80,365	.....
Total investments by fair value level	<u>\$ 23,117,549</u>	<u>\$ 5,807,167</u>	<u>\$ 16,844,261</u>	<u>\$ 466,121</u>
<b>Investment derivative instruments</b>				
Futures contracts	\$ 146	\$ 146	\$ .....	\$ .....
Total investment derivative instruments	<u>\$ 146</u>	<u>\$ 146</u>	<u>\$ .....</u>	<u>\$ .....</u>

**Other Investments**

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using quoted prices at June 30 (or the most recent market close date if the markets are closed on June 30) in active markets from the custodian bank's primary external pricing vendors.

Debt securities classified in Level 2 are evaluated prices from the custodian bank's primary external pricing vendors. The pricing methodology involves the use of evaluation models such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices. Other evaluation models use actual trade data, collateral attributes, broker bids, new issue pricings and other observable market information.

Equity securities classified as Level 2 are evaluated prices provided by the custodial bank's external pricing vendors, or alternative pricing source, such as investment managers, if information is not available from the primary vendors.

Debt and equity securities classified as Level 3 are valued with prices from the custodian bank's external pricing vendors or an alternative pricing source, utilizing inputs such as stale prices, cash flow models, broker bids, or cost. Cost or book value may be used as an estimate of fair value when there is a lack of an independent pricing source.

Derivative instruments classified in Level 1 of the fair value hierarchy are exchange traded prices as provided by the custodian bank's external pricing vendors. Derivative instruments classified as Level 2 receive clearing house prices, which are based on models that reflect the contractual terms of the derivatives.

Private equity funds and real estate direct investments classified as Level 3 are valued using the methodology as described in the footnotes for the *Additional GASB 72 Required Disclosures* table, footnotes 11 and 13, respectively. Other private equity funds are measured at net asset value (NAV).



Certain investments, such as money market funds, repurchase agreements and U.S. guaranteed State and Local Government Series (SLGS) securities are not included in the tables below because they are carried at cost and not priced at fair value. Additionally, U.S. guaranteed securities in the Debt Service Escrowed Fund and all investments of the Local Government Surplus Funds Trust Fund are not included in the tables below because they are carried at cost and amortized cost, respectively. See page 75 for information to obtain the Local Government Surplus Funds Trust Fund investment detail. Commingled investments are measured at the NAV per share (or its equivalent).

The FRS Pension Trust Fund had the following fair value measurements as of June 30, 2017 (in thousands):

**FRS Pension Trust Fund  
As of June 30, 2017**

	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
<b>Debt securities</b>				
Certificates of deposit	\$ 800,168	\$ .....	\$ 800,168	\$ .....
Commercial paper	4,050,193	.....	4,050,193	.....
U.S. guaranteed obligations	10,910,710	7,842,875	3,067,835	.....
Federal agencies	8,418,178	.....	8,418,178	.....
Domestic bonds and notes	6,859,419	.....	6,828,541	30,878
International bonds and notes	1,952,266	.....	1,948,507	3,759
Total debt securities	32,990,934	7,842,875	25,113,422	34,637
<b>Equity securities</b>				
Domestic	45,250,543	45,249,456	.....	1,087
International	34,509,635	34,378,379	96,181	35,075
Total equity securities	79,760,178	79,627,835	96,181	36,162
<b>Alternative Investments</b>				
Private equity fund	314,550	.....	.....	314,550
<b>Real Estate direct investments</b>				
	8,486,964	.....	.....	8,486,964
<b>Derivative Instruments<sup>2</sup></b>				
Futures (debt)	(3,149)	(3,149)	.....	.....
Futures (equity)	(8,245)	(8,245)	.....	.....
Option contracts purchased	30,620	30,620	.....	.....
Swap contracts (debt)	(2,015)	.....	(2,015)	.....
Forward currency contracts, net <sup>1</sup>	3,343	.....	3,343	.....
Total Investment derivative instruments	20,554	19,226	1,328	.....
<b>Securities lending collateral investments</b>				
Domestic bonds and notes	67,553	.....	58,067	9,486
Total investments by fair value level	121,640,733	\$ 87,489,936	\$ 25,268,998	\$ 8,881,799
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Commingled international equity funds	7,911,257			
Commingled real estate investment funds	2,497,691			
Activist equity funds	791,722			
Hedge funds	4,824,849			
Private debt/credit opportunities funds	3,267,442			
Private equity funds	11,100,982			
Private real asset funds	3,704,697			
Total investments measured at the NAV	34,098,640			
Total investments measured at fair value <sup>1</sup>	\$ 155,739,373			
<b>Investments sold short (Liabilities)</b>				
U.S. guaranteed obligations	\$ (23,303)	\$ .....	\$ (23,303)	\$ .....
Federal agencies	(290,622)	.....	(290,622)	.....
Option contracts sold	(8,338)	(8,338)	.....	.....
Total investments sold short	\$ (322,263)	\$ (8,338)	\$ (313,925)	\$ .....

<sup>1</sup> Forward foreign currency contracts are valued at their net unrealized appreciation/(depreciation) and are reported on the Statement of Fiduciary Net Position as receivables and/or liabilities.

<sup>2</sup> Spot contracts totaling approximately \$11 thousand, are not considered derivative instruments and therefore, not included in this table.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2017, is presented in the footnotes to the table below (in thousands):

**FRS Pension Trust Fund**  
**Additional GASB 72 Required Disclosures**

	Fair Value 6/30/2017	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
<b>Investments Measured at the NAV:</b>				
Commingled international equity funds <sup>1</sup>	\$ 7,911,257		Daily, Monthly	2 - 120 days
Commingled real estate investment funds <sup>1</sup>	2,497,691		Quarterly	15 - 90 days
Activist equity funds <sup>2</sup>	791,722		Monthly, Annually	65 - 90 days
Hedge funds				
Diversifying strategies (CTAs) <sup>3</sup>	1,027,872		Daily, Monthly	10 - 35 days
Equity long/short <sup>4</sup>	537,218		Monthly, Quarterly	30 - 125 days
Event driven <sup>5</sup>	413,344		Quarterly, Biennially, Annually	45 - 90 days
Global macro <sup>6</sup>	734,457		Monthly, Quarterly	15 - 60 days
Multi-strategy <sup>7</sup>	1,064,451		Quarterly, Biennially, Annually	30 - 90 days
Opportunistic debt <sup>8</sup>	603,194		Quarterly, Annually	65 - 90 days
Relative value <sup>9</sup>	444,313		Quarterly	45 - 90 days
Private debt/credit opportunity funds <sup>10</sup>	3,267,442	\$ 2,576,377		
Private equity funds <sup>11</sup>	11,100,982	6,587,810		
Private real asset funds <sup>12</sup>	3,704,697	2,056,599		
Total Investments Measured at the NAV	<u>\$ 34,098,640</u>	<u>\$ 11,220,786</u>		
<b>Investments Measured at Level 3:</b>				
Private equity funds <sup>11</sup>	\$ 314,550			
Real estate direct investments <sup>13</sup>	8,486,964	\$ 119,634		

<sup>1</sup> *Commingled International Equity Funds and Real Estate Investment Funds.* Six international equity funds and eight real estate investment funds are considered to be commingled in nature. The six international equity funds are primarily invested in publicly traded international equity securities. Three of these funds focus on emerging markets. The eight real estate investment funds consist primarily of real estate investments owned directly or through partnership interests located in the United States. These investments include multi-family, industrial, retail, office, apartments and mortgage loans on income producing property. Each are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments.

<sup>2</sup> *Activist Equity Funds.* The three funds that make up this group invest in public companies with the intent to effect positive change through influencing management. The funds may be structured with a focus on specific domestic or foreign geographic regions. These investments are valued at the NAV per share. One fund (approximately 38% of this strategy) is currently eligible for redemption monthly. Another fund (approximately 34% of this strategy) is eligible for redemption in six months due to annual lock-up restrictions. The remaining fund (approximately 28% of this strategy) may be redeemed annually with the next redemption in nine months.

<sup>3</sup> *Diversifying Strategies (CTAs) Hedge Funds.* The three funds that make up this group primarily trade equity and commodity futures, but can also participate in indexes, rates and currencies in markets across the globe. These funds use a systematic approach and focus on trends in price and other market signals. These investments are valued at the NAV per share. All funds within this strategy are redeemable within a month or less, as they are not subject to lock-up restrictions.

<sup>4</sup> *Equity Long/Short Hedge Funds.* Consisting of four funds, this strategy invests both long and short, primarily in U.S. and global stocks that are mispriced by the markets. These managers vary in their use of short selling, leverage and definitions of growth or value. These funds are valued at the NAV per share. One fund (approximately 18% of the value of this strategy) is currently eligible for redemption monthly, while the remaining three funds (approximately 82% of this strategy) are redeemable in three months or less due to quarterly redemption restrictions.

<sup>5</sup> *Event Driven Hedge Funds.* The four funds in this strategy seek to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. These investments are valued at the NAV per share. All funds in this strategy are no longer under contractual lockup, but due to exit restrictions, the redemption periods range from three to eighteen months.

<sup>6</sup> *Global Macro Hedge Funds.* Consisting of five funds, which base their holdings (such as long and short positions in various equity, fixed income, currency, and futures markets primarily on overall economic and political view of various countries). These funds are valued at the NAV per share. All funds in this strategy are no longer subject to contractual lockup, and are redeemable in three months or less due to monthly and quarterly redemption restrictions.

<sup>7</sup> *Multi-Strategy Hedge Funds.* The five funds in this group aim to diversify risks and reduce volatility by combining other strategies. These strategies are usually a mix of Equity Long/Short, Event-Driven, or Opportunistic Debt and Relative Value. These funds are valued at the NAV per share. Two funds (approximately 46% of this strategy) are eligible for redemption in six months or less due to annual redemption restrictions. Another fund (approximately 26% of this strategy) is eligible for redemption biennially with the next redemption date in six months. The remaining two funds (approximately 28% of this strategy) are eligible for redemption in three months and quarterly thereafter.

<sup>8</sup> *Opportunistic Debt Hedge Funds.* Consisting of three funds that pursue various strategies and asset classes, with an emphasis on mispriced debt or equity of companies in distress. These managers vary in their focus on early versus late stage situations, senior versus subordinated levels on the capital structure and non-traditional areas including high yield bonds and Emerging Markets debt, and may also pursue relative value and arbitrage strategies with various debt instruments. These funds are valued at the NAV per share. One fund (approximately 38% of this strategy) is subject to one year recurring hard lock-ups for each contribution and can be redeemed between three and six months. Another fund (approximately 19% of this strategy) is eligible for redemption in six months and annually thereafter. The remaining fund (approximately 43% of this strategy) is currently eligible for redemption in three months due to quarterly redemption restrictions.

<sup>9</sup>*Relative Value Hedge Funds.* Consisting of three funds, this strategy focuses on benefiting from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing (long) or selling (short) these instruments. These investments are valued at the NAV per share. Due to contractual lock-up restrictions, one fund (approximately 37% of this strategy) is eligible for redemption in fourteen months. Two funds (approximately 63% of this strategy) are eligible for redemption in three months and quarterly thereafter.

<sup>10</sup>*Private Debt/Credit Opportunity Funds.* There are 47 private debt/credit funds investing primarily in Distressed, Mezzanine and Senior Loans with some exposure to Special Situations. The fair value of these funds has been determined using the NAV at June 30, 2017 or one quarter in arrears adjusted for current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

<sup>11</sup>*Private Equity funds.* There are 178 private equity funds investing primarily in Leveraged Buyouts funds, Venture Capital funds, Secondary funds and Growth funds with some exposure to Special Situations, Diversifying Strategies and GP Investments. The fair value of 176 funds has been determined using the NAV at June 30, 2017, or one quarter in arrears adjusted for current quarter cash flows. The fair value of the remaining two funds (approximately 3% of the value of these investments) was based on external appraisals at June 30, 2017, and classified as Level 3. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

<sup>12</sup>*Private Real Asset Funds.* There are 55 real asset funds, 45 of which invest in real estate assets such as commercial office buildings, retail properties, multi-family residential properties, developments or hotels. In addition, the funds may be structured with a focus on specific geographic domestic or foreign regions. The remaining 10 funds invest in infrastructure, timberland and commodities. The fair value of these funds has been determined using the NAV at June 30, 2017, or one quarter in arrears adjusted for current quarter cash flows. These funds are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

<sup>13</sup>*Direct Real Estate Investments.* There are 68 direct owned/joint venture real estate assets that are valued based on annual external and/or quarterly internal appraisals and are classified as Level 3.

The schedule below discloses the fair value measurements for all other funds managed by the SBA (excluding the FRS Pension Trust Fund) at June 30, 2017, (in thousands):

**All SBA Managed Funds (except FRS Pension Trust Fund)**  
**As of June 30, 2017**

<u>Investments by fair value level</u>	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Debt securities</b>				
Certificates of deposit	\$ 1,765,212	\$ .....	\$ 1,545,212	\$ 220,000
Commercial paper	6,576,183	.....	6,476,183	100,000
U.S. guaranteed obligations	10,011,693	1,653,176	8,358,517	.....
Federal agencies	5,601,039	.....	5,601,039	.....
Domestic bonds and notes	2,157,145	.....	2,157,145	.....
International bonds and notes	450,949	.....	450,949	.....
Total debt securities	26,562,221	1,653,176	24,589,045	320,000
<b>Equity securities</b>				
Domestic	2,315,758	2,315,758	.....	.....
International	716,930	716,930	.....	.....
Total equity securities	3,032,688	3,032,688	.....	.....
<b>Other investments</b>				
Domestic bonds and notes mutual funds	940	940	.....	.....
Domestic equity mutual funds	533,168	533,168	.....	.....
International equity mutual funds	437,971	437,971	.....	.....
Self-directed brokerage account	510,859	.....	510,859	.....
Total other investments	1,482,938	972,079	510,859	.....
<b>Securities lending collateral investments</b>				
Certificates of deposit	644,428	.....	644,428	.....
Commercial paper	218,085	.....	218,085	.....
International bonds and notes	16,768	.....	16,768	.....
Total securities lending collateral investments	879,281	.....	879,281	.....
Total investments by fair value level	31,957,128	\$ 5,657,943	\$ 25,979,185	\$ 320,000
<b>Investments Measured at the Net Asset Value (NAV)</b>		<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>	
Commingled domestic bonds and notes funds <sup>1</sup>	1,821,978	Daily, Monthly	1 - 2 Days	
Commingled domestic equity funds <sup>2</sup>	3,123,709	Daily, Monthly	1 - 2 Days	
Commingled international equity fund <sup>2</sup>	1,621,320	Daily	1 Day	
Commingled real asset fund <sup>3</sup>	334,393	Daily	1 Day	
Total investments measured at the NAV	6,901,400			
Total investments measured at fair value	\$ 38,858,528			

<sup>1</sup> *Commingled Domestic Bonds and Notes Funds:* One Treasury Inflation-Protected Securities (TIPS) funds and six domestic bonds and notes funds are considered to be commingled in nature. The TIPS fund seeks long-term real total return and is designed to keep pace with inflation. The six domestic bonds and notes funds utilize various strategies such as short/intermediate duration, index/benchmark tracking, high-yield, and corporate/government investment grade debt. Each fund is valued at the NAV of units held at June 30, 2017, based upon the fair value of the underlying investments. There were no unfunded commitments related to this investment type.

<sup>2</sup> *Commingled Domestic Equity Funds and Commingled International Equity Fund:* Seven domestic equity funds and one international equity fund are considered to be commingled in nature. The domestic equity funds utilize various investment strategies such as index/benchmark tracking, small/mid cap, and large cap growth/value seeking appreciation and income. The international equity fund invests in a portfolio of international equity securities whose total rates of return will approximate as closely as practicable the capitalization weighted total rates of return of the markets in certain countries for equity securities traded outside the United States. Each fund is valued at the NAV of units held at June 30, 2017, based upon the fair value of the underlying investments. There were no unfunded commitments related to this investment type.

<sup>3</sup> *Commingled Real Asset Fund:* This fund consists of various investments such as commodities, floating rate loans, energy industry Master Limited Partnerships, global infrastructure and agriculture. The fund is valued at the NAV of units held at June 30, 2017, based upon the fair value of the underlying investments. There were no unfunded commitments related to this investment type.

***Component Units***

Securities classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets from the custodian bank's primary external pricing vendors.

Securities classified in Level 2 are evaluated prices from the custodian bank's primary external pricing vendors, or alternative pricing source, such as investment managers, if information is not available from the primary vendors. The pricing methodology involves the use of evaluation models such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices. Other evaluation models use actual trade data for similar securities, collateral attributes, broker bids, new issue pricings and other observable market information.

Securities classified as Level 3 are valued with prices from the custodian bank's external pricing vendors or an alternative pricing source, utilizing cash flow models.

Certain investments, such as commercial paper, repurchase agreements and various investment agreements, are not included in the table, because they are carried at cost and not priced at fair value.

The schedule below discloses the fair value measurements for major component units at June 30, 2017, (in thousands):

**Major Component Units  
As of June 30, 2017**

	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
<b>Florida Housing Finance Corporation (FHFC)</b>				
<u>Debt securities</u>				
Commercial paper	\$ 931	\$ .....	\$ 931	\$ .....
U.S. guaranteed obligations	1,209,216	.....	1,209,216	.....
Federal agencies	14,546	.....	14,546	.....
Domestic bonds and notes	200,932	.....	200,932	.....
Total debt securities	1,425,625	.....	1,425,625	.....
Other investments	1,959	.....	1,959	.....
Total FHFC investments by fair value level	\$ 1,427,584	\$ .....	\$ 1,427,584	\$ .....
<b>Citizens Property Insurance Corporation (CPIC)</b>				
<u>Debt securities</u>				
Commercial paper	\$ 27,893	\$ 27,893	\$ .....	\$ .....
U.S. guaranteed obligations	2,269,268	2,261,380	7,888	.....
Federal agencies	1,371,780	1,997	1,369,783	.....
Domestic bonds and notes	7,057,031	375,590	6,681,441	.....
International bonds and notes	1,020,130	8,975	1,011,155	.....
Total CPIC investments by fair value level	\$ 11,746,102	\$ 2,675,835	\$ 9,070,267	\$ .....
<b>University of Florida (UF)</b>				
<u>Debt securities</u>				
Certificates of deposit	\$ 603	\$ 603	\$ .....	\$ .....
Commercial paper	5,143	5,143	.....	.....
U.S. guaranteed obligations	4,148	2,280	1,868	.....
Federal agencies	4,941	.....	4,941	.....
Domestic bonds and notes	113,854	46,173	67,681	.....
International bonds and notes	1,959	.....	1,959	.....
Total debt securities	130,648	54,199	76,449	.....
<u>Equity securities</u>				
Domestic	1,288	1,288	.....	.....
International	100	100	.....	.....
Total equity securities	1,388	1,388	.....	.....
Swap contracts (debt)	39	.....	.....	39
Mutual funds	282,031	186,002	96,029	.....
Other investments	45,542	25,153	20,389	.....
Total UF investments by fair value level	459,648	\$ 266,742	\$ 192,867	\$ 39

	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
<b>Investments Measured at the Net Asset Value (NAV)</b>			
<b>University of Florida</b>			
Domestic equity commingled funds <sup>1</sup>	11	Illiquid	N/A
International equity commingled funds <sup>2</sup>	54	Illiquid	N/A
Hedge funds - Multi-strategy <sup>3</sup>	5,628	Quarterly	45 Days
Private equity funds <sup>4</sup>	2,857,717	Monthly	30 - 45 Days
Total investments measured at the NAV	2,863,410		
Total investments measured at fair value	\$ 3,323,058		

<sup>1</sup>*Domestic equity commingled funds:* Consist of illiquid stocks. The fair values have been estimated using the NAV per share (or its equivalent) of the investments as practical expedient as of June 30, 2017.

<sup>2</sup>*International equity commingled funds :* Include illiquid stocks. The fair values have been estimated using the NAV per share (or its equivalent) of the investments as practical expedient as of June 30, 2017.

<sup>3</sup>*Hedge Funds :* This category includes an investment in a hedge fund in which the fund manager is authorized to invest in a broad spectrum of securities that include, but are not limited to the following: equity and debt securities, currency, commodities, foreign debt, options, futures and swaps.

<sup>4</sup>*Private Equity Funds :* This category includes investments in several limited partnership funds that invest in equity securities and debt of private companies.



## 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	\$ 123,905	\$ 6,965	\$ 885	\$ 994,586	\$ 9,807
Contracts & grants receivable	1	65	.....	.....	77,459
Due from Federal government	3,189	34,550	571	991,514	89,105
Due from other governmental units	128	2,466	.....	2,667	66,204
Interest & dividends receivable	27,378	2,537	1,812	295	5,099
Loans & notes receivable	70,338	125,841	157	.....	23
Fees receivable	116,444	17	.....	.....	.....
Taxes receivable	3,085,333	18,703	55,710	.....	236,863
Allowance for uncollectibles	(1,674,970)	(1,971)	(619)	(30,267)	(10,269)
<b>Receivables, net</b>	<b>\$ 1,751,746</b>	<b>\$ 189,173</b>	<b>\$ 58,516</b>	<b>\$ 1,958,795</b>	<b>\$ 474,291</b>
Loans & notes receivable from other governments	\$ 1,153	\$ 1,247,911	\$ .....	\$ .....	\$ 663,415
Long-term interest receivable	.....	.....	.....	.....	390
Other loans & notes receivable	6,530	.....	3,134	350,973	53,046
Allowance for uncollectibles	(244)	.....	(1,853)	(318,156)	(8,143)
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 7,439</b>	<b>\$ 1,247,911</b>	<b>\$ 1,281</b>	<b>\$ 32,817</b>	<b>\$ 708,708</b>

(Continued below)

	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts receivable	\$ 188,642	\$ 1,324,790	\$ 23,734	\$ 116,923	\$ 1,465,447
Contracts & grants receivable	49,671	127,196	.....	.....	127,196
Due from Federal government	41,578	1,160,507	.....	.....	1,160,507
Due from other governmental units	34,260	105,725	5,245	.....	110,970
Interest & dividends receivable	3,320	40,441	945	.....	41,386
Loans & notes receivable	114,685	311,044	.....	.....	311,044
Fees receivable	357	116,818	6	.....	116,824
Taxes receivable	17,044	3,413,653	.....	.....	3,413,653
Allowance for uncollectibles	(138,455)	(1,856,551)	(1,800)	.....	(1,858,351)
<b>Receivables, net</b>	<b>\$ 311,102</b>	<b>\$ 4,743,623</b>	<b>\$ 28,130</b>	<b>\$ 116,923</b>	<b>\$ 4,888,676</b>
Loans & notes receivable from other governments	\$ 762,164	\$ 2,674,643	\$ .....	\$ .....	\$ 2,674,643
Long-term interest receivable	.....	390	.....	.....	390
Other loans & notes receivable	114,429	528,112	.....	.....	528,112
Allowance for uncollectibles	(25,514)	(353,910)	.....	.....	(353,910)
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 851,079</b>	<b>\$ 2,849,235</b>	<b>\$ .....</b>	<b>\$ .....</b>	<b>\$ 2,849,235</b>

## BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance
Accounts receivable	\$ 5,274	\$ 42,856	\$ 182,164	\$ 49,135	\$ 220,594
Due from Federal government	.....	.....	.....	.....	249
Due from other governmental units	136	.....	.....	.....	724
Interest & dividends receivable	2,115	496	18,495	22,315	50,212
Loans & notes receivable	.....	.....	.....	331,364	.....
Fees receivable	15,370	.....	.....	.....	1,099
Taxes receivable	.....	.....	.....	.....	191,828
Allowance for uncollectibles	.....	(2,384)	.....	.....	(312,362)
<b>Receivables, net</b>	<b>\$ 22,895</b>	<b>\$ 40,968</b>	<b>\$ 200,659</b>	<b>\$ 402,814</b>	<b>\$ 152,344</b>
Loans & notes receivable	\$ 80,643	\$ .....	\$ .....	\$ 1,785,976	\$ .....
Allowance for uncollectibles	.....	.....	.....	.....	.....
Future contract premiums and other receivables	.....	.....	.....	.....	.....
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 80,643</b>	<b>\$ .....</b>	<b>\$ .....</b>	<b>\$ 1,785,976</b>	<b>\$ .....</b>

(Continued below)

	Nonmajor Enterprise Funds	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts receivable	\$ 87,006	\$ 587,029	\$ 119,469	\$ 706,498
Due from Federal government	.....	249	.....	249
Due from other governmental units	6,036	6,896	.....	6,896
Interest & dividends receivable	544	94,177	.....	94,177
Loans & notes receivable	5,337	336,701	.....	336,701
Fees receivable	130	16,599	.....	16,599
Taxes receivable	.....	191,828	.....	191,828
Allowance for uncollectibles	(84,874)	(399,620)	.....	(399,620)
<b>Receivables, net</b>	<b>\$ 14,179</b>	<b>\$ 833,859</b>	<b>\$ 119,469</b>	<b>\$ 953,328</b>
Loans & notes receivable	\$ 1,695	\$ 1,868,314	\$ .....	\$ 1,868,314
Allowance for uncollectibles	(442)	(442)	.....	(442)
Future contract premiums and other receivables	14	14	.....	14
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 1,267</b>	<b>\$ 1,867,886</b>	<b>\$ .....</b>	<b>\$ 1,867,886</b>

## COMPONENT UNITS

Accounts receivable	\$ 1,829,064
Contracts & grants receivable	221,161
Due from Federal government	18,390
Due from other governmental units	340,817
Interest & dividends receivable	103,716
Loans & notes receivable	137,119
Allowance for uncollectibles	(430,528)
<b>Receivables, net</b>	<b>\$ 2,219,739</b>
Other loans & notes receivable	\$ 2,411,647
Allowance for uncollectibles	(277,356)
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 2,134,291</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	\$ 355,416	\$ 55,321	\$ 778	\$ 241,535	\$ 384,025
Accrued salaries & wages	94,232	1,567	25	68,182	18,446
Claims payable	.....	.....	.....	.....	.....
Construction contracts	.....	.....	.....	.....	218,583
Deposits payable	189	662	.....	10	10,399
Due to Federal government	47	320	.....	138,093	1,115
Due to other governmental units	53,086	9,452	.....	9,607	8,621
Other payables	.....	.....	.....	.....	.....
<b>Accounts payable and accrued liabilities</b>	<b>\$ 502,970</b>	<b>\$ 67,322</b>	<b>\$ 803</b>	<b>\$ 457,427</b>	<b>\$ 641,189</b>

*(Continued below)*

	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts payable	\$ 68,238	\$ 1,105,313	\$ 26,573	\$ 191,755	\$ 1,323,641
Accrued salaries & wages	13,989	196,441	3,714	.....	200,155
Claims payable	.....	.....	151,784	.....	151,784
Construction contracts	565	219,148	.....	.....	219,148
Deposits payable	134	11,394	.....	.....	11,394
Due to Federal government	1,243	140,818	.....	.....	140,818
Due to other governmental units	49,274	130,040	.....	.....	130,040
Other payables	.....	.....	14,089	.....	14,089
<b>Accounts payable and accrued liabilities</b>	<b>\$ 133,443</b>	<b>\$ 1,803,154</b>	<b>\$ 196,160</b>	<b>\$ 191,755</b>	<b>\$ 2,191,069</b>

## BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance
Accounts payable	\$ 169	\$ 2,917	\$ 118,436	\$ 237,807	\$ 16,768
Accrued interest payable	.....	.....	34,764	.....	.....
Accrued salaries & wages	.....	119	.....	.....	.....
Construction contracts	64,066	.....	.....	.....	.....
Deposits payable	225	2,509	.....	.....	.....
Due to Federal government	.....	.....	.....	.....	1,050
<b>Accounts payable and accrued liabilities</b>	<b>\$ 64,460</b>	<b>\$ 5,545</b>	<b>\$ 153,200</b>	<b>\$ 237,807</b>	<b>\$ 17,818</b>

(Continued below)

	Nonmajor Enterprise Funds	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts payable	\$ 18,121	\$ 394,218	\$ 123	\$ 394,341
Accrued interest payable	.....	34,764	.....	34,764
Accrued salaries & wages	6,054	6,173	.....	6,173
Construction contracts	.....	64,066	.....	64,066
Deposits payable	793	3,527	.....	3,527
Due to Federal government	.....	1,050	.....	1,050
<b>Accounts payable and accrued liabilities</b>	<b>\$ 24,968</b>	<b>\$ 503,798</b>	<b>\$ 123</b>	<b>\$ 503,921</b>

## COMPONENT UNITS

Accounts payable	\$ 931,801
Accrued interest payable	33,274
Accrued salaries & wages	355,474
Claims payable	857,086
Construction contracts	63,640
Deposits payable	301,407
Due to other governmental units	17,051
Vouchers payable	17,842
<b>Accounts payable and accrued liabilities</b>	<b>\$ 2,577,575</b>

## NOTE 4 – TAXES AND TAX ABATEMENTS

## A. 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	\$ 25,346,166	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ 25,346,166
Fuel taxes:							
Motor fuel tax	.....	.....	.....	.....	2,698,681	.....	2,698,681
Pollutant tax	.....	254,160	.....	.....	.....	.....	254,160
Aviation fuel tax	.....	.....	.....	.....	29,121	.....	29,121
Solid minerals severance tax	.....	32,397	.....	.....	.....	.....	32,397
Oil and gas production tax	1,751	.....	.....	.....	.....	.....	1,751
Total fuel taxes	1,751	286,557	.....	.....	2,727,802	.....	3,016,110
Corporate income tax	2,383,783	.....	.....	.....	.....	.....	2,383,783
Documentary stamp tax	2,427,903	.....	.....	.....	.....	.....	2,427,903
Intangible personal property tax	370,421	.....	.....	.....	.....	.....	370,421
Communications service tax	577,527	.....	355,927	.....	.....	.....	933,454
Estate tax	644	.....	.....	.....	.....	.....	644
Gross receipts utilities tax	.....	6,661	760,727	.....	.....	.....	767,388
Beverage and tobacco taxes:							
Alcoholic beverage tax	309,703	.....	.....	.....	.....	13,690	323,393
Cigarette tax	1,166,579	.....	.....	.....	.....	.....	1,166,579
Smokeless tobacco tax	31,087	.....	.....	.....	.....	.....	31,087
Total beverage and tobacco taxes	1,507,369	.....	.....	.....	.....	13,690	1,521,059
Other taxes:							
Insurance premium tax	927,837	.....	.....	.....	.....	31,502	959,339
Hospital public assistance tax	.....	.....	.....	1,086,696	.....	.....	1,086,696
Citrus excise tax	.....	.....	.....	.....	.....	6,795	6,795
Pari-mutuel wagering tax	7,800	.....	.....	.....	.....	207,144	214,944
Total other taxes	935,637	.....	.....	1,086,696	.....	245,441	2,267,774
Total	\$ 33,551,201	\$ 293,218	\$ 1,116,654	\$ 1,086,696	\$ 2,727,802	\$ 259,131	\$ 39,034,702

	Sales and Use Tax
Governmental fund statements	\$ 25,346,166
Government-wide accruals	(12,702)
Government-wide statements	<u>\$ 25,333,464</u>

**B. Tax Abatements**

For financial reporting purposes, a tax abatement is defined as an agreement between the government and an individual or entity through which the government promises to forgo tax revenues and the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or its citizens. As of June 30, 2017, tax abatement programs are as follows:

Program Name	Entertainment Industry Financial Incentive Program	Entertainment Industry Sales Tax Exemption Program
Program Purpose	To encourage the use of the state as a site for filming, for the digital production of films, and to develop and sustain the workforce and infrastructure for film, digital media, and entertainment production.	To encourage the use of the state as a site for filming, for the digital production of films, and to develop and sustain the workforce and infrastructure for film, digital media, and entertainment production.
Taxes being abated	Corporate Income Tax; Sales and Use Tax	Sales and Use Tax
Authority under which abatements are entered into	Section 288.1254, Florida Statutes (F.S.)	Section 288.1258, F.S.
Criteria to be eligible to receive abatements and commitment of the taxpayer	Applicants must meet minimum required Florida qualified expenditures, minimum requirements for hiring Florida employees, requirements for production type, provide proof of financing, and must not be considered obscene under Chapter 847, F.S.	Applicants must be a qualified production company producing specified types of content in Florida.
How taxes are reduced	Tax Credit	Tax Exemption
How amount of abatement is determined	Statutorily defined allocation determines the amount available for award to applicants. Applicants present estimated eligible costs and a total estimated tax credit is awarded. Awardees present actual expenditures to use of the credit and an actual credit is certified.	Point of sale exemption on items used as an integral part of the production process in Florida, including production equipment, set design and construction, props, wardrobe, and real estate rental.
Provisions for recapturing abated taxes	Revocation of tax credits and any taxes exempted are due with interest and penalty.	Revocation of certificate and any taxes exempted are due with interest and penalty.
Type of commitments other than taxes	N/A	N/A
Total tax revenues reduced during fiscal year (in thousands)	\$58,440	\$16,310

## Tax abatement programs, continued:

Program Name	Community Contribution Tax Credit Program	Florida Tax Credit Scholarship Program
Program Purpose	To encourage donations and local private support of projects that provide housing opportunities for persons with special needs or home ownership opportunities for low-income or very-low-income families.	To encourage private, voluntary contributions to nonprofit scholarship-funding organizations to expand educational opportunities for children of families that have limited financial resources.
Taxes being abated	Corporate Income Tax; Insurance Premium Tax; Sales and Use Tax	Sales and Use Tax; Corporate Income Tax; Severance Taxes; Insurance Premium Tax
Authority under which abatements are entered into	Sections 212.08(5)(p); 220.183; and 624.5105, F.S.	Section 1002.395, F.S.
Criteria to be eligible to receive abatements and commitment of the taxpayer	A taxpayer must apply for approval and be issued an approval letter by the State. A community contribution by a person must be in the following form: (a) Cash or other liquid assets; (b) Real property, including 100 percent ownership of a real property holding company; (c) Goods or inventory; or (d) Other physical resources identified by the State.	A taxpayer must apply for approval and be issued an approval letter by the State. Taxpayer must make an eligible contribution to an eligible nonprofit scholarship-funding organization by the end of the tax year to earn the credit on the return.
How taxes are reduced	Tax credit against corporate income or insurance premium tax; sales tax refund	Tax Credit
How amount of abatement is determined	The credit is equal to 50 percent of the value of the donation, with a limit of \$200,000 per year.	Statutorily defined tax credit cap determines the amount available for award to applicants. The applicant must specify in the application each tax for which the taxpayer requests a credit and the applicable taxable year for a credit. The State approves tax credits on a first-come, first-served basis.
Provisions for recapturing abated taxes	If erroneous credits are discovered during an audit of the taxpayer's books and records the amount of tax offset by the credit will be assessed.	If erroneous credits are discovered during an audit of the taxpayer's books and records, the amount of tax offset by the credit will be assessed.
Type of commitments other than taxes	N/A	N/A
Total tax revenues reduced during fiscal year (in thousands)	\$24,878	\$146,710

## Tax abatement programs, continued:

Program Name	Capital Investment Tax Credit	New Markets Development Program
Program Purpose	To attract and grow capital-intensive industries in the State.	To promote capital investment in rural and urban low-income communities by allowing taxpayers to earn credits against specified taxes by investing in qualified community development entities that make low-income community investments in qualified active low-income community businesses to create and retain jobs.
Taxes being abated	Corporate Income Tax; Premium Tax	Corporate Income Tax; Insurance Premium Tax
Authority under which abatements are entered into	Section 220.191, F.S.	Section 288.9916, F.S.
Criteria to be eligible to receive abatements and commitment of the taxpayer	The business must establish a qualified project certified by the State and meet minimum capital investment, job creation, and wage requirements.	Qualified Community Development Entities (CDEs) apply to Department of Economic Opportunity to have investments approved as qualified investments for tax credits. Taxpayers then earn credits by investing in CDEs that make investments in active low-income community businesses.
How taxes are reduced	Tax Credit	Tax Credit
How amount of abatement is determined	An annual credit may be claimed for up to 20 years in an annual amount up to 5 percent of the eligible capital costs generated by a qualifying project. The annual tax credit shall not exceed specified percentages of the annual tax liability.	Credit equal to 39 percent of the purchase price of the qualified investment.
Provisions for recapturing abated taxes	If erroneous credits are discovered during an audit of the taxpayer's books and records the amount of tax offset by the credit will be assessed.	If erroneous credits are discovered during an audit of the taxpayer's books and records the amount of tax offset by the credit will be assessed.
Type of commitments other than taxes	N/A	N/A
Total tax revenues reduced during fiscal year (in thousands)	\$43,080	\$25,852



## Tax abatement programs, continued:

Program Name	Contaminated Site Rehabilitation Tax Credit	Research and Development Tax Credit
Program Purpose	To encourage voluntarily rehabilitation of brownfield sites or sites contaminated with dry-cleaning solvent.	To encourage target industry business in the State.
Taxes being abated	Corporate Income Tax	Corporate Income Tax
Authority under which abatements are entered into	Sections 220.1845 and 376.30781, F.S.	Section 220.196, F.S.
Criteria to be eligible to receive abatements and commitment of the taxpayer	Participants must meet applicable eligibility criteria and enter either a Voluntary Cleanup Agreement or Brownfield Site Rehabilitation Agreement.	Taxpayer must claim and be allowed a research credit against federal income tax for qualified research expenses under Title 26, Section 41, United States Code, and meet the definition of a target industry business as defined in Section 288.106, F.S.
How taxes are reduced	Tax Credit	Tax Credit
How amount of abatement is determined	The credit is 50 percent of rehabilitation costs, up to \$500,000 per site per year. To encourage completion of site rehabilitation the applicant may claim an additional 25 percent of the total site rehabilitation costs, not to exceed \$500,000, in the final year of cleanup. To encourage the construction of affordable housing an applicant meeting applicable requirements may claim an additional 25 percent of the total site rehabilitation costs, not to exceed \$500,000.	The Florida credit is equal to 10 percent of the amount of qualified research expenses incurred in Florida and allowed under Title 26, Section 41, United States Code, which exceeds the base amount, defined as the average of the qualified research expenses incurred in Florida for the four tax years prior to the calendar year for which the credit is determined. The Florida credit may be prorated if the total credits applied for by all applicants exceed the credit cap (currently \$9 million). The credit taken may not exceed 50 percent of the Florida corporate income tax liability after all other credits have been applied in the order provided in Section 220.02(8), F.S.
Provisions for recapturing abated taxes	If erroneous credits are discovered during an audit of the taxpayer's books and records the amount of tax offset by the credit will be assessed.	If erroneous credits are discovered during an audit of the taxpayer's books and records the amount of tax offset by the credit will be assessed.
Type of commitments other than taxes	N/A	N/A
Total tax revenues reduced during fiscal year (in thousands)	\$6,407	\$6,087

## Tax abatement programs, continued:

Program Name	Enterprise Zone Jobs Credit
Program Purpose	A tax credit intended to increase the number of full-time jobs in an enterprise zone.
Taxes being abated	Corporate Income Tax; Insurance Premium Tax; Sale and Use Tax
Authority under which abatements are entered into	Sections 220.181; 212.096; 290.016, F.S.
Criteria to be eligible to receive abatements and commitment of the taxpayer	Pursuant to Section 290.016, F.S., the Florida Enterprise Program sunset on December 31, 2015. Businesses granted an enterprise zone jobs credit prior to the expiration of the program may continue to claim the credit, including carryovers of unused amounts, for the same period it would have been available had the program not expired. No new enterprise zone jobs credits will be approved after December 31, 2015, except for those approved by and under Department of Economic Opportunity contract.
How taxes are reduced	Tax Credit
How amount of abatement is determined	The credit is a percentage of the actual monthly wages paid in this state to each new employee hired when a new job has been created.
Provisions for recapturing abated taxes	If erroneous credits are discovered during an audit of the taxpayer's books and records the amount of tax offset by the credit will be assessed.
Type of commitments other than taxes	N/A
Total tax revenues reduced during fiscal year (in thousands)	\$8,283

The State had additional tax abatement programs, each amounting to less than \$5 million in revenue and estimated to be reduced in fiscal year 2016-17. In total, these programs resulted in \$22.2 million in estimated tax abatements. These include the Rural Job Tax Credit Program, Urban High-Crime Area Job Tax Credit Program, Professional Sports Programs, Qualified Target Industry Tax Refund Program, Brownfield Redevelopment Bonus Tax Refund, Qualified Defense and Space Contractor Tax Refund Program, Semi-Conductor Defense and Space Technology Tax Exemption, Florida Space Business Incentives Act, Florida Renew Production and Technology Credit, Enterprise Zone Property Credits, Redevelopment Projects, and New and Expanding Business.

**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, 2017, is as follows (in thousands):

General Government	\$ 94,536
Education	10,897
Human Services	28,121
Criminal Justice & Correction	110,349
Natural Resources & Environment	58,379
Transportation	40,932
State Courts	3,814
<b>Total depreciation expense (governmental activities)</b>	<b>\$ 347,028</b>

Primary government capital asset activities for the fiscal year ended June 30, 2017, are as follows (in thousands):

### GOVERNMENTAL ACTIVITIES

	Balance July 1, 2016		Increases		Decreases		Balance June 30, 2017
<b>Capital assets, not being depreciated:</b>							
Land and other nondepreciable assets	\$	18,644,649	\$	13,868,059	\$	13,368,681	\$ 19,144,027
Infrastructure and infrastructure improvements - nondepreciable		46,962,923		58,123,072		56,656,738	48,429,257
Construction work in progress		2,634,280		6,711,420		6,211,567	3,134,133
<b>Total capital assets, not being depreciated</b>		<b>68,241,852</b>		<b>78,702,551</b>		<b>76,236,986</b>	<b>70,707,417</b>
<b>Capital assets, being depreciated:</b>							
Buildings and building improvements		5,494,873		119,370		77,808	5,536,435
Infrastructure and infrastructure improvements		772,359		36,999		18,948	790,410
Leasehold improvements		2,181		2,007		.....	4,188
Property under capital lease		175,032		3		111	174,924
Furniture and equipment		1,784,749		340,699		330,280	1,795,168
Works of art and historical treasures		1,929		.....		1	1,928
Library resources		25,989		40		418	25,611
Other		73,720		1,419		565	74,574
<b>Total capital assets, being depreciated</b>		<b>8,330,832</b>		<b>500,537</b>		<b>428,131</b>	<b>8,403,238</b>
<b>Less accumulated depreciation for:</b>							
Buildings and building improvements		2,739,276		164,103		60,552	2,842,827
Infrastructure and infrastructure improvements		453,321		29,197		4,027	478,491
Leasehold improvements		819		330		.....	1,149
Property under capital lease		85,536		10,485		103	95,918
Furniture and equipment		1,349,253		137,250		144,761	1,341,742
Works of art and historical treasures		1,054		65		2	1,117
Library resources		15,820		838		322	16,336
Other		55,529		4,760		2,272	58,017
<b>Total accumulated depreciation</b>		<b>4,700,608</b>		<b>347,028</b>		<b>212,039</b>	<b>4,835,597</b>
<b>Total capital assets, being depreciated, net</b>		<b>3,630,224</b>		<b>153,509</b>		<b>216,092</b>	<b>3,567,641</b>
<b>Governmental activities capital assets, net</b>	<b>\$</b>	<b>71,872,076</b>	<b>\$</b>	<b>78,856,060</b>	<b>\$</b>	<b>76,453,078</b>	<b>\$ 74,275,058</b>

### BUSINESS-TYPE ACTIVITIES

	Balance July 1, 2016		Increases		Decreases		Balance June 30, 2017
<b>Capital assets, not being depreciated:</b>							
Land and other nondepreciable assets	\$	1,131,671	\$	38,213	\$	9,138	\$ 1,160,746
Infrastructure and infrastructure improvements - nondepreciable		8,587,365		730,899		399,857	8,918,407
Construction work in progress		938,420		5,568,262		5,268,077	1,238,605
<b>Total capital assets, not being depreciated</b>		<b>10,657,456</b>		<b>6,337,374</b>		<b>5,677,072</b>	<b>11,317,758</b>
<b>Capital assets, being depreciated:</b>							
Buildings and building improvements		481,770		86,852		82,173	486,449
Infrastructure and infrastructure improvements		2,475		13,214		.....	15,689
Leasehold improvements		84		12		.....	96
Furniture and equipment		349,619		52,201		36,225	365,595
Library resources		8		2		.....	10
Other		144,899		.....		274	144,625
<b>Total capital assets, being depreciated</b>		<b>978,855</b>		<b>152,281</b>		<b>118,672</b>	<b>1,012,464</b>
<b>Less accumulated depreciation for:</b>							
Buildings and building improvements		157,092		25,786		12,592	170,286
Infrastructure and infrastructure improvements		676		337		.....	1,013
Leasehold improvements		12		.....		.....	12
Furniture and equipment		148,767		30,483		.....	179,250
Library resources		4		2		.....	6
Other		62,046		8,042		84	70,004
<b>Total accumulated depreciation</b>		<b>368,597</b>		<b>64,650</b>		<b>12,676</b>	<b>420,571</b>
<b>Total capital assets, being depreciated, net</b>		<b>610,258</b>		<b>87,631</b>		<b>105,996</b>	<b>591,893</b>
<b>Business-type activities capital assets, net</b>	<b>\$</b>	<b>11,267,714</b>	<b>\$</b>	<b>6,425,005</b>	<b>\$</b>	<b>5,783,068</b>	<b>\$ 11,909,651</b>

Component units' capital asset activities for the fiscal year ended June 30, 2017, are as follows (in thousands):

<b>COMPONENT UNITS</b>				
	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
<b>Capital assets, not being depreciated:</b>				
Land and other non-depreciable assets	\$ 6,640,363	\$ 127,677	\$ 82,700	\$ 6,685,340
Construction work in progress	1,524,041	1,098,326	807,726	1,814,641
<b>Total capital assets, not being depreciated</b>	<b>8,164,404</b>	<b>1,226,003</b>	<b>890,426</b>	<b>8,499,981</b>
<b>Capital assets, being depreciated:</b>				
Buildings and building improvements	18,727,265	675,052	87,664	19,314,653
Infrastructure and infrastructure improvements	2,982,386	185,770	12,126	3,156,030
Leasehold improvements	398,997	67,964	19,239	447,722
Property under capital lease	137,173	12,084	14,433	134,824
Furniture and equipment	3,563,218	257,841	137,575	3,683,484
Works of art and historical treasures	3,785	6	6	3,785
Library resources	949,756	32,772	11,258	971,270
Other	420,135	40,668	9,656	451,147
<b>Total capital assets, being depreciated</b>	<b>27,182,715</b>	<b>1,272,157</b>	<b>291,957</b>	<b>28,162,915</b>
<b>Less accumulated depreciation for:</b>				
Buildings and building improvements	6,694,291	486,279	29,932	7,150,638
Infrastructure and infrastructure improvements	1,163,630	82,623	1,508	1,244,745
Leasehold improvements	147,300	22,386	18,169	151,517
Property under capital lease	58,684	7,026	11,566	54,144
Furniture and equipment	2,565,441	257,963	156,695	2,666,709
Works of art and historical treasures	1,672	193	6	1,859
Library resources	777,815	37,050	8,622	806,243
Other	296,080	33,707	9,467	320,320
<b>Total accumulated depreciation</b>	<b>11,704,913</b>	<b>927,227</b>	<b>235,965</b>	<b>12,396,175</b>
<b>Total capital assets, being depreciated, net</b>	<b>15,477,802</b>	<b>344,930</b>	<b>55,992</b>	<b>15,766,740</b>
<b>Component units capital assets, net</b>	<b>\$ 23,642,206</b>	<b>\$ 1,570,933</b>	<b>\$ 946,418</b>	<b>\$ 24,266,721</b>

## NOTE 6 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

### A. Pensions

The Florida Department of Management Services (Department) is part of the primary government of the State of Florida and is responsible for administering the Florida Retirement System Pension Plan and Other State-Administered Systems. For the fiscal year ended June 30, 2017, the Department administered three defined benefit plans, two defined contribution plans, a supplemental funding of defined benefit plans for municipal police officers and firefighters, and various general revenue funded pension programs. Beginning with the fiscal year ended June 30, 2014, the Department issued a publicly-available, audited comprehensive annual financial report (CAFR) that includes financial statements, notes and required supplementary information for each of the pension plans which it administers. Detailed information about the plans is provided in the CAFR which is available online or by contacting the Department.

Copies of this report, as well as the plans' actuarial valuations, can be obtained from the Department of Management Services, Division of Retirement (Division), Research and Education Section, P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at 877-377-1737 or 850-488-5706; by email at [rep@dms.myflorida.com](mailto:rep@dms.myflorida.com); or at the Division's website ([www.frs.myflorida.com](http://www.frs.myflorida.com)).

#### 1. Defined Benefit Plans

##### The Florida Retirement System

The Florida Retirement System (FRS) is a cost-sharing multiple-employer public-employee retirement system with two primary plans – the FRS defined benefit pension plan (Pension Plan) and the FRS Investment Plan. The FRS Pension Plan 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 (Chapter 123, 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 (DROP) under the defined benefit plan and amended in 2000 to provide the Investment Plan as a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. The FRS Investment Plan is an integrated defined contribution plan administered by the State Board of Administration (SBA). 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 FRS Pension 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 (EOC), and faculty and specified employees in the State University System and Florida College System institutions. Provisions relating to the FRS are also contained in Chapter 112, F.S.

##### *Membership*

FRS membership is compulsory for eligible employees filling a regularly established position in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, F.S., or allowed to participate in a non-integrated defined contribution plan in lieu of FRS membership. 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 (SUSORP). Retirees initially reemployed in regularly established positions on or after July 1, 2010, may not participate in the FRS except for defined contribution plan retirees employed in a regularly established position on or after July 1, 2017. FRS Pension Plan retirees remain ineligible for renewed membership.

Retirees of the FRS Investment Plan, the SUSORP, the State Community College System Option Retirement Program (SCCSORP), and the Senior Management Service Optional Annuity Program who are initially reemployed on or after July 1, 2010, and who are employed in a regularly established position on or after July 1, 2017, will be enrolled in the FRS Investment Plan, SUSORP, or SCCSORP based upon the position held as renewed members on or after July 1, 2017.

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* – 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 EOC may elect to withdraw from the FRS or participate in the SMSC in lieu of the EOC.
- *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*– Members who are elected state or county officers and the elected officers of cities and special districts that choose to place their elected officials in this class.

Beginning July 1, 2001, through June 30, 2011, the FRS Pension Plan provided for vesting of benefits after six years of creditable service for members working on or after July 1, 2001, and initially enrolled before July 1, 2011. Members not actively working in a position covered by the FRS Pension Plan 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, 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 Pension Plan 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 Pension Plan 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 Pension Plan 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 Pension Plan 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**

The Florida Legislature establishes and amends the benefit terms of the FRS Pension Plan. Benefits under the FRS Pension Plan are computed on the basis of age, average final compensation, creditable years of service, and accrual value per year by membership class. Members are also provided in-line-of-duty or regular disability and survivors’ benefits. Pension benefits of eligible retirees and annuitants are increased each July 1 by a cost-of-living adjustment. If the member is initially enrolled in the FRS Pension Plan 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. This individually calculated 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 DROP became effective July 1, 1998, subject to provisions of Section 121.091(13), F.S. FRS Pension 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 until the member terminates to finalize retirement. As of June 30, 2017, the FRS Trust Fund held in trust \$2,255,747,029 in accumulated benefits and interest for 34,810 DROP participants. Of these 34,810 DROP participants, 32,972 were active in the DROP with balances totaling \$2,039,044,001. The remaining 1,838 participants were no longer active in the DROP and had balances totaling \$216,703,029 to be processed after June 30, 2017.

### **Administration**

The Division administers the FRS Pension Plan. The SBA invests the assets of the FRS Pension Plan held in the FRS Trust Fund. Costs of administering the FRS Pension Plan are funded from earnings on investments of the FRS Trust Fund. Reporting of the FRS Pension Plan is on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the obligation is incurred.

### **Contributions**

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 actuarial 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 the FRS Pension Plan at June 30, 2017, was \$154,053,262,968. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

The table below presents FRS employer contribution rates. Rates indicated are uniform rates for all FRS members and include UAL contribution rates. These rates do not include a 1.66% contribution rate for the Retiree Health Insurance Subsidy (HIS) Program and a 0.06% assessment for the administration of the FRS Investment Plan and the educational program available to all FRS members. In addition, the July 1, 2016, statutory employer rates do not include the 3.00% mandatory employee contribution for all membership classes except for members in the DROP.

Membership Class	Uniform Employer Rates	July 1, 2016
	Recommended by Actuarial Valuation as of July 1, 2015 for Fiscal Year 2016-2017	Statutory Rates (Ch. 121, F.S.)
Regular	5.80%	5.80%
Senior Management Service	20.05%	20.05%
Special Risk	20.85%	20.85%
Special Risk Administrative Support	26.34%	26.34%
Elected Officers - Judges	34.98%	34.98%
Elected Officers - Legislators/Attorneys/Cabinet	40.38%	40.38%
Elected Officers - County	40.75%	40.75%
DROP - applicable to members from all of the above classes or plans	11.33%	11.33%

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



**Retiree Health Insurance Subsidy Program**

The HIS Program is a non-qualified cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, F.S. The Florida Legislature establishes and amends the benefit terms of the HIS Program. 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. For the fiscal year ended June 30, 2017, 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 eligible 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, 2017, the contribution rate was 1.66% 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 Florida National Guard Supplemental Retirement Benefit Plan**

The Florida National Guard Supplemental Retirement Benefit Plan (National Guard Benefit) is a single-employer, non-qualified defined benefit pension plan established under Section 250.22, F.S., and is administered by the Division. The Florida Legislature establishes and amends the plan. Florida National Guard retirees must have at least 30 years of Florida National Guard service. Normal retirement is at age 62 with early retirement available beginning at age 60. The monthly benefit is equal to the difference between 50% of the federal military pay table for the highest rank held while in the Florida National Guard and the benefit received from the federal government for reservist military service. The benefit amount is recalculated whenever the federal military pay table is increased or the federal benefit is increased by a cost of living adjustment. The benefit is payable for the lifetime of the retiree without a survivor benefit option. The table below shows the number of employees covered by the benefit terms.

Active Members	11,688
Retirees	775
Terminated Vested Members	428
Total	<u>12,891</u>

The National Guard Benefit is funded by an annual appropriation from General Revenue by the Legislature. Any appropriated funds not obligated for benefit payments owed at June 30 each year revert to the General Revenue Fund.

**Pension Amounts for Defined Benefit Pension Plans*****Net Pension Liability***

At June 30, 2017, the State reported a total liability of \$6,903,336,872 for its proportionate share of the net pension liabilities of the defined benefit, multiple-employer cost-sharing pension plans and its single-employer, non-qualified pension plan. The table below presents the fiduciary net position for the FRS and HIS plans as well as the State's proportion and proportionate share as of the measurement date of June 30, 2016, and the fiduciary net position of the National Guard Benefit as of the measurement date of June 30, 2017:

	<b>FRS Pension Plan</b>	<b>HIS</b>	<b>National Guard Benefit</b>	<b>Total</b>
Plan total pension liability (A)	\$ 167,030,999,000	\$ 11,768,444,801	\$ 586,288,494	
Plan fiduciary net position (B)	(141,780,920,515)	(113,859,055)	.....	
Plan net pension liability (A-B)	25,250,078,485	11,654,585,746	586,288,494	
State's proportion	18.150587866%	14.878355474%	100.00%	
State's proportionate share	<u>\$ 4,583,037,682</u>	<u>\$ 1,734,010,696</u>	<u>\$ 586,288,494</u>	<u>\$ 6,903,336,872</u>

The State's proportion of the net pension liability for FRS Pension Plan and HIS was based on contributions paid to the plans by the State relative to the contributions paid by all participating employers. The table below shows the change in proportion since the prior measurement date:

	<b>FRS</b>	<b>HIS</b>
State's proportion at prior measurement date, June 30, 2015	17.961696240%	15.144426318%
State's proportion at measurement date, June 30, 2016	18.150587866%	14.878355474%
Increase / (decrease) in proportion	0.188891626%	-0.266070844%

The table below shows the changes in National Guard Benefit net pension liability for the fiscal year ended June 30, 2017:

***National Guard Benefit***

<b>Changes in Net Pension Liability</b>	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of June 30, 2016	\$ 664,546,758	\$ .....	\$ 664,546,758
Changes for the year:			
Service Cost	12,904,360	.....	12,904,360
Interest on total pension liability	19,099,678	.....	19,099,678
Effect of economic/demographic gains or losses	.....	.....	.....
Effect of assumptions changes or inputs	(95,585,214)	.....	(95,585,214)
Benefit payments	(14,677,088)	(14,677,088)	.....
Employer contributions	.....	14,719,588	(14,719,588)
Administrative expenses	.....	(42,500)	42,500
Balances as of June 30, 2017	\$ 586,288,494	\$ .....	\$ 586,288,494

***Actuarial Methods and Assumptions***

Actuarial assumptions for the defined benefit cost-sharing plans are reviewed annually by the FRS Actuarial Assumptions Conference. The most recent experience study for the FRS Pension Plan was for the period July 1, 2008, through June 30, 2013; assumption changes adopted by the FRS Assumptions Conference were incorporated into the July 1, 2014 FRS Valuation. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of the measurement date, of July 1, 2016, using the entry age normal actuarial cost method. Inflation increases for the FRS Pension Plan and the HIS is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%.

Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.60%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the statutorily required rates. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return and was applied to all periods of projected benefit payments to determine the total pension liability.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.85% was used to determine the total pension liability for the program. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

There were changes in benefit terms for the FRS Investment Plan prior measurement date that affected the total pension liability. In-line-of-duty death benefits for surviving spouses or dependent children of Special Risk Class members if the members' death occurred after June 30, 2013, for benefit payable on or after July 1, 2016. There were no changes in benefit terms for HIS that affected the total pension liability since the prior measurement date. There were no changes between the measurement date and

the reporting date which significantly impact the State's proportionate share of the net pension liability, deferred outflows, deferred inflows and pension expense for either FRS Pension Plan or HIS.

The following changes in actuarial assumptions occurred in 2016:

- FRS Pension Plan: The inflation rate assumption remained at 2.60%, the real payroll growth assumption remained at 0.65%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return was reduced from 7.65% to 7.60%.
- HIS: The municipal rate used to determine total pension liability decreased from 3.80% to 2.85%.

The long-term expected rate of return on FRS Pension Plan investments was determined using a forward-looking capital market economic model, which includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	1.0%	3.0%
Fixed income	18.0%	4.7%
Global equity	53.0%	8.1%
Real estate (property)	10.0%	6.4%
Private equity	6.0%	11.5%
Strategic investments	12.0%	6.1%
	<u>100.0%</u>	

The National Guard Benefit has not had a formal actuarial experience study performed. Due to the pay-as-you-go nature of the program, full actuarial valuations will be conducted in even-numbered years. Liabilities for odd-numbered years will be developed based on the results of a full actuarial valuation using standard actuarial roll-forward techniques. The total pension liability was determined by an actuarial valuation as of the valuation date, July 1, 2016, using the individual entry age normal actuarial cost method. The inflation rate was assumed at 2.60%, the annual increase in Federal Military Pay tables is assumed at 2.00%, and the Cost-of-Living adjustments are assumed at 1.50%.

Because the National Guard Benefit uses a pay-as-you-go funding structure, a municipal bond rate of 3.58% was used to determine the total pension liability for the program. Mortality assumptions for the plan was based on the Generational RP-2000 with Projection Scale BB tables.

There were no changes in benefit terms to the National Guard Benefit that affected the total pension liability since the prior measurement date.

The following changes in actuarial assumptions occurred in 2017 for the National Guard Benefit:

- The municipal bond rate used to determine total pension liability increased from 2.85% to 3.58%.

***Sensitivity Analysis***

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the State's proportionate share of the FRS and HIS plan's net pension liability and the National Guard Benefit net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2016, for the FRS and HIS plans, and June 30, 2017, for the National Guard Benefit.

<b><i>FRS Pension Plan</i></b>			<b><i>HIS</i></b>		
<b>1% Decrease 6.60%</b>	<b>Current Discount Rate 7.60%</b>	<b>1% Increase 8.60%</b>	<b>1% Decrease 1.85%</b>	<b>Current Discount Rate 2.85%</b>	<b>1% Increase 3.85%</b>
\$8,437,682,657	\$4,583,037,682	\$1,374,554,810	\$1,989,304,225	\$1,734,010,696	\$1,522,131,003

<b><i>National Guard Benefit</i></b>		
<b>1% Decrease 2.58%</b>	<b>Current Discount Rate 3.58%</b>	<b>1% Increase 4.58%</b>
\$722,701,453	\$586,288,494	\$483,500,176

***Pension Expense and Deferred Outflows / (Inflows) of Resources***

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees).
- Differences between expected and actual earnings on pension plan investments – amortized over five years.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2016, was 6.4 years for FRS Pension Plan and 7.2 years for HIS.

The State's proportionate share of the components of collective pension expense and deferred outflows and inflows of resources reported in the pension allocation schedules for the measurement date year ended June 30, 2016, are presented below for each plan.

### FRS Pension Plan

	Recognized in Expense Reporting Period Ending June 30, 2017	Recognition Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Service cost	\$ 387,134,914	Current	\$ .....	\$ .....
Interest cost	2,197,875,341	Current	.....	.....
Effect of plan changes	5,864,455	Current	.....	.....
Effect of economic/demographic gains or losses (difference between expected and actual experience)	61,565,673	6.4 years	350,912,615	(42,671,177)
Effect of assumptions changes or inputs	65,417,273	6.4 years	277,260,062	.....
Member contributions	(128,999,280)	Current	.....	.....
Projected investment earnings	(2,010,249,385)	Current	.....	.....
Changes in proportion and differences between contributions and proportionate share of contributions	36,646,292	6.4 years	433,029,640	(299,416,837)
Net difference between projected and actual investment earnings	116,847,945	5 years	1,184,659,371	.....
Contributions subsequent to the measurement date	.....	1 year	457,949,958	.....
Administrative expenses	3,359,173	Current	.....	.....
<i>Total</i>	<i>\$ 735,462,401</i>		<i>\$ 2,703,811,646</i>	<i>\$ (342,088,014)</i>

### Health Insurance Subsidy

	Recognized in Expense Reporting Period Ending June 30, 2017	Recognition Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Service cost	\$ 38,194,259	Current	\$ .....	\$ .....
Interest cost	58,138,223	Current	.....	.....
Effect of plan changes	.....	Current	.....	.....
Effect of economic/demographic gains or losses (difference between expected and actual experience)	(637,006)	7.2 years	.....	(3,949,439)
Effect of assumptions changes or inputs	48,489,807	7.2 years	272,110,362	.....
Member contributions	.....	Current	.....	.....
Projected investment earnings	(462,154)	Current	.....	.....
Changes in proportion and differences between contributions and proportionate share of contributions	(8,067,168)	7.2 years	98,195,143	(140,792,203)
Net difference between projected and actual investment earnings	322,697	5 years	876,753	.....
Contributions subsequent to the measurement date	.....	1 year	76,584,478	.....
Administrative expenses	27,907	Current	.....	.....
<i>Total</i>	<i>\$ 136,006,565</i>		<i>\$ 447,766,736</i>	<i>\$ (144,741,642)</i>

The average expected remaining service life of all employees provided with pensions through the National Guard defined benefit single-employer plan at June 30, 2017, was 11.5 years. The State's pension expense and deferred outflows and deferred inflows of resources reported for the fiscal year ended June 30, 2017, are presented below for the plan.

**Florida National Guard Supplemental Retirement Benefit Plan**

	<b>Recognized in Expense Reporting Period Ending June 30, 2017</b>	<b>Recognition Period</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Service cost	\$ 12,904,360	Current	\$ .....	\$ .....
Interest cost	19,099,678	Current	.....	.....
Effect of economic/demographic gains or losses	2,387,976	11.5 years	22,685,777	.....
Effect of assumptions changes or inputs	8,266,303	11.5 years	150,719,886	87,273,456
Administrative expenses	42,500	Current	.....	.....
<i>Total</i>	\$ 42,700,817		\$ 173,405,663	\$ 87,273,456

Deferred outflows of resources related to contributions paid subsequent to the measurement date as shown in the tables above will be recognized as a reduction of the net pension liability in the reporting period ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense will be recognized as follows:

<b>Reporting Period Ending June 30,</b>	<b>FRS Pension Plan Expense</b>	<b>HIS Expense</b>	<b>National Guard Benefit Expense</b>
<b>2018</b>	\$ 280,477,183	\$ 40,108,329	\$ 10,654,279
<b>2019</b>	280,477,184	40,108,330	10,654,279
<b>2020</b>	742,330,947	39,941,380	10,654,279
<b>2021</b>	499,633,838	39,861,245	10,654,279
<b>2022</b>	76,380,145	35,656,079	10,654,279
<b>Thereafter</b>	24,474,377	30,765,253	32,860,812
<b>Total</b>	\$ 1,903,773,674	\$ 226,440,616	\$ 86,132,207

***Payables to the Pension Plans***

The State reported payables of \$6.1 million to the FRS Pension Plan, and \$1.4 million to the HIS Program as of June 30, 2017, for legally required contributions to the plans.

## **2. Defined Contribution Programs**

### **FRS Investment Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Florida Legislature establishes and amends the benefit terms of the plan. 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 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, the years of service required for vesting under the Pension Plan (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. Effective July 1, 2011, there is a mandatory employee contribution of 3.00%. The FRS 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 assessment of 0.06% 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 FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Upon receiving a distribution, other than a de minimis distribution or required minimum distribution, the member is a retiree. Disability coverage is provided for total and permanent disability; the employer pays an employer contribution to fund the disability benefit which is deposited in the FRS Trust Fund. 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.

### **State University System Optional Retirement Program**

Section 121.35, F.S., created the SUSORP for eligible State University System faculty, administrators, and administrative and professional staff. The Florida Legislature establishes and amends the benefit terms of the program. 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, upon signing an investment contract, 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 2016, through June 2017. 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 3.00%. A participant may contribute by salary reduction an amount not to exceed the percentage contributed by the university. In addition to the employer funding to the participants' accounts, the employing universities are required to make a contribution as a percent of covered payroll that is transferred to the FRS Trust Fund to help amortize any UAL. The required UAL contribution rate for fiscal year 2016-17 was 2.83%.

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

Section 121.055, F.S., created the SMSOAP as an optional retirement program alternative for state members of the SMSC. Employees in eligible state positions may make an irrevocable election to participate in the SMSOAP in lieu of the SMSC. The Florida Legislature establishes, amends the benefit terms of the program, and closed the program to new members effective July 1, 2017.

The SMSOAP is a defined contribution plan that, upon signing an investment contract, provides full and immediate vesting of all contributions paid on behalf of the participants to the participating provider companies. Participants direct the investment of contributions to provide retirement and death benefits. Employers were required to contribute 6.27% of covered payroll from July 2016, through June 2017. 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. In addition to the employer funding to the participants' accounts, the state agencies are required to make a contribution as a percent of covered payroll that is transferred to the FRS Trust Fund to help amortize the UAL. The required UAL contribution rate for fiscal year 2016-17 was 15.67%.

***Pension Amounts for Defined Contribution Plans***

As of June 30, 2017, the State reported the following pension amounts related to the defined contribution plans:

<b>Reporting Period Ended June 30, 2017</b>	<b>FRS Investment Plan</b>	<b>Optional Retirement Plan</b>	<b>Optional Annuity Program</b>
<i>Pension Expense</i> <sup>1,2</sup>	\$ 59,720,625	\$ 91,142,630	\$ 118,959
<i>Forfeitures</i>	6,586,551	.....	.....
<i>Pension Liability</i>	1,544,711	.....	.....

<sup>1</sup> Pension expense excludes the required UAL which is recognized in the Defined Benefit Pension Plan as contributions.

<sup>2</sup> The amount of forfeitures is not reflected in pension expense recognized by the State and is used to offset administrative costs.

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

The following is based on the October 10, 2016, interim update actuarial valuation of the State Employees' Health Insurance Program Retiree healthcare benefits as of July 1, 2016.

**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 enrollment of 175,654 subscribers including 35,273 retirees at July 1, 2017. COBRA subscribers accounted for an additional 516 members. 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 High Deductible PPO Plan, a standard Health Maintenance Organization (HMO) Plan, and a High Deductible 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 2017 coverage, for active employees and retirees under the age of 65 for the standard plan were \$693 and \$1,560 for single and family contracts, respectively. Retirees over the age of 65 pay premiums for a Medicare supplement. Monthly premiums, through June 2017 coverage, for the standard PPO Plan were \$388 for a single contract, \$777 for two Medicare eligible members, and \$1,120 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, 2017 and the two preceding fiscal years  
(dollars in thousands):

	2017	2016	2015
Annual required contribution (ARC)	\$ 538,394	\$ 530,981	\$ 360,424
Interest on the net OPEB obligation	77,755	60,953	49,713
Adjustments to the ARC	(71,825)	(56,304)	(43,085)
Annual OPEB Cost	544,324	535,630	367,052
Employer contribution	(134,633)	(115,571)	(86,057)
Increase/(decrease) in net OPEB obligation	409,691	420,059	280,995
Net OPEB obligation - July 1	1,943,878	1,523,819	1,242,824
Net OPEB obligation - June 30	\$ 2,353,569	\$ 1,943,878	\$ 1,523,819
Percent of annual OPEB cost contributed	24.73%	21.58%	23.45%

Funded Status – State Share

The funded status of the plan as of June 30, 2017, was as follows (dollars in thousands):

Actuarial valuation date	July 1, 2016
Actuarial accrued liability (AAL)	\$ 7,010,898
Actuarial value of plan assets	.....
Unfunded actuarial accrued liability (UAAL)	\$ 7,010,898

Actuarial value of assets as a percentage of the AAL 0.00%

Covered payroll -- State share \$ 4,427,783  
UAAL (State) as a percentage of covered payroll 158.34%

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, in the Other Required Supplementary Information, 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, 2015. 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 3.25% payroll growth rate. Initial healthcare cost trend rates used for the PPO Plans are 3.1%, 7.5%, 8.8%, for the first three years followed by 9.7% in the fourth year, then grading to 3.9% over the course of 60 years. For the HMO Plans – Pre-Medicare, initial healthcare cost trend rates of 3.0%, 5.7%, 7.0% are used for the first three years followed by 7.8% in the fourth year, then grading to 3.9% over the course of 60 years. For the PPO Plans – Post Medicare, initial healthcare cost trend rates of 3.1%, 7.5%, and 8.8% are used for the first three years followed by 9.5% in the fourth year, then grading to 3.9% over the course of 60 years. For the HMO Plans – Post Medicare, initial healthcare cost trend rates of 3.0%, 5.7%, and 7.0% are used for the first three years followed by 7.6% in the fourth year, then grading to 4.0% over the course of 60 years.

## 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, 2017, the Department had available approximately \$11.8 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, 2017, totaled \$256 million. Refer to Note 5 for additional disclosures relating to construction in progress. Construction commitments for component units totaled \$2.6 billion.

### B. Florida Ports Financing Commission Revenue Bonds

Section 320.20, Florida Statutes, obligates the state 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 \$612,492,342 for the fiscal year ended June 30, 2017. The table below represents the Florida Ports Financing Commission revenue bonds outstanding as of June 30, 2017:

Series	Amount
2011A	\$ 7,795,000
2011B	103,310,000
2011A (Intermodal)	55,635,000
2011B (Intermodal)	39,265,000
Total	\$ 206,005,000

### C. Operating Leases

Operating leases are not recorded on the balance sheets or statements of net assets; however, operating lease payments are recorded as expenditures/expenses when incurred. Total operating lease payments for the state's governmental activities, business-type activities, and component units were \$125.2 million, \$10.0 million, and \$56.4 million, respectively, for the year ended June 30, 2017. The following is a schedule of future non-cancelable operating lease payments for the primary government and component units at June 30, 2017 (in thousands):

	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2018	\$ 130,565	\$ 8,675	\$ 67,129
2019	127,074	6,074	48,944
2020	111,141	4,733	42,682
2021	96,883	4,042	36,446
2022	80,669	3,917	34,350
2023-2027	61,281	13,236	103,116
2028-2032	15,326	3,951	19,459
2033-2037	16,083	836	6,458
2038-2042	16,880	.....	3,992
2043-2047	17,713	.....	7,965
2048-2052	.....	.....	635
2053-2057	.....	.....	536
2058-2062	.....	.....	142
2063-2067	.....	.....	142
2068-2072	.....	.....	142
2073-2077	.....	.....	142
2078-2082	.....	.....	142
2083-2087	.....	.....	114
Total	\$ 673,615	\$ 45,464	\$ 372,536

**D. Encumbrances**

As of June 30, 2017, 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>	<u>\$ 225,710</u>	<u>\$ 15,626</u>	<u>\$ 84,895</u>	<u>\$ 94,198</u>	<u>\$ 41,028</u>	<u>\$ 311,692</u>	<u>\$ 773,149</u>

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

Bonds payable at June 30, 2017, are as follows (in thousands):

Bond Type	Original Amount	Amount Outstanding	Interest Rates	Annual Maturity To
Governmental Activities:				
Road and Bridge Bonds	\$ 1,739,310	\$ 1,469,980	2.500%-5.000%	2046
SBE Capital Outlay Bonds	392,790	195,505	2.000%-5.000%	2030
Lottery Education Bonds	2,330,210	1,516,037	3.000%-6.584%	2032
Public Education Bonds	10,522,495	8,318,510	2.250%-6.000%	2047
State University System Bonds	180,325	123,265	3.000%-6.500%	2033
University Auxiliary Bonds	1,011,427	826,082	2.120%-7.500%	2043
Inland Protection Bonds	60,615	53,805	4.500%-5.400%	2024
Florida Forever Bonds	1,322,460	931,465	2.000%-7.045%	2029
Water Pollution Control Bonds	564,775	333,375	3.500%-5.250%	2031
Florida Facilities Pool Bonds	479,060	236,100	4.000%-5.750%	2039
State Infrastructure Bank Bonds	123,615	32,325	4.250%-5.000%	2027
Seaport Investment Bonds	138,145	125,190	4.000%-5.000%	2043
Everglades Restoration Bonds	266,535	217,350	0.920%-6.450%	2035
	19,131,762	14,378,989		
Unamortized premiums (discounts) on bonds payable		863,175		
Total Bonds Payable	<u>\$ 19,131,762</u>	<u>\$ 15,242,164</u>		
Business-type Activities:				
Toll Facilities Bonds	\$ 3,801,095	\$ 2,650,430	2.500%-6.800%	2045
Florida Hurricane Catastrophe Fund Bonds	3,200,000	2,700,000	2.107%-2.995%	2022
	7,001,095	5,350,430		
Unamortized premiums (discounts) on bonds payable		137,350		
Total Bonds Payable	<u>\$ 7,001,095</u>	<u>\$ 5,487,780</u>		

## 2. Types of Bonds

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

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

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

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

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

**Florida Water Pollution Control Bonds** are issued by the Florida 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 mature serially and 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 Post-Event Bonds** are issued by the State Board of Administration 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

The table below contains information regarding revenues pledged to repay debt obligations (dollars in thousands). 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)	\$ 1,044,530	\$ 208,198	\$ 836,332	\$ 133,590	\$ 123,804	\$ 257,394	3.25	2045	\$ 3,953,598	80.07%
Florida Forever/Everglades <sup>1</sup>	2,417,800	.....	2,417,800	110,955	58,213	169,168	14.29	2035	1,446,834	100.00%
Lottery Education <sup>1,2</sup>	1,656,348	.....	1,656,348	219,805	85,327	305,132	5.43	2032	1,895,361	100.00%
Alligator Alley (Toll Facility)	32,383	8,594	23,789	2,015	1,433	3,448	6.90	2027	34,498	73.46%
State Infrastructure Bank	47,269	.....	47,269	8,655	2,009	10,664	4.43	2027	37,198	100.00%
Florida Hurricane Catastrophe	1,181,244	19,505	1,161,739	.....	69,529	69,529	16.71	2021	2,927,529	98.35%
State University System Bonds	56,193	.....	56,193	9,390	6,740	16,130	3.48	2033	169,953	100.00%
University Auxiliary Bonds										
Parking System Revenue Bonds										
Florida International University	15,651	6,202	9,449	3,135	3,192	6,327	1.49	2043	115,497	60.37%
University of South Florida	13,977	7,880	6,097	2,340	717	3,057	1.99	2026	22,029	43.62%
Florida Agricultural & Mechanical University	1,877	1,171	706	210	23	233	3.03	2018	232	37.61%
University of Florida	13,920	7,811	6,109	1,640	686	2,326	2.63	2028	16,716	43.89%
Florida Atlantic University	7,327	3,135	4,192	1,405	672	2,077	2.02	2032	19,948	57.21%
University of Central Florida	22,189	3,962	18,227	3,150	1,218	4,368	4.17	2032	35,006	82.14%
Florida State University	12,175	3,515	8,660	3,165	1,549	4,714	1.84	2031	41,467	71.13%
Housing System Revenue Bonds										
Florida Agricultural & Mechanical University	14,524	6,608	7,916	3,110	2,811	5,921	1.34	2032	76,676	54.50%
Florida International University	29,939	16,856	13,083	3,750	3,668	7,418	1.76	2041	128,266	43.70%
University of Florida	57,788	39,801	17,987	4,800	3,058	7,858	2.29	2033	90,143	31.13%
Florida Atlantic University	17,859	8,844	9,015	3,130	2,434	5,564	1.62	2036	73,720	50.48%
University of Central Florida	31,063	16,274	14,789	4,580	4,210	8,790	1.68	2042	131,896	47.61%
Florida State University	43,690	22,736	20,954	6,010	7,971	13,981	1.50	2040	251,994	47.96%
Student Health and Wellness Center Revenue Bonds										
University of Central Florida	17,116	.....	17,116	425	191	616	27.79	2024	4,326	100.00%
Florida State University	14,941	.....	14,941	1,310	1,072	2,382	6.27	2030	30,940	100.00%
University of North Florida	4,187	.....	4,187	460	586	1,046	4.00	2036	22,985	100.00%
Student Services Center Revenue Bonds										
University of Florida	28,012	.....	28,012	1,480	1,754	3,234	8.66	2033	51,728	100.00%
Water Pollution Control Bonds	77,943	.....	77,943	31,700	17,500	49,200	1.58	2031	437,592	100.00%
Inland Protection Bonds	212,853	.....	212,853	6,810	2,000	8,810	24.16	2024	65,150	100.00%
Seaport Investment Program	200,000	.....	200,000	2,365	6,217	8,582	23.31	2043	223,142	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 2016-17, the ratio remained below 6%, but increased slightly due to the payment of the I-4 Ultimate Project. Chapter 2016-62, Section 118, Laws of Florida, provided the Legislature's determination that the authorization and issuance of debt for the 2016-17 fiscal year was in the best interest of the state.

#### 5. Debt Service Requirements

Annual debt service requirements to amortize bonds at June 30, 2017, are as follows (in thousands):

Year Ending June 30	Primary Government					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 1,060,285	\$ 672,493	\$ 1,732,778	\$ 142,760	\$ 192,956	\$ 335,716
2019	1,042,845	620,913	1,663,758	650,295	180,628	830,923
2020	1,043,766	569,591	1,613,357	691,310	161,897	853,207
2021	1,065,194	518,139	1,583,333	1,148,445	133,827	1,282,272
2022	1,077,631	465,876	1,543,507	779,315	102,756	882,071
2023-2027	4,370,016	1,601,828	5,971,844	650,255	375,548	1,025,803
2028-2032	2,619,347	779,051	3,398,398	517,230	245,139	762,369
2033-2037	1,613,390	312,190	1,925,580	475,725	129,893	605,618
2038-2042	425,080	52,746	477,826	244,475	39,073	283,548
2043-2047	61,435	5,523	66,958	50,620	3,479	54,099
Bonds payable and interest	14,378,989	5,598,350	19,977,339	5,350,430	1,565,196	6,915,626
Unamortized premiums (discounts)	863,175	.....	863,175	137,350	.....	137,350
Total bonds payable and interest	<u>\$ 15,242,164</u>	<u>\$ 5,598,350</u>	<u>\$ 20,840,514</u>	<u>\$ 5,487,780</u>	<u>\$ 1,565,196</u>	<u>\$ 7,052,976</u>

  

Year Ending June 30	Component Units		
	Principal	Interest	Total
2018	\$ 1,327,203	\$ 409,041	\$ 1,736,244
2019	1,124,431	208,935	1,333,366
2020	808,219	182,439	990,658
2021	301,765	162,060	463,825
2022	542,650	142,828	685,478
2023-2027	1,031,903	562,133	1,594,036
2028-2032	735,429	393,795	1,129,224
2033-2037	695,080	253,831	948,911
2038-2042	466,873	143,966	610,839
2043-2047	438,025	28,655	466,680
2048-2052	29,265	1,110	30,375
2053-2057	750	21	771
2058-2062	.....	.....	.....
Bonds payable and interest	7,501,593	2,488,814	9,990,407
Unamortized premiums (discounts)	171,042	.....	171,042
Total bonds payable and interest	<u>\$ 7,672,635</u>	<u>\$ 2,488,814</u>	<u>\$ 10,161,449</u>



Annual debt service requirements for university capital improvement debt payable at June 30, 2017, are as follows (in thousands):

Year Ending June 30	Universities		
	Principal	Interest	Total
2018	\$ 50,370	\$ 36,042	\$ 86,412
2019	51,659	33,876	85,535
2020	52,375	31,636	84,011
2021	54,052	29,334	83,386
2022	53,454	27,076	80,530
2023-2027	249,985	101,984	351,969
2028-2032	210,845	51,487	262,332
2033-2037	82,349	18,237	100,586
2038-2042	37,681	4,965	42,646
2043-2047	2,048	103	2,151
Total capital improvement debt payable and interest	844,818	334,740	1,179,558
Unamortized premiums (discounts)	15,617	.....	15,617
Total capital improvement debt payable and interest	<u>\$ 860,435</u>	<u>\$ 334,740</u>	<u>\$ 1,195,175</u>

## 6. Advance Refundings and Current Refundings

During the fiscal year ended June 30, 2017, 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 to be 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 2016A in the amount of \$165,820,000, in part, along with additional funds of \$2,189,383 were used to advance refund \$126,055,000 of the State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series 2008A maturing in the years 2018 through 2037. The refunding resulted in debt savings of \$38,815,714, an economic gain of \$29,848,417, and a deferred loss on refunding of \$1,642,610.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2016 Series B in the amount of \$192,150,000 along with additional funds of \$4,892,651 were used to advance refund \$204,215,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2006 Series C maturing in the years 2018 through 2037. The refunding resulted in debt savings of \$55,709,607, an economic gain of \$42,640,174, and a deferred gain on refunding of \$3,272,265.

State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series 2016A in the amount of \$239,250,000 along with additional funds of \$3,932,500 were used, in part, to advance refund \$157,300,000 of the State of Florida, State Board of Education Lottery Revenue Bonds, Series 2007B maturing in the years 2018 through 2027. The refunding resulted in debt savings of \$28,768,992, an economic gain of \$25,876,124, and a deferred gain on refunding of \$1,372,132.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2016 Series C in the amount of \$147,640,000 along with additional funds of \$990,217 were used to advance refund \$164,505,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2006 Series D maturing in the

years 2018 through 2037. The refunding resulted in debt savings of \$49,221,640, an economic gain of \$38,126,427, and a deferred loss on refunding of \$1,891,179.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2016 Series D in the amount of \$218,885,000 along with additional funds of \$2,073,341 were used to advance refund \$244,235,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2007 Series C maturing in the years 2018 through 2037. The refunding resulted in debt savings of \$70,421,311, an economic gain of \$55,393,682, and a deferred gain on refunding of \$879,754.

State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series 2016B in the amount of \$211,180,000 along with additional funds of \$2,053,625 were used to advance refund \$117,875,000 of the State of Florida, State Board of Education Lottery Revenue Bonds, Series 2007A maturing in the years 2018 through 2026 and \$128,560,000 of the State of Florida, State Board of Education Lottery Revenue Bonds, Series 2008A maturing in the years 2018 through 2027. The refunding resulted in debt savings of \$46,716,838, an economic gain of \$42,845,163, and a deferred gain on refunding of \$708,719.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2016 Series E in the amount of \$206,025,000 along with additional funds of \$2,162,071 were used, in part, to advance refund \$175,695,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2005 Series G maturing in the years 2018 through 2037. The refunding resulted in debt savings of \$52,056,472, an economic gain of \$40,696,132, and a deferred gain on refunding of \$807,538.

State of Florida, Department of Environmental Protection Florida Forever Revenue Refunding Bonds, Series 2016A in the amount of \$159,765,000 along with additional funds of \$2,276,723 were used to advance refund \$88,740,000 of the State of Florida, Department of Environmental Protection Florida Forever Revenue Bonds, Series 2007B maturing in the years 2018 through 2027 and \$96,230,000 of the State of Florida, Department of Environmental Protection Florida Forever Revenue Bonds, Series 2008A maturing in the years 2018 through 2028. The refunding resulted in debt savings of \$36,554,907, an economic gain of \$33,090,314, and a deferred gain on refunding of \$1,194,137.

State of Florida, Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds, Series 2017A in the amount of \$7,857,000 were used to advance refund \$7,555,000 of the State of Florida, Board of Governors, Florida State University Parking Facility Revenue Bonds, Series 2007A maturing in the years 2018 through 2026. The refunding resulted in debt savings of \$749,460, an economic gain of \$678,875, and a deferred loss on refunding of \$218,651.

State of Florida, Department of Environmental Protection Everglades Restoration Revenue Refunding Bonds, Series 2017A in the amount of \$42,465,000 along with additional funds of \$9,366,551 were used to advance refund \$56,065,000 of the State of Florida, Department of Environmental Protection Everglades Restoration Revenue Refunding Bonds, Series 2008A maturing in the years 2018 through 2025. The refunding resulted in debt savings of \$8,008,653, an economic gain of \$6,550,231, and a deferred gain on refunding of \$260,086.

## **Business-type Activities**

State of Florida, Department of Transportation, Turnpike Revenue Refunding Bonds, Series 2016C in the amount of \$142,595,000 along with additional funds of \$2,027,673 were used to advance refund \$157,950,000 of the State of Florida, Department of Transportation, Turnpike Revenue Bonds, Series 2008A maturing in the years 2018 through 2037. The refunding resulted in debt savings of \$30,888,783, an economic gain of \$22,057,218, and a deferred loss on refunding of \$1,673,086.

## **Current Refundings**

### **Governmental Activities**

State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series 2016A in the amount of \$19,390,000 were used to refund \$20,705,000 of the State of Florida, Florida Education System, University of Florida Housing Revenue Refunding Bonds, Series 2005A maturing in the years 2017 through 2030. The refunding resulted in debt savings of \$3,209,386, an economic gain of \$2,616,777, and a deferred loss on refunding of \$327,938.

State of Florida, Board of Governors, University of South Florida Parking Facility Revenue Refunding Bonds, Series 2016A in the amount of \$21,545,000 were used to refund \$5,620,000 of the State of Florida, Florida Board of Education, University of South

Florida Parking Facility Revenue Bonds, Series 2002 maturing in the years 2017 through 2023, \$6,155,000 of the State of Florida, Florida Education System, University of South Florida Parking Facility Revenue Bonds, Series 2004A maturing in the years 2017 through 2024, and \$9,495,000 of the State of Florida, Board of Governors, University of South Florida, Parking Facility Revenue Bonds, Series 2006A maturing in the years 2018 through 2026. The refunding resulted in debt savings of \$1,982,158, an economic gain of \$1,792,127, and a deferred loss on refunding of \$171,917.

State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2016A in the amount of \$53,040,000 were used to refund \$20,200,000 of the State of Florida, Florida Education System, Florida Atlantic University Housing Revenue Bonds, Series 2003 maturing in the years 2017 through 2033, \$21,565,000 of the State of Florida, Board of Governors, Florida Atlantic University Housing Revenue Bonds, Series 2006A maturing in the years 2018 through 2036, and \$15,485,000 of the State of Florida, Board of Governors, Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2006B maturing in the years 2018 through 2030. The refunding resulted in debt savings of \$5,339,571, an economic gain of \$4,053,342, and a deferred loss on refunding of \$1,366,645.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2016 Series F in the amount of \$148,400,000 along with additional funds of \$1,897,437 were used to refund \$161,035,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2006 Series B maturing in the years 2018 through 2037. The refunding resulted in debt savings of \$31,886,061, an economic gain of \$23,728,457, and a deferred gain on refunding of \$791,677.

State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds, 2017 Series A in the amount of \$35,805,000, in part, along with additional funds of \$151,281 were used to refund \$10,060,000 of the State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Bonds, 2006 Series A maturing in the years 2018 through 2026. The refunding resulted in debt savings of \$1,372,122, an economic gain of \$1,234,577, and a deferred loss on refunding of \$34,095.

State of Florida, Board of Governors, University System Improvement Revenue Refunding Bonds, Series 2017A in the amount of \$25,610,000 along with additional funds of \$671,465 were used to refund \$10,970,000 of the State of Florida, Florida Education System University System Improvement Revenue Refunding Bonds, Series 2005A maturing in the years 2018 through 2022 and \$18,310,000 of the State of Florida, Florida Education System, University System Improvement Revenue Bonds, Series 2006A maturing in the years 2026 through 2030. The refunding resulted in debt savings of \$5,998,225, an economic gain of \$4,898,054, and a deferred loss on refunding of \$24,543.

## 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 6/30/2017
<u>Governmental Activities</u>	
University Auxiliary Bonds	\$ 804

## 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 at June 30, 2017, 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	\$ 6,497
Lottery Education Bonds	74,386
Public Education Bonds	335,871
State University System Bonds	5,751
University Auxiliary Bonds	33,599
Total Education	<u>456,104</u>
Natural Resources and Environment:	
Inland Protection Bonds	2,967
Everglades Restoration Bonds	7,877
Water Pollution Control Bonds	14,415
Florida Forever Bonds	40,707
Total Natural Resources and Environment	<u>65,966</u>
Transportation:	
Road and Bridge Bonds (Right of Way)	56,357
State Infrastructure Bonds	1,838
Seaport Bonds	5,157
Total Transportation	<u>63,352</u>
Total Direct Interest	<u>\$ 585,422</u>

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

Governmental activities reflect a negative unrestricted net position balance of \$12.4 billion at June 30, 2017. 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, 2017, of \$10.8 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 a negative \$600 million.

**B. Certificates of Participation****1. Primary Government**

The state has issued certificates of participation (original amount of \$742,080,000) to finance privately operated detention and mental health facilities. The certificates of participation's interest rates range from 3.500% - 6.825% and the last maturity date is October 1, 2029. The following is a schedule of future minimum principal and interest payments for certificates of participation for governmental activities at June 30, 2017 (in thousands):

Year Ending June 30	Principal	Interest	Total
2018	\$ 39,200	\$ 28,035	\$ 67,235
2019	35,595	26,084	61,679
2020	36,430	24,252	60,682
2021	38,040	22,326	60,366
2022	39,750	20,276	60,026
2023-2027	221,625	65,279	286,904
2028-2032	109,955	9,892	119,847
Total	520,595	196,144	716,739
Unamortized premiums (discounts)	12,230	.....	12,230
Total certificates of participation payable	<u>\$ 532,825</u>	<u>\$ 196,144</u>	<u>\$ 728,969</u>

**2. Component Units**

Component units (universities and a water management district) have issued certificates of participation (original amount of \$817,645,000) primarily to finance academic and student facilities, and construction projects for Everglades restoration. The certificates of participation's interest rates range from 2.000% to 5.7600% 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, 2017 (in thousands):

Year Ending June 30	Principal	Interest	Total
2018	\$ 26,692	\$ 34,671	\$ 61,363
2019	26,179	33,833	60,012
2020	27,317	32,653	59,970
2021	28,524	31,415	59,939
2022	29,799	30,155	59,954
2023-2027	165,829	129,389	295,218
2028-2032	203,870	87,018	290,888
2033-2037	230,900	36,351	267,251
2038-2042	39,080	1,632	40,712
Total	778,190	417,117	1,195,307
Unamortized premiums (discounts)	75,433	.....	75,433
Total certificates of participation payable	<u>\$ 853,623</u>	<u>\$ 417,117</u>	<u>\$ 1,270,740</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, 2017, 75% of the state's installment purchase contracts for primary governmental activities were for furniture and equipment, and the remaining 25% 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, 2017 (in thousands):

Year Ending June 30	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2018	\$ 11,489	\$ 1,918	\$ 3,166
2019	10,453	15,053	2,745
2020	7,720	.....	1,320
2021	4,937	.....	768
2022	3,124	.....	39
2023-2027	8,576	.....	.....
2028-2032	.....	.....	.....
Total	46,299	16,971	8,038
Less: Interest	(4,665)	(541)	(223)
Present value of future minimum payments	\$ 41,634	\$ 16,430	\$ 7,815

### 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, 2017, 24% of the state's capital leases for governmental activities were for buildings, and the remaining 76% were for furniture and equipment. Capital leases for component units consisted of 40% for buildings, 57% for furniture and equipment, and the remaining 3% for land. The following is a schedule of future minimum capital lease payments for the primary government and component units at June 30, 2017 (in thousands):

Year Ending June 30	Primary Government	
	Governmental Activities	Component Units
2018	\$ 4,532	\$ 9,755
2019	4,532	9,180
2020	2,750	7,841
2021	710	6,260
2022	707	12,745
2023-2027	2,080	20,547
2028-2032	.....	12,634
2033-2037	.....	3,529
2038-2042	.....	2,282
2043-2047	.....	2,282
2048-2052	.....	2,282
2053-2057	.....	2,282
2058-2062	.....	2,282
2063-2067	.....	2,282
2068-2072	.....	1,370
Total	15,311	97,553
Less: Interest	(1,395)	(32,322)
Present value of future minimum payments	\$ 13,916	\$ 65,231

### C. Public-Private Partnerships

Pursuant to Section 334.30, Florida Statutes, the Department of Transportation (Department) 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. The Department executed a 40-year concession agreement in September 2014 for the design, build, finance, operation and maintenance of 21 miles of the Interstate 4 Corridor in Seminole and Orange Counties. Annual availability payments are all-inclusive payments consisting of unpaid portions of construction costs, annual operations costs, and maintenance expenses. The payment schedule below includes the full amount of the estimated payments for the Interstate 595 Corridor and the Port of Miami Tunnel and 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, 2017, for the Interstate 4 Corridor. The annual availability payments for Interstate 595 Corridor and the Port of Miami Tunnel 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. In October 2015, the Department executed a supplemental agreement with the I-595 concessionaire reflecting overall cost reductions for this project as a result of the concessionaire's debt refinancing. The annual availability payments for the Interstate 4 Corridor are performance-based with a portion of the payment that is level and another portion that is indexed based on the Consumer Price Index, which could impact the payment schedule. The lanes were open to traffic on Interstate 595 and Port of Miami Tunnel in March and August 2014, respectively. Construction for the Interstate 4 Corridor is expected to be completed during fiscal year 2021. The Department has one other public-private partnership agreement for the design, build, and finance of another transportation project. The remaining unpaid construction costs for this agreement represents 2.2% of payments due in 2018. The following is a schedule of future maximum payments for the primary government at June 30, 2017 (in thousands):

Year Ending June 30	Primary Government	
	Governmental Activities	Business-type Activities
2018	\$ 474,560	\$ 63,988
2019	162,058	16,857
2020	183,575	16,215
2021	193,932	16,467
2022	204,165	11,104
2023-2027	534,945	88,585
2028-2032	601,626	101,505
2033-2037	654,964	111,265
2038-2042	752,087	132,791
2043-2047	368,881	33,173
2048 -2052	86,705	.....
2053 - 2057	42,804	.....
Total	4,260,302	591,950
Less: Interest	(1,864,501)	(329,923)
Present value of future maximum payments	\$ 2,395,801	\$ 262,027

**NOTE 10 - CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities for governmental activities during the fiscal year ended June 30, 2017, are as follows (in thousands):

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year (Current)
<b>Governmental Activities</b>					
Bonds payable:					
Road and Bridge Bonds	\$ 1,576,755	\$ 92,520	\$ 199,295	\$ 1,469,980	\$ 76,165
SBE Capital Outlay Bonds	222,605	35,805	62,905	195,505	43,140
Lottery Education Bonds	1,928,397	211,180	623,540	1,516,037	244,688
Public Education Bonds	8,913,135	813,300	1,407,925	8,318,510	459,285
State University System Bonds	136,325	25,610	38,670	123,265	9,525
University Auxiliary Bonds	879,913	101,832	155,663	826,082	48,917
Inland Protection Bonds	60,615	.....	6,810	53,805	7,000
Florida Forever Bonds	1,051,830	159,765	280,130	931,465	97,745
Water Pollution Control Bonds	365,075	.....	31,700	333,375	28,770
State Infrastructure Bank Bonds	40,980	.....	8,655	32,325	8,160
Seaport Investment Bonds	127,555	.....	2,365	125,190	2,485
Everglades Restoration Bonds	246,745	42,465	71,860	217,350	15,065
Florida Facilities Pool Bonds	261,975	.....	25,875	236,100	19,340
	15,811,905	1,482,477	2,915,393	14,378,989	1,060,285
Unamortized bond premiums (discounts)	867,798	221,752	226,375	863,175	.....
Total bonds payable	16,679,703	1,704,229	3,141,768	15,242,164	1,060,285
Certificates of participation payable	573,150	.....	40,325	532,825	39,200
Deposits	599,545	753,361	655,269	697,637	688,900
Compensated absences	738,211	250,279	255,331	733,159	185,130
Claims payable	2,969,297	1,949,032	1,792,914	3,125,415	1,696,933
Installment purchases/capital leases	63,055	8,483	15,988	55,550	14,314
Public-private partnership agreements	2,388,248	432,354	424,801	2,395,801	388,387
Advances - Due to Unclaimed Prop. TF	930,266	.....	23,240	907,026	.....
Due to Other governments	417,246	8,085	8,001	417,330	.....
Other Postemployment Benefits	1,894,945	398,731	.....	2,293,676	.....
Pension liability	4,440,884	2,342,258	10,149	6,772,993	66,536
Other liabilities	18,311	.....	2,136	16,175	.....
<b>Total Governmental Activities</b>	<b>\$ 31,712,861</b>	<b>\$ 7,846,812</b>	<b>\$ 6,369,922</b>	<b>\$ 33,189,751</b>	<b>\$ 4,139,685</b>

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 Public Education Fund will liquidate the advances due to the Unclaimed Property Trust Fund to the extent that the Unclaimed Property Trust Fund does not have sufficient assets to pay claimants requesting payment of unclaimed funds. The nonmajor special revenue funds will generally liquidate other liabilities. The Transportation-Governmental Fund will liquidate the public-private partnership agreements and due to other governments liabilities from annual appropriations. Refer to Note 9 for additional information on the public-private partnership agreements. The pension liability and the Other Postemployment Benefits (OPEB) related to all governmental funds are reported above. The pension liability is adjusted each year based upon investment performance and contributions received. The state does not currently fund the OPEB liability so it is non-liquidating. Refer to Note 6 for additional information on the pension liability and OPEB.



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Changes in long-term liabilities for business-type activities and component units during the fiscal year ended June 30, 2017, are as follows (in thousands):

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year (Current)
<b>Business-type Activities</b>					
Bonds payable:					
Toll Facility Bonds	\$ 2,801,390	\$ 142,595	\$ 293,555	\$ 2,650,430	\$ 142,760
Florida Hurricane Catastrophe Fund Bonds	3,200,000	.....	500,000	2,700,000	.....
	6,001,390	142,595	793,555	5,350,430	142,760
Unamortized bond premiums (discounts)	154,245	12,678	29,573	137,350	.....
Total bonds payable	6,155,635	155,273	823,128	5,487,780	142,760
Accrued prize liability	412,356	4,899,680	4,913,278	398,758	169,096
Deposits	131,971	122,028	93,146	160,853	117,060
Compensated absences	23,279	7,570	7,573	23,276	6,082
Tuition and housing benefits payable	11,813,487	.....	687,387	11,126,100	630,324
Installment purchases/capital leases	16,858	.....	428	16,430	1,506
Claims payable	.....	1,000	.....	1,000	1,000
Public-private partnership agreements <sup>1</sup>	321,462	1,987	61,422	262,027	44,337
Other Postemployment Benefits	44,832	10,028	.....	54,860	.....
Pension liability	86,372	45,083	2,085	129,370	1,465
Other liabilities	552	70	.....	622	.....
<b>Total Business-type Activities</b>	<b>\$ 19,006,804</b>	<b>\$ 5,242,719</b>	<b>\$ 6,588,447</b>	<b>\$ 17,661,076</b>	<b>\$ 1,113,630</b>
<b>Component Units</b>					
Bonds payable	\$ 8,980,672	\$ 151,538	\$ 1,459,575	\$ 7,672,635	\$ 1,327,203
Deposits	1,312,299	991,483	1,125,028	1,178,754	939,020
Compensated absences	677,048	104,676	84,074	697,650	83,687
Installment purchases/capital leases	59,278	29,751	15,983	73,046	10,520
Claims payable	1,157,660	31,438	44,751	1,144,347	30,617
Certificates of participation payable	885,347	38,044	69,768	853,623	26,692
Due to other governments/primary	912,468	49,344	99,377	862,435	50,370
Pension liability	2,047,276	1,681,147	530,696	3,197,727	35,605
Other liabilities	1,730,922	773,961	784,318	1,720,565	133,689
<b>Total Component Units</b>	<b>\$ 17,762,970</b>	<b>\$ 3,851,382</b>	<b>\$ 4,213,570</b>	<b>\$ 17,400,782</b>	<b>\$ 2,637,403</b>

<sup>1</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, 2017, 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, 2017, 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	\$ .....	\$ 20,187	\$ 308	\$ 68,049	\$ 8,342
Environment, Recreation and Conservation	7,422	.....	.....	675	16,027
Public Education	132	.....	.....	2,145	.....
Health and Family Services	11,302	4	.....	.....	.....
Transportation	5,961	4,073	.....	.....	.....
Nonmajor Governmental Funds	65,794	2,239	18,943	1,168	42,667
Internal Service Funds	672	.....	1	21	6
<b>Business-type Activities</b>					
Transportation	122	.....	.....	.....	95,544
Lottery	34	.....	71,648	.....	.....
Hurricane Catastrophe Fund	.....	.....	.....	.....	.....
Reemployment Assistance	132	.....	.....	.....	.....
Nonmajor Enterprise Funds	5,183	.....	12	56	.....
<b>Fiduciary Funds</b>					
Private-purpose Trust Funds	149	.....	722	.....	.....
Pension and Other Employee Benefits Trust Funds	5	.....	.....	1	.....
Agency Funds	73,687	.....	1,839	2,283	5,430
Investment Trust Funds	.....	.....	.....	.....	.....
<b>Total</b>	<b>\$ 170,595</b>	<b>\$ 26,503</b>	<b>\$ 93,473</b>	<b>\$ 74,398</b>	<b>\$ 168,016</b>

(Continued Below)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)	
	Governmental Activities	
	Nonmajor Governmental Funds	Internal Service Funds
<b>Governmental Activities</b>		
General Fund	\$ 40,496	\$ 6,530
Environment, Recreation and Conservation	446	1,010
Public Education	170	164
Health and Family Services	6,624	5,393
Transportation	24,276	2,955
Nonmajor Governmental Funds	5,824	2,637
Internal Service Funds	27	283
<b>Business-type Activities</b>		
Transportation	.....	.....
Lottery	9	80
Hurricane Catastrophe Fund	.....	.....
Reemployment Assistance	1,111	.....
Nonmajor Enterprise Funds	742	613
<b>Fiduciary Funds</b>		
Private-purpose Trust Funds	.....	4
Pension and Other Employee Benefits Trust Funds	.....	46
Agency Funds	1,906	.....
Investment Trust Funds	.....	.....
<b>Total</b>	<b>\$ 81,631</b>	<b>\$ 19,715</b>

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Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Business-type Activities			Nonmajor Enterprise Funds
	Transportation	Prepaid College Program	Reemployment Assistance	
<b>Governmental Activities</b>				
General Fund	\$ .....	\$ .....	\$ 362	\$ 884
Environment, Recreation and Conservation	.....	.....	16	15
Public Education	.....	.....	9	.....
Health and Family Services	.....	.....	221	26
Transportation	2,941	.....	12	.....
Nonmajor Governmental Funds	.....	.....	88	1,002
Internal Service Funds	.....	.....	6	.....
<b>Business-type Activities</b>				
Transportation	.....	.....	.....	.....
Lottery	.....	.....	1	3
Hurricane Catastrophe Fund	.....	.....	.....	307
Reemployment Assistance	.....	.....	.....	.....
Nonmajor Enterprise Funds	.....	.....	24	.....
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	.....	23	.....	43
Pension and Other Employee Benefits Trust Funds	.....	.....	6	7,532
Agency Funds	111,798	.....	.....	2
Investment Trust Funds	.....	.....	.....	66
<b>Total</b>	<b>\$ 114,739</b>	<b>\$ 23</b>	<b>\$ 745</b>	<b>\$ 9,880</b>

(Continued below)

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Fiduciary Funds			Total
	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Agency Funds	
<b>Governmental Activities</b>				
General Fund	\$ 1,266	\$ 6	\$ 98,817	\$ 245,247
Environment, Recreation and Conservation	.....	.....	.....	25,611
Public Education	.....	.....	.....	2,620
Health and Family Services	.....	.....	559	24,129
Transportation	.....	3	9,177	49,398
Nonmajor Governmental Funds	.....	.....	80	140,442
Internal Service Funds	.....	6,664	28,341	36,021
<b>Business-type Activities</b>				
Transportation	.....	.....	7	95,673
Lottery	.....	.....	.....	71,775
Hurricane Catastrophe Fund	.....	.....	.....	307
Reemployment Assistance	.....	.....	117	1,360
Nonmajor Enterprise Funds	.....	.....	.....	6,630
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	.....	.....	.....	941
Pension and Other Employee Benefits Trust Funds	.....	65,271	.....	72,861
Agency Funds	.....	.....	.....	196,945
Investment Trust Funds	.....	.....	.....	66
<b>Total</b>	<b>\$ 1,266</b>	<b>\$ 71,944</b>	<b>\$ 137,098</b>	<b>\$ 970,026</b>

Advances to Other Funds (in thousands)		
Governmental Activities		
Advances from Other Funds (in thousands)	General Fund	Transportation
<b>Governmental Activities</b>		
General Fund	\$ .....	\$ .....
Public Education	.....	.....
Nonmajor Governmental Funds	890	.....
Internal Service Funds	500	.....
<b>Business-type Activities</b>		
Transportation	.....	84,096
<b>Total</b>	<b>\$ 1,390</b>	<b>\$ 84,096</b>
<i>(Continued below)</i>		

Advances to Other Funds (in thousands)		
Fiduciary Funds		
Advances from Other Funds (in thousands)	Private-purpose Trust Funds	Total
<b>Governmental Activities</b>		
General Fund	\$ .....	\$ .....
Public Education	907,026	<b>907,026</b>
Nonmajor	.....	<b>890</b>
Internal Service Funds	.....	<b>500</b>
<b>Business-type Activities</b>		
Transportation	.....	<b>84,096</b>
<b>Total</b>	<b>\$ 907,026</b>	<b>\$ 992,512</b>

During the course of operations, there are numerous transactions between funds within the state. Interfund transfers during the fiscal 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	\$ .....	\$ 817,046	\$ .....	\$ 1,541,577	\$ 283,261
Environment, Recreation and Conservation	122,702	.....	.....	4,145	.....
Public Education	600	.....	.....	12,193	.....
Health and Family Services	75,882	.....	209,513	.....	.....
Transportation	57,233	24,401	.....	252	.....
Nonmajor Governmental Funds	200,016	57,753	314,402	16,516	1,232,402
Internal Service Funds	7,802	527	.....	40	1,095
<b>Business-type Activities</b>					
Transportation	.....	.....	.....	.....	63,306
Lottery	1	.....	1,656,348	.....	.....
Hurricane Catastrophe Fund	.....	.....	.....	.....	.....
Reemployment Assistance	.....	.....	.....	.....	.....
Nonmajor Enterprise Funds	67,884	.....	.....	4,825	.....
<b>Fiduciary Funds</b>					
Private-purpose Trust Funds	12	.....	67	403	.....
Pension and Other Employee Benefits Trust Funds	3,144	.....	.....	.....	.....
<b>Total</b>	<b>\$ 535,276</b>	<b>\$ 899,727</b>	<b>\$ 2,180,330</b>	<b>\$ 1,579,951</b>	<b>\$ 1,580,064</b>

(Continued below)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)	
	Governmental Activities	
	Nonmajor Governmental Funds	Internal Service Funds
<b>Governmental Activities</b>		
General Fund	\$ 739,441	\$ 209
Environment, Recreation and Conservation	186,417	21
Public Education	1,341,674	.....
Health and Family Services	144,319	84
Transportation	476,581	.....
Nonmajor Governmental Funds	139,252	518
Internal Service Funds	7,590	2
<b>Business-type Activities</b>		
Transportation	.....	.....
Lottery	142	.....
Hurricane Catastrophe Fund	10,000	.....
Reemployment Assistance	13,969	.....
Nonmajor Enterprise Funds	18,937	.....
<b>Fiduciary Funds</b>		
Private-purpose Trust Funds	4,427	.....
Pension and Other Employee Benefits Trust Funds	75	18,620
<b>Total</b>	<b>\$ 3,082,824</b>	<b>\$ 19,454</b>

(Continued next page)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)		
	Business-type Activities		
	Transportation	Reemployment Assistance	Nonmajor Enterprise Funds
<b>Governmental Activities</b>			
General Fund	\$ .....	\$ 1,395	\$ 1,956
Environment, Recreation and Conservation	.....	59	.....
Public Education	.....	18	.....
Health and Family Services		684	568
Transportation	117,689	46	.....
Nonmajor Governmental Funds	.....	429	2,739
Internal Service Funds	.....	28	5
<b>Business-type Activities</b>			
Transportation	.....	.....	.....
Lottery	.....	15	.....
Hurricane Catastrophe Fund	.....	.....	.....
Reemployment Assistance	.....	.....	.....
Nonmajor Enterprise Funds	.....	79	.....
<b>Fiduciary Funds</b>			
Private-purpose Trust Funds	.....	.....	.....
Pension and Other Employee Benefits Trust Funds	.....	11	17,582
<b>Total</b>	<b>\$ 117,689</b>	<b>\$ 2,764</b>	<b>\$ 22,850</b>

(Continued below)

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)			
	Fiduciary Funds			
	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Total
<b>Governmental Activities</b>				
General Fund	\$ 3,187	\$ 14,720	\$ .....	\$ 3,402,792
Environment, Recreation and Conservation	.....	.....	.....	313,344
Public Education	.....	.....	.....	1,354,485
Health and Family Services	4	.....	.....	431,054
Transportation	.....	.....	.....	676,202
Nonmajor Governmental Funds	366	.....	.....	1,964,393
Internal Service Funds	.....	5,796	.....	22,885
<b>Business-type Activities</b>				
Transportation	.....	.....	.....	63,306
Lottery	.....	.....	.....	1,656,506
Hurricane Catastrophe Fund	.....	.....	.....	10,000
Reemployment Assistance	.....	.....	.....	13,969
Nonmajor Enterprise Funds	.....	.....	.....	91,725
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	.....	.....	.....	4,909
Pension and Other Employee Benefits Trust Funds	.....	640,022	.....	679,454
<b>Total</b>	<b>\$ 3,557</b>	<b>\$ 660,538</b>	<b>\$ .....</b>	<b>\$ 10,685,024</b>

## NOTE 12 - RISK MANAGEMENT

### A. State Risk Management Trust Fund

The State Risk Management Trust Fund (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 \$92.5 million per occurrence for named windstorm and flood losses through February 15, 2018, and \$225 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. During the fiscal year ended June 30, 2016, an additional \$1,999,679 in property claim losses were paid from the unnamed wind event for total paid losses of \$2,070,280, exceeding the self-insured retention of \$2 million per occurrence. Claim payments reported for the fiscal year ended June 30, 2017, included recoveries of \$70,280 from commercial reinsurance. Changes in the Fund's property insurance claims liability amount for the fiscal years ended June 30, 2016, and June 30, 2017, 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, 2016	\$ 604	\$ 2,356	\$ (2,517)	\$ 443
June 30, 2017	\$ 443	\$ 1,700	\$ (908)	\$ 1,235

The estimated liability for unpaid property insurance claims for the fiscal year ended June 30, 2017, does not include outstanding property claim loss payments resulting from two hurricanes that struck Florida in September and October of 2016 or property claim loss payments resulting from Hurricane Irma that struck Florida in September of 2017. Estimated unpaid loss payments for the two hurricanes from 2016 is \$2.9 million. Preliminary estimates of Hurricane Irma losses total \$30.2 million. Claims related to Hurricane Irma are still being received, so it is not known whether total losses will exceed the self-insurance retention.

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

The estimated liability for unpaid casualty insurance claims at June 30, 2017, was \$1.14 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 \$264 million, discounted using a 4 percent annual percentage rate per Section 625.091, Florida Statutes. The undiscounted workers' compensation indemnity claims liability is \$366.6 million.

Changes in the Fund's casualty insurance claims liability for the fiscal years ended June 30, 2016, and June 30, 2017, 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, 2016	\$ 1,167,434	\$ 95,672	\$(101,606)	\$1,161,500
June 30, 2017	\$ 1,161,500	\$ 113,811	\$(135,707)	\$1,139,604

The estimated liability for unpaid casualty insurance claims for the fiscal year ended June 30, 2017, does not include any impact on open workers' compensation claims from recent Florida Supreme Court rulings. Although some impact on open claims is expected, the degree of impact is highly uncertain.

Actual current year claims and changes in estimate for casualty lines of coverage for the fiscal year ended June 30, 2017, increased by \$18.1 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 Group Health Insurance Trust Fund, an internal service fund. It is the practice of the state not to purchase commercial coverage for the risks of losses covered by this program.

The program's estimated fiscal year-end liability includes an amount for claims that have been incurred but not reported, which is based on analyses of historical data performed by both the state and its contractors. Changes in claims liability amounts for the fiscal years ended June 30, 2016, and June 30, 2017, 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, 2016	\$ 150,140	\$ 1,779,473	\$ (1,766,850)	\$ 162,763
June 30, 2017	\$ 162,763	\$ 1,865,679	\$ (1,857,432)	\$ 171,010

During the year, for program operations, both employee and retiree participation in the state group health insurance program are accounted for in the State Employees Group Health Insurance Trust Fund. Retiree participation in the program is considered an Other Postemployment Benefit (OPEB) for purposes of this report. See Note 6, Section B regarding OPEB for additional information. Asset and liability balances related to retiree participation in the program as of June 30, 2017, were transferred from the State Employees Group Health Insurance Trust Fund and reported in Other Agency Funds in accordance with the requirements of Governmental Accounting Standards Board Codification Section Po50, *Postemployment Benefit Plans Other Than Pension Plans – Defined Benefit*.



**NOTE 13 – FLORIDA PREPAID COLLEGE PROGRAM**

The Stanley G. Tate Florida Prepaid College Program was created in 1987 to provide a medium through which the costs of tuition, tuition differential fee, local fees, and dormitory residence may be paid in advance of enrollment in a state postsecondary institution at a rate lower than the projected corresponding cost at the time of actual enrollment. The Program is administered by the Florida Prepaid College Board and the State of Florida guarantees the obligations of the Board to qualified beneficiaries if moneys in the Program are insufficient. The Program is accounted for in an enterprise fund. An actuarial study is performed to determine the Program's funding status. The decrease in the actuarial present value of future contract benefits from the prior year is primarily due to the change in key inflation assumptions. Additional information as of June 30, 2017, is as follows:

Actuarial present value of future contract benefits and expenses payable	\$ 11,126,099,791
Net position available (net of outstanding refund payments and unrealized gain/loss on securities lending portfolio)	\$ 13,523,000,000
Net position as a percentage of future contract benefits and expenses obligation	121.5%

## 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 reimbursement coverage with the FHCF.

The reimbursement 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 ended May 31, 2017, the industry retention for determining each insurer's retention was \$6.966 billion per hurricane for the two hurricanes with the largest losses and \$2.322 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 coverage.

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, and approved by the FHCF Advisory Council) of the FHCF. The FHCF has a fiscal year end of June 30 and its reimbursement contracts expire on May 31. As of June 30, 2017, the FHCF had a net position of \$13.98 billion, including the net position of the State Board of Administration Finance Corporation.

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 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%. 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). As of June 30, 2017, the FHCF is not levying assessments for any policies issued or renewed on or after January 1, 2015.

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 coverage. This factor increased each year by 5% until it ultimately reached 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 impacted by two hurricanes during the fiscal year. On September 2, 2016, Hurricane Hermine made landfall east of St. Marks, Florida as a Category 1 hurricane. On October 7, 2016, the eye of Hurricane Matthew tracked close to the coast of Florida making its way along the east coast of the United States as a Category 3 hurricane. As of June 30, 2017, there have been no FHCF loss reimbursements for these hurricanes.

In April 2013, pre-event Series 2013A Revenue Bonds were issued in the amount of \$2.0 billion to maximize the ability of the FHCF to meet future obligations. The proceeds from these bonds may 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 remaining amounts due at maturity and the maturity dates for these bonds are \$500 million on July 1, 2018, and \$1.0 billion on July 1, 2020.

In March 2016, pre-event Series 2016A Revenue Bonds were issued in the amount of \$1.2 billion to provide funds, together with other available funds, to maximize the ability of the FHCF to meet future obligations. The proceeds from these bonds may 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 amounts due at maturity and the maturity dates for these bonds will be \$550 million on July 1, 2019, and \$650 million on July 1, 2021.

In addition to the issuance of bonds, the FHCF purchased aggregate excess catastrophe reinsurance providing coverage to the FHCF for \$1.0 billion of losses in excess of \$11.5 billion of losses, effective June 1, 2017 through May 31, 2018; and \$1.0 billion of losses in excess of \$11.5 billion of losses, effective June 1, 2016 through May 31, 2017.

## **B. CITIZENS PROPERTY INSURANCE CORPORATION**

Citizens was established on August 1, 2002, pursuant to Section 627.351(6), Florida Statutes (F.S.), to provide certain residential and non-residential property insurance coverage to qualified risks in the State of Florida under specified circumstances. This legislation was enacted such that property insurance be provided through Citizens to applicants who are in good faith entitled to procure insurance through the voluntary market but are unable to do so. Citizens results from a combination of the Florida Residential Property and Casualty Joint Underwriting Association (the FRPCJUA) and the Florida Windstorm Underwriting Association (the FWUA). The FRPCJUA was renamed Citizens and the FWUA's rights, obligations, assets, liabilities and all insurance policies were transferred to Citizens. Unlike private insurers offering coverage through the admitted market, Citizens is not required to obtain or to hold a certificate of authority issued by the Florida Department of Financial Services, Office of Insurance Regulation. Likewise, Citizens is not subject to Risk-Based Capital requirements or required to have a pledged deposit on file with the State of Florida. 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.

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 of Florida.

Citizens is supervised by a Board of Governors (the Board) which consists of nine individuals who reside in the State of Florida. The Governor appoints three members, and the Chief Financial Officer, the President of the Senate and the Speaker of the House of Representatives each appoint two members of the Board. At least one of the two members appointed by each appointing officer must have a demonstrated expertise in the insurance industry. The Chief Financial Officer designates one of the appointees as the Board's chair. All Board members serve at the pleasure of their appointing officers.

Citizens' President and Chief Executive Officer (Executive Director) and senior managers are engaged by and serve at the pleasure of the Board. The Executive Director is subject to confirmation by the Florida Senate.

Pursuant to Section 627.351(6), F.S., 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 Coastal 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), F.S., to provide certain residential property insurance coverage to qualified risks in the State of Florida for 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 may exclude windstorm coverage on property within eligible areas. This portion of the FRPCJUA's activities became the Personal Lines Account (PLA) 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. This portion of the FRPCJUA's activities became the Commercial Lines Account (CLA) 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 CLA.

***Coastal Account History*** – The FWUA, which was a residual market mechanism for windstorm and hail coverage in select areas of the State of Florida, was created by an act of the Florida Legislature in 1970 pursuant to Section 627.351(2), F.S. 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 of Florida. FWUA provided policies of windstorm insurance for property owners within the eligible areas who were unable to obtain such coverage from private insurers. Insured properties include personal residential, commercial residential and commercial non-residential properties. This

portion of the FWUA's activities became the High-Risk Account under Citizens. In 2007, Citizens received authority to issue multi-peril policies in the High-Risk Account. Pursuant to legislative changes during 2011, the High-Risk Account was renamed the Coastal Account.

## 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 levied separately, for each of the three accounts. The Plan provides for deficits to be determined in accordance with standards promulgated by the Governmental Accounting Standards Board, adjusted for certain items.

In the event of a Plan Year Deficit in any 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 a deficit in the Coastal Account, Citizens would then levy a Regular Assessment on assessable insurers, as defined in Section 627.351(6), F.S. The assessment is 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, and is applied as a uniform percentage of up to 2% of subject premiums. The Regular Assessment is not available for deficits within the PLA or CLA.

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, in addition to the Regular Assessment being limited to the Coastal Account only.

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.

## 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 Association 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 five to nine persons, recommended by member insurers pursuant to Section 631.56, F.S., 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), F.S., 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, F.S., to issue tax-exempt bonds should the funding need arise for the account specified in Section 631.55(2)(b), F.S. As of June 30, 2017, 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. Eight directors are recommended by member insurers pursuant to Section 631.912, F.S., and subsequently appointed by the Florida Department of Financial Services. The remaining three directors are the Florida Insurance Consumer Advocate, designee of the state's Chief Financial Officer, and one person with commercial insurance experience appointed by the Governor.

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 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. Pursuant to the amendments, the FDOE established a Federal Student Loan Reserve Fund (Federal Fund) and a Guaranty Agency 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 Title 34 of the Code of Federal Regulations, Part 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 are currently 100%. 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, 2017, approximately \$800 million 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

**Medicaid Program** – The United States Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) is requesting state reimbursement of amounts determined unallowable under the Florida Medicaid Reform Section 1115 Demonstration Waiver Special Terms and Conditions for state fiscal years ended June 30, 2006, through June 30, 2014. The State of Florida submitted Low Income Pool (LIP) cost limit reconciliations showing LIP payments in excess of allowable costs for LIP providers. The disallowance notice was issued on September 28, 2016, and the Agency for Health Care Administration (AHCA) filed its Request for Reconsideration with the CMS on November 21, 2016. On January 19, 2017, AHCA's Request for Reconsideration was denied by CMS. AHCA has filed an appeal with the Department Appeal's Board (DAB). The Agency's Opening Brief is due February 13, 2018. If AHCA is ultimately unsuccessful in its challenges, it may be required to return \$97,570,183 to the Federal Government.

**Medicaid Program** – CMS is requesting state reimbursement of the federal share paid for claimed Medicaid expenditures associated with LIP payments made under Florida's Medicaid Reform Section 1115 Demonstration covering the period from July 1, 2006, through June 30, 2009. The disallowance notices were issued on September 28, 2016, and AHCA filed its Request for Reconsideration with the CMS on November 21, 2016. On January 19, 2017, AHCA's Request for Reconsideration was denied by CMS. AHCA has filed an appeal with the DAB. The Agency's Opening Brief is due February 13, 2018. If AHCA is ultimately unsuccessful in its challenges, it may be required to return \$63,233,036 to the Federal Government.

### C. Other

**Micjo v. Florida Department of Business and Professional Regulation (DBPR), Case No. 78 So. 3d 124 (Fla 2nd DCA)** – The Plaintiffs alleged certain charges, such as federal excise taxes and delivery costs, should be included when calculating the "wholesale sales price" for taxing other tobacco products. The Court held in the above-styled matter that the charges were not allowable. This ruling exposes DBPR to the risk of other distributors seeking a refund of a portion of the tobacco tax. On January 4, 2017, DBPR's motion for rehearing en banc, related to Micjo, Florida 2<sup>nd</sup> DCA, Case No. 78 So. 3d 124, was denied. As a result, DBPR began processing refunds for those qualifying requests in accordance with the court's decision. Potential refund amounts are estimated between \$46 million and \$77 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. EchoStar Satellite LLC, n/k/a Dish Network, LLC v. Florida Department of Revenue, et al., Case No. 17-379 (U.S. Supreme Court); Florida Department of Revenue, et al., v. DirecTV, Inc., etc., et al., Case No. SC15-1249 (Florida Supreme Court)**

Plaintiff satellite television company DirecTV and its customers, represented by the Ogborns, challenged the statutory distinction made in the application of the Communication Services Tax (CST) to cable and satellite TV providers. The Florida Cable Telecommunications Association intervened to support the interest of the cable industry. Plaintiffs claim that applying a different statutory rate of tax on the sale of these competing services, where the sale of cable service is taxed at 6.8% and satellite service is taxed at 10.8%, violates the Commerce Clause and the Equal Protection Clause. The amount of tax refund at issue is \$40 million annually.

The Circuit Court ruled in favor of the Department and cable industry, but the decision was reversed on appeal by the First District Court of Appeal (DCA). The Court held that the CST unconstitutionally discriminates against interstate commerce by disproportionately burdening satellite service while conferring an advantage to cable services, which use in-state infrastructure.

The Florida Supreme Court reversed the First DCA decision, holding that the CST is not discriminatory in its purpose or effect and therefore does not violate the dormant Commerce Clause.

The United States Supreme Court denied EchoStar's application for certiorari on January 7, 2018. The case appears to be closed.

**B. In re Citrus Canker Litigation, Case No. 00-18394 (17<sup>th</sup> Cir. Broward County) aka Bogorff v. Scott, 223 So. 3d 1000 (Fla. 2017); 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-CA-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)**

Plaintiffs in these actions are homeowners seeking compensation for the removal of their citrus trees, which had been exposed to citrus canker, by the Florida Department of Agriculture and Consumer Services (FDACS) after January 1, 2000.

*In re Citrus Canker Litigation*, Case No. 00-18394, concerns homeowners in Broward County. Plaintiffs were awarded a judgment of \$8,043,450, which has accrued post-judgment interest since October 6, 2008, along with a judgment for attorneys' fees and costs in the amount of \$4,133,083, which has also accrued post-judgment interest since March 22, 2012. The 2017 Florida Legislature specifically appropriated \$20,941,328 for the payment of this judgment. The appropriation, however, was vetoed by the Governor and the veto was upheld by the Florida Supreme Court in *Bogorff v. Scott*. Pursuant to the Court's instructions, Plaintiffs returned to Circuit Court to seek a Writ of Mandamus, which the Court issued. Litigation concerning the Writ of Mandamus is pending.

*Bogdorff* also encompassed *Dellaselva* (Case No. 03-CA-1947), which concerns homeowners in Lee County who had been awarded \$13,625,249 in 2014. Here, the 2017 Florida Legislature also specifically appropriated \$16,475,800 for the payment of this judgment, which was vetoed along with the appropriation described above. The Circuit Court had issued a preemptory Writ of Mandamus, but litigation is pending.

In related cases, judgments were rendered against FDACS in Palm Beach and Orange Counties. In Palm Beach County, the court awarded plaintiffs \$23,653,376, including prejudgment interest, plus \$2,422,830 in fees and costs. In Orange County, the Court awarded \$31,534,722, including prejudgment interest, plus \$614,112 in fees and costs. Post-judgment interest on all judgments rendered in Broward, Lee, Palm Beach, and Orange Counties continues to accrue.

In another case styled *In re Citrus Canker Litigation*, (Case No. 03-8255), in Miami-Dade County, the Court found no liability on behalf of FDACS. Plaintiffs have appealed and FDACS has moved for an award of costs.

**C. Citizens for Strong Schools, et al., v. Florida State Board of Education, et al., Case No. SC18-67 (Florida Supreme Court); Citizens for Strong Schools, et al., v. Florida State Board of Education, et al., Case No. 1D16-2862 (Fla. 1st DCA)**

Plaintiffs claim that the funding of K-12 education by the State of Florida is inadequate. The State prevailed in Circuit Court, and, after appeal, the First DCA affirmed in December 2017. Plaintiffs have petitioned for discretionary review by the Florida Supreme Court. Potential damages exceed \$25 million.

**D. McLane Suneast, Inc. v. Florida Department of Business and Professional Regulation, Case No. 14-CA-372 (9<sup>th</sup> Cir., 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,” (Chapter 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 disparately, and by increasing taxes on cigarettes and smokeless tobacco products without taxing cigars. Plaintiff contends the law violates the dormant Commerce Clause by preferring the domestic cigar industry over interstate suppliers of cigarettes and other tobacco products. Plaintiff seeks declaratory and monetary relief, including a determination that the Department of Business and Professional Regulation should be required to issue tax refunds in an unstated amount.

While no hearings are currently scheduled, litigation in the matter continues. Potential costs exceed \$3.5 billion.

**E. Carl Hoffer, Ronald McPherson, and Roland Molina v. Julie Jones, Secretary, Department of Corrections, Case No. 4:17-cv-214-MW-CAS (U.S. District Court, Northern District of Florida)**

Plaintiffs allege that the Florida Department of Corrections (DOC) failed to provide proper medical treatment to inmates with chronic Hepatitis C, thus violating the Eighth Amendment to the U.S. Constitution, Title II of the Americans with Disabilities Act, and the Rehabilitation Act. In November 2017, the Court issued a preliminary injunction ordering DOC to provide certain treatment and certified the class. Trial is presently scheduled for July 2018. The claim potentially represents future costs of \$170 million for treatment and staffing.

**F. Alexis F. Geffin, et al., v. Governor Rick Scott, etc., et al., Case No. 17-CA-1364 (2<sup>nd</sup> Cir. Leon County) and Thomas A. Warren, et al., v. Governor Rick Scott, etc., et al., Case No. 17-CA-1526 (2<sup>nd</sup> Cir. Leon County)**

Plaintiff students and donors, respectively, allege that the Governor, Speaker of the House, President of the Senate, Florida Board of Education, Florida Board of Governors, and Commissioner of Education are liable for the failure to match private donations to public colleges, universities, and their students pursuant to four statutory programs. Plaintiffs argue the State actors violated the single subject rule, breached contract with the donors, and violated the constitutional guarantee of adequate provision for schools of higher education. Plaintiffs claim the amount due to be appropriated for matching funds is \$1 billion, and seek an order preventing future appropriations until the respective matching funds have been appropriated. While the Court has dismissed the Constitutional argument with prejudice, litigation concerning the statutory and contractual claims continues.



**NOTE 17 – DEFICIT FUND BALANCE AND NET POSITION****A. Governmental Funds**

The *State School Trust Fund* has a deficit unassigned fund balance of approximately \$904.3 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 Lottery has a deficit unrestricted net position of approximately \$23.4 million. This deficit is a result of certain liabilities being recorded for reporting purposes only and being excluded from the calculation of transfers to the Educational Enhancement Trust Fund. This deficit does not affect the Lottery's ability to pay prizes or to provide services.

The Internal Service Fund, *Data Centers*, has a deficit net position of approximately \$5.4 million. This deficit is primarily due to long-term obligations, consisting mainly of a compensated absences liability and an accrual of pension and other post-employment benefit (OPEB) liabilities. The compensated absences liability will be liquidated on a pay-as-you-go basis. The pension and OPEB liabilities do not require cash flows and have no effect on the ability to provide services.

The Internal Service Fund, *Other*, has a deficit net position of approximately \$41.9 million. This deficit is primarily due to long-term obligations, consisting mainly of a compensated absences liability and an accrual of pension and OPEB liabilities. The compensated absences liability will be liquidated on a pay-as-you-go basis. The pension and OPEB liabilities do not require cash flows and have no effect on the ability to provide services.

**C. Component Units**

The Component Units, *Florida Colleges*, has a deficit unrestricted net position of approximately \$146.7 million. This deficit is primarily due to long-term obligations, consisting mainly of a compensated absences liability and an accrual of pension and OPEB liabilities. The compensated absences liability will be liquidated on a pay-as-you-go basis. The pension and OPEB liabilities do not require cash flows and have no effect on the ability to provide services.

## NOTE 18 – SUBSEQUENT EVENTS

### A. Bonds

The following bonds for governmental activities of the primary government were issued or sold subsequent to June 30, 2017:

Agency/Bond	Series	Amount	Matures	Interest Rate
<b>Governmental Activities:</b>				
Full Faith and Credit, Department of Transportation, Right-of-Way Acquisition and Bridge Construction Bonds	2017A	\$288,705,000	07/01/2018-07/01/2047	3.000% - 5.000%
Department of Management Services, Florida Facilities Pool Revenue Refunding Bonds	2017A	\$190,835,000	09/01/2018-09/01/2038	3.000% - 5.000%
Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds	2017 Series A	\$148,555,000	06/01/2018-06/01/2037	3.000% - 5.000%
Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds	2017 Series B	\$261,635,000	06/01/2018-06/01/2038	3.000% - 5.000%
Department of Environmental Protection, Florida Forever Revenue Refunding Bonds	2017A	\$75,125,000	07/01/2019-07/01/2028	5.000% - 5.000%
State Board of Education, Lottery Revenue Refunding Bonds	2017A	\$239,705,000	07/01/2019-07/01/2028	5.000% - 5.000%
Board of Governors, University System Improvement Revenue Refunding Bonds	2017B	\$38,450,000	07/01/2019-07/01/2033	3.000% - 5.000%
Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds	2017 Series C	\$272,905,000	06/01/2019-06/01/2040	3.000% - 5.000%
<b>Business-type Activities:</b>				
Department of Transportation, Alligator Alley Revenue Refunding Bonds	2017A	\$21,635,000	07/01/2018-07/01/2027	5.000% - 5.000%
Department of Transportation, Turnpike Revenue Refunding Bonds	2017A	\$131,885,000	07/01/2019-07/01/2030	4.000% - 5.000%

### B. Hurricanes

Hurricane Irma passed through the state in September 2017 causing damage in almost every county in the State. The preliminary statewide cost of damage from this storm is estimated at \$16 billion, including losses to homes, businesses, and agriculture, as well as costs to state and local governments for emergency services and damage to public facilities and infrastructure. A portion of these costs will be covered by insurance and federal grant programs. The state will be required to match federal funding with state and local funds.

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**OTHER REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**2017 STATE OF FLORIDA CAFR**

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(in thousands)**

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 4,292,384	\$ 4,292,384	\$ 4,292,384	\$ .....
Reversions	46,293	46,293	46,293	.....
Fund Balances, July 1, 2016, restated	4,338,677	4,338,677	4,338,677	.....
<b>REVENUES</b>				
Fees and charges	1,250,000	1,251,200	1,230,868	(20,332)
Licenses	618,393	645,293	522,840	(122,453)
Taxes	33,084,520	33,093,720	33,738,900	645,180
Miscellaneous	1,096	1,096	6,122	5,026
Interest	138,994	134,494	131,002	(3,492)
Grants	24,283	24,283	22,115	(2,168)
Refunds	8,613	8,613	299,475	290,862
Transfers and distributions	2,920,504	2,751,004	2,661,251	(89,753)
Other	377,221	509,021	803,312	294,291
Total Revenues	38,423,624	38,418,724	39,415,885	997,161
Total Available Resources	42,762,301	42,757,401	43,754,562	997,161
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	3,640,862	3,802,203	3,739,839	62,364
Other personal services	54,064	69,619	64,914	4,705
Expenses	360,643	390,112	382,405	7,707
Grants and aids	14,542,680	14,574,445	14,569,289	5,156
Operating capital outlay	13,119	18,822	17,286	1,536
Food products	69,305	65,824	65,606	218
Fixed capital outlay	86,762	86,762	86,762	.....
Lump sum	400,653	15,049	15,049	.....
Special categories	11,152,438	11,631,910	11,487,463	144,447
Financial assistance payments	228,921	228,926	228,582	344
Continuing Appropriations	.....	278,127	278,127	.....
Grants/aids to local governments	164,733	164,733	164,733	.....
Data processing services	50,154	50,472	49,961	511
Pensions and benefits	3,200	3,200	1,190	2,010
Claim bills and relief acts	1,700	4,450	4,450	.....
Total Operating Expenditures	30,769,234	31,384,654	31,155,656	228,998
Nonoperating expenditures:				
Transfers	5,703,980	5,703,980	5,703,980	.....
Refunds	342,651	342,651	342,651	.....
Other	2,344,755	2,344,755	2,344,755	.....
Total Nonoperating Expenditures	8,391,386	8,391,386	8,391,386	.....
Total Expenditures	39,160,620	39,776,040	39,547,042	228,998
Fund Balances, June 30, 2017	\$ 3,601,681	\$ 2,981,361	\$ 4,207,520	\$ 1,226,159

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

**2017 STATE OF FLORIDA CAFR**

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(in thousands)**

	Environment, Recreation and Conservation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 1,931,007	\$ 1,931,007	\$ 1,931,007	\$ .....
Reversions	3,166	3,166	3,166	.....
Fund Balances, July 1, 2016, restated	1,934,173	1,934,173	1,934,173	.....
<b>REVENUES</b>				
Fees and charges	126,396	224,151	177,463	(46,688)
Licenses	41,343	55,369	52,882	(2,487)
Taxes	5,330	272,000	301,114	29,114
Miscellaneous	207	680	663	(17)
Interest	19,994	49,375	22,871	(26,504)
Grants	234,478	201,632	155,979	(45,653)
Refunds	2,500	5,699	6,572	873
Bond proceeds	158	.....	.....	.....
Transfers and distributions	1,658,211	1,570,802	1,643,816	73,014
Other	144,426	25,923	216,499	190,576
Total Revenues	2,233,043	2,405,631	2,577,859	172,228
Total Available Resources	4,167,216	4,339,804	4,512,032	172,228
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	333,535	335,577	317,618	17,959
Other personal services	26,018	26,732	22,090	4,642
Expenses	60,819	61,220	57,045	4,175
Grants and aids	15,047	15,047	14,999	48
Operating capital outlay	2,061	2,431	2,149	282
Fixed capital outlay	446,597	446,597	446,597	.....
Lump sum	500	.....	.....	.....
Special categories	485,723	509,021	469,478	39,543
Grants/aids to local governments	377,646	377,646	377,646	.....
Data processing services	1,077	912	906	6
Total Operating Expenditures	1,749,023	1,775,183	1,708,528	66,655
Nonoperating expenditures:				
Transfers	382,368	382,368	382,368	.....
Refunds	22,744	22,744	22,744	.....
Other	342,955	342,955	342,955	.....
Total Nonoperating Expenditures	748,067	748,067	748,067	.....
Total Expenditures	2,497,090	2,523,250	2,456,595	66,655
Fund Balances, June 30, 2017	\$ 1,670,126	\$ 1,816,554	\$ 2,055,437	\$ 238,883

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

**2017 STATE OF FLORIDA CAFR**

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(in thousands)**

	Public Education			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 987,542	\$ 987,542	\$ 987,542	\$ .....
Reversions	10,385	10,385	10,385	.....
Fund Balances, July 1, 2016, restated	997,927	997,927	997,927	.....
<b>REVENUES</b>				
Fees and charges	2,003,204	56,465	57,008	543
Licenses	1,128	1,141	1,147	6
Taxes	782,532	613,672	610,240	(3,432)
Miscellaneous	29,014	222	222	.....
Interest	25,198	34,787	33,004	(1,783)
Grants	2,145,162	2,112,839	2,116,965	4,126
Refunds	2,201	2,126	2,441	315
Bond proceeds	275,089	150,000	150,000	.....
Transfers and distributions	2,911,608	3,082,669	3,082,669	.....
Other	192,863	172,825	174,939	2,114
Total Revenues	8,367,999	6,226,746	6,228,635	1,889
Total Available Resources	9,365,926	7,224,673	7,226,562	1,889
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	37,823	37,943	33,591	4,352
Other personal services	1,087	1,088	185	903
Expenses	8,376	8,308	4,396	3,912
Grants and aids	5,119,568	3,162,081	3,144,754	17,327
Operating capital outlay	951	951	150	801
Fixed capital outlay	1,791,256	1,791,256	1,791,256	.....
Special categories	775,228	766,322	766,322	.....
Financial assistance payments	74,992	74,992	74,928	64
Payments to U.S. Treasury	970	69	69	.....
Data processing services	10,295	10,648	9,980	668
Total Operating Expenditures	7,820,546	5,853,658	5,825,631	28,027
Nonoperating expenditures:				
Transfers	353,483	353,483	353,483	.....
Refunds	261	261	261	.....
Other	3,964	3,964	3,964	.....
Total Nonoperating Expenditures	357,708	357,708	357,708	.....
Total Expenditures	8,178,254	6,211,366	6,183,339	28,027
Fund Balances, June 30, 2017	\$ 1,187,672	\$ 1,013,307	\$ 1,043,223	\$ 29,916

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

**2017 STATE OF FLORIDA CAFR**

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(in thousands)**

	Health and Family Services			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 1,865,299	\$ 1,865,299	\$ 1,865,299	\$ .....
Reversions	269,947	269,947	269,947	.....
Fund Balances, July 1, 2016, restated	2,135,246	2,135,246	2,135,246	.....
<b>REVENUES</b>				
Fees and charges	1,354,400	1,455,049	753,864	(701,185)
Licenses	23,353	23,652	21,868	(1,784)
Taxes	597,711	597,711	1,096,729	499,018
Miscellaneous	.....	.....	4	4
Interest	3,492	4,011	2,836	(1,175)
Grants	18,744,629	18,974,988	18,802,535	(172,453)
Refunds	2,089,280	2,106,082	2,103,847	(2,235)
Bond proceeds	.....	316	.....	(316)
Transfers and distributions	2,333,320	2,522,652	2,563,974	41,322
Other	38,303	36,985	62,182	25,197
Total Revenues	25,184,488	25,721,446	25,407,839	(313,607)
Total Available Resources	27,319,734	27,856,692	27,543,085	(313,607)
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	1,269,755	1,279,157	1,225,757	53,400
Other personal services	122,909	125,761	113,382	12,379
Expenses	285,093	281,823	241,895	39,928
Grants and aids	46,374	51,627	33,312	18,315
Operating capital outlay	18,089	18,990	14,928	4,062
Food products	1,110	1,110	991	119
Fixed capital outlay	6,680	6,680	6,680	.....
Lump sum	3,228	.....	.....	.....
Special categories	21,587,788	22,593,660	22,291,444	302,216
Financial assistance payments	61,818	81,767	56,655	25,112
Grants/aids to local governments	2,007	2,007	2,007	.....
Data processing services	21,106	21,448	19,660	1,788
Claim bills and relief acts	950	950	950	.....
Total Operating Expenditures	23,426,907	24,464,980	24,007,661	457,319
Nonoperating expenditures:				
Continuing Appropriations	32,945	32,945	32,945	.....
Transfers	1,320,764	1,320,764	1,320,764	.....
Refunds	12,589	12,589	12,589	.....
Other	340,601	340,601	340,601	.....
Total Nonoperating Expenditures	1,706,899	1,706,899	1,706,899	.....
Total Expenditures	25,133,806	26,171,879	25,714,560	457,319
Fund Balances, June 30, 2017	\$ 2,185,928	\$ 1,684,813	\$ 1,828,525	\$ 143,712

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



**2017 STATE OF FLORIDA CAFR**

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(in thousands)**

	Transportation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 321,121	\$ 321,121	\$ 321,121	\$ .....
Reversions	2,522	2,522	2,522	.....
Fund Balances, July 1, 2016, restated	323,643	323,643	323,643	.....
<b>REVENUES</b>				
Fees and charges	174,750	174,300	174,750	450
Taxes	2,776,705	2,502,200	2,776,703	274,503
Miscellaneous	650,116	.....	.....	.....
Interest	2,680	1,260	2,947	1,687
Refunds	16,289	16,289	16,293	4
Bond proceeds	100,000	100,000	100,000	.....
Transfers and distributions	444,481	715,490	433,943	(281,547)
Other	19,643	19,782	21,260	1,478
Total Revenues	4,184,664	3,529,321	3,525,896	(3,425)
Total Available Resources	4,508,307	3,852,964	3,849,539	(3,425)
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	4,028	4,074	3,488	586
Other personal services	.....	21	9	12
Expenses	.....	745	687	58
Operating capital outlay	.....	5	5	.....
Fixed capital outlay	398,496	398,496	398,496	.....
Special categories	55,984	55,978	55,108	870
Total Operating Expenditures	458,508	459,319	457,793	1,526
Nonoperating expenditures:				
Transfers	2,594,728	2,594,728	2,594,728	.....
Refunds	71,546	71,546	71,546	.....
Other	423,794	423,794	423,794	.....
Total Nonoperating Expenditures	3,090,068	3,090,068	3,090,068	.....
Total Expenditures	3,548,576	3,549,387	3,547,861	1,526
Fund Balances, June 30, 2017	\$ 959,731	\$ 303,577	\$ 301,678	\$ (1,899)

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

2017 STATE OF FLORIDA CAFR

**BUDGET TO GAAP RECONCILIATION  
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(in thousands)**

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Budgetary basis fund balances	\$ 4,207,520	\$ 2,055,437	\$ 1,043,223	\$ 1,828,525	\$ 301,678
Items not included in budgetary basis fund balances:					
Security lending investments within the State Treasury	697,332	83,175	55,653	6,007	70,596
Fair value adjustments to investments within the State Treasury	(75,935)	(12,905)	(8,635)	(932)	(10,953)
Special investments within the State Treasury	30,839	.....	.....	32,479	.....
Non-State Treasury cash and investments	951,694	1,656	5	46,990	1,051,535
Other GAAP basis fund balances not included in budgetary basis fund balances	.....	.....	.....	.....	294,737
Adjusted budgetary basis fund balances	5,811,450	2,127,363	1,090,246	1,913,069	1,707,593
Adjustments (basis differences):					
Net receivables/(payables) not carried forward	787,239	1,301,847	4,177	630,132	368,958
Net deferred outflows/(inflows) of resources	(163,308)	(701)	.....	(801,262)	(494,325)
Inventories, prepaid items and deferred charges	18,309	761	.....	51,290	7,490
Encumbrances	225,710	15,626	84,895	94,198	41,028
GAAP basis fund balances	<u>\$ 6,679,400</u>	<u>\$ 3,444,896</u>	<u>\$ 1,179,318</u>	<u>\$ 1,887,427</u>	<u>\$ 1,630,744</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

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FLORIDA RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS\*  
(in thousands)

	2014	2015	2016
Proportion of the net pension liability	17.802202632%	17.961696240%	18.150587866%
Proportionate share of the net pension liability	\$ 1,086,196	\$ 2,319,994	\$ 4,583,038
Covered-employee payroll	\$ 4,538,946	\$ 4,591,628	\$ 4,596,099
Proportionate share of the net pension liability as percentage of covered payroll	23.93%	50.53%	99.72%
Plan fiduciary net position as a percentage of the total pension liability	96.09%	92.00%	84.88%

## Notes to Schedule:

Changes in actuarial assumptions: The inflation rate assumption remained at 2.60%, the real payroll growth assumption remained at 0.65%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return was decreased from 7.65% to 7.60%.

\*Fiscal year 2015 was the first year of GASB Statement No. 68 implementation; therefore, information was not available for a full 10-year presentation.

SCHEDULE OF STATE CONTRIBUTIONS TO PENSION PLAN  
FLORIDA RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS\*  
(in thousands)

	2015	2016	2017
Statutorily required contributions	\$ 437,921	\$ 442,631	\$ 457,950
Contributions recognized by the plan	437,921	442,631	457,950
Contribution deficiency (excess)	\$ .....	\$ .....	\$ .....
Covered payroll	\$ 4,591,628	\$ 4,596,099	\$ 4,621,442
Contributions recognized by the plan as a percentage of covered payroll	9.54%	9.63%	9.91%

\* Fiscal year 2015 was the first year of GASB Statement No. 68 implementation; therefore, information was not available for a full 10 year presentation.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 RETIREE HEALTH INSURANCE SUBSIDY PROGRAM  
 LAST 10 FISCAL YEARS\*  
 (in thousands)

	2014	2015	2016
Proportion of the net pension liability	15.286183318%	15.144426318%	14.878355474%
Proportionate share of the net pension liability	\$ 1,429,295	\$ 1,544,493	\$ 1,734,011
Covered-employee payroll	\$ 4,534,435	\$ 4,588,003	\$ 4,593,175
Proportionate share of the net pension liability as percentage of covered payroll	31.52%	33.66%	37.75%
Plan fiduciary net position as a percentage of the total pension liability	0.99%	0.50%	0.97%

Notes to Schedule:

Changes in actuarial assumptions: The municipal rate used to determine total pension liability was decreased from 3.80% to 2.85%.

\* Fiscal year 2015 was the first year of GASB Statement No. 68 implementation; therefore, information was not available for a full 10-year presentation.

SCHEDULE OF STATE CONTRIBUTIONS TO PENSION PLAN  
 RETIREE HEALTH INSURANCE SUBSIDY PROGRAM  
 LAST 10 FISCAL YEARS\*  
 (in thousands)

	2015	2016	2017
Statutorily required contributions	\$ 57,891	\$ 76,261	\$ 76,584
Contributions recognized by the plan	57,891	76,261	76,584
Contribution deficiency (excess)	.....	.....	.....
Covered payroll	\$ 4,588,003	\$ 4,593,175	\$ 4,619,123
Contributions recognized by the plan as a percentage of covered payroll	1.26%	1.66%	1.66%

\* Fiscal year 2015 was the first year of GASB Statement No. 68 implementation; therefore, information was not available for a full 10-year presentation.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 FLORIDA NATIONAL GUARD SUPPLEMENTAL RETIREMENT BENEFIT PLAN  
 LAST 10 FISCAL YEARS\*  
 (in thousands)

	2014	2015	2016	2017
<u>Total Pension Liability</u>				
Service cost	\$ 5,979	\$ 7,161	\$ 9,044	\$ 12,904
Interest on total pension liability	18,852	19,164	19,259	19,100
Effect of plan changes	.....	.....	.....	.....
Effect of economic/demographic (gains) or losses	.....	.....	27,462	.....
Effects of assumption changes or inputs	27,926	46,330	118,280	(95,586)
Benefit payments	(14,366)	(14,423)	(14,413)	(14,677)
Net changes in total pension liability	38,391	58,232	159,632	(78,259)
Total pension liability, beginning	408,292	446,683	504,915	664,547
Total pension liability, ending	<u>\$ 446,683</u>	<u>\$ 504,915</u>	<u>\$ 664,547</u>	<u>\$ 586,288</u>
<u>Fiduciary Net Position</u>				
Employer contributions	\$ 14,366	\$ 14,495	\$ 14,423	14,720
Member contributions	.....	.....	.....	.....
Investment income net of investment expenses	.....	.....	.....	.....
Benefit payments	(14,366)	(14,423)	(14,413)	(14,677)
Administrative expenses	.....	(72)	(10)	(43)
Net change in fiduciary position	.....	.....	.....	.....
Fiduciary net position-beginning	.....	.....	.....	.....
Fiduciary net position-ending	<u>\$ ..... </u>	<u>\$ ..... </u>	<u>\$ ..... </u>	<u>\$ ..... </u>
Net pension liability-ending	<u>\$ 446,683</u>	<u>\$ 504,915</u>	<u>\$ 664,547</u>	<u>\$ 586,288</u>
Fiduciary net position as a % of the total pension liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 466,939	\$ 476,278	\$ 477,549	487,100
Net pension liability as a % of covered-payroll	95.66%	106.01%	139.16%	120.36%

Notes to Schedule:

Changes of assumptions or input: The municipal bond rate used to determine total pension liability increased from 2.85% to 3.58%.

\* Fiscal year 2015 was the first year of GASB Statement No. 68 implementation; therefore, information was not available for a full 10-year presentation.

SCHEDULE OF STATE CONTRIBUTIONS TO PENSION PLAN  
 FLORIDA NATIONAL GUARD SUPPLEMENTAL RETIREMENT BENEFIT PLAN  
 LAST 10 FISCAL YEARS\*  
 (in thousands)

	2014	2015	2016	2017
Statutorily required State contribution	\$ 14,366	\$ 14,495	\$ 14,423	\$ 14,720
Contributions recognized by the plan	14,366	14,495	14,423	14,720
Contribution deficiency (excess)	<u>\$ ..... </u>	<u>\$ ..... </u>	<u>\$ ..... </u>	<u>\$ ..... </u>
Covered payroll	\$ 466,939	\$ 476,278	\$ 477,549	\$ 487,100
Contributions as a percentage of covered-employee payroll	3.08%	3.04%	3.02%	3.02%

\* Fiscal year 2015 was the first year of GASB Statement No. 68 implementation; therefore, information was not available for a full 10-year presentation.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

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, 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%
July 1, 2014	.....	6,824,971	6,824,971	0.00%	7,308,275	93.39%
July 1, 2015	.....	8,900,312	8,900,312	0.00%	7,810,110	113.96%
July 1, 2016	.....	9,198,289	9,198,289	0.00%	7,847,743	117.21%

SCHEDULE OF EMPLOYER CONTRIBUTIONS\*  
(in thousands)

Year Ended 6/30	Annual Required Contribution	Percent Contributed
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%
2015	489,619	21.48%
2016	716,408	20.60%
2017	724,444	23.64%

\* This information relates to the cost-sharing plan as a whole, of which the State of Florida is one participating employer. The State of Florida's participation in both the actuarial accrued liability and the annual required contribution is approximately 76%.



## OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

Pursuant to GASB Statement 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 12,105 centerline miles of roads and 6,878 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 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 repairing

highways, keeping up roadsides, responding to emergencies, maintaining signs, striping roadways, 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 0 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>2017</u>	<u>2016</u>	<u>2015</u>
92%	92%	92%

Percentage of bridges meeting FDOT standards

<u>2017</u>	<u>2016</u>	<u>2015</u>
96%	96%	95%

### Maintenance Rating

<u>2017</u>	<u>2016</u>	<u>2015</u>
86	86	86

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

#### Resurfacing Program

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Needed	\$530.8	\$619.5	\$571.6	\$467.6	\$514.4
Actual	541.5	610.1	570.6	455.6	521.8

#### Bridge Repair/Replacement Program

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Needed	\$642.5	\$191.4	\$110.4	\$239.4	\$332.8
Actual	567.2	199.3	111.6	182.6	323.5

#### Routine Maintenance Program

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Needed	\$661.3	\$627.4	\$599.9	\$592.2	\$574.4
Actual	741.7	723.3	694.6	641.2	636.4

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 191.

### **CAPITAL PROJECTS FUNDS**

Individual fund descriptions and financial statements begin on page 219.

### **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, 2017  
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/17
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$ 17,473	\$ .....	\$ 183	\$ 503	\$ 18,159
Pooled investments with State Treasury	1,804,519	2,143	.....	26,833	1,833,495
Other investments	201,594	.....	23,231	3,741	228,566
Receivables, net	309,892	.....	1,210	.....	311,102
Due from other funds	45,487	36,144	.....	.....	81,631
Due from component units/primary	30	.....	.....	.....	30
Inventories	2,407	.....	.....	.....	2,407
Other	132	.....	.....	.....	132
Total current assets	2,381,534	38,287	24,624	31,077	2,475,522
<u>Noncurrent assets</u>					
Long-term investments	22,030	.....	193,336	.....	215,366
Other loans and notes receivable, net	851,079	.....	.....	.....	851,079
Total noncurrent assets	873,109	.....	193,336	.....	1,066,445
Total assets	3,254,643	38,287	217,960	31,077	3,541,967
<b>LIABILITIES</b>					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	132,787	656	.....	.....	133,443
Due to other funds	140,364	.....	76	2	140,442
Due to component units/primary	2,176	.....	.....	.....	2,176
Compensated absences	811	.....	.....	.....	811
Claims payable	25,445	.....	.....	.....	25,445
Deposits	146,709	.....	.....	.....	146,709
Obligations under security lending agreements	54,316	.....	.....	1,135	55,451
Total current liabilities	502,608	656	76	1,137	504,477
<u>Noncurrent liabilities</u>					
Advances from other funds	890	.....	.....	.....	890
Deposits	8,737	.....	.....	.....	8,737
Total noncurrent liabilities	9,627	.....	.....	.....	9,627
Total liabilities	512,235	656	76	1,137	514,104
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	36,747	.....	.....	.....	36,747
Total deferred inflows of resources	36,747	.....	.....	.....	36,747
<b>FUND BALANCES</b>					
Nonspendable	2,531	.....	.....	26,252	28,783
Restricted	1,592,075	937	217,884	.....	1,810,896
Committed	1,111,055	36,694	.....	3,688	1,151,437
Total fund balances	2,705,661	37,631	217,884	29,940	2,991,116
Total liabilities, deferred inflows and fund balances	\$ 3,254,643	\$ 38,287	\$ 217,960	\$ 31,077	\$ 3,541,967

**2017 STATE OF FLORIDA CAFR**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/17
<b>REVENUES</b>					
Taxes	\$ 259,131	\$ .....	\$ .....	\$ .....	\$ 259,131
Licenses and permits	1,512,273	.....	.....	3,092	1,515,365
Fees and charges	733,749	.....	39,534	.....	773,283
Grants and donations	2,239,826	.....	.....	.....	2,239,826
Investment earnings (losses)	12,978	(1)	23,702	93	36,772
Fines, forfeits, settlements and judgments	525,997	.....	.....	.....	525,997
Other	38,327	.....	8,514	.....	46,841
Total revenues	5,322,281	(1)	71,750	3,185	5,397,215
<b>EXPENDITURES</b>					
Current:					
General government	1,941,505	29,708	3,146	.....	1,974,359
Education	179,234	2,006	.....	82	181,322
Human services	429,847	15,281	.....	.....	445,128
Criminal justice and corrections	444,378	51,429	.....	.....	495,807
Natural resources and environment	1,427,054	.....	.....	.....	1,427,054
State courts	78,949	.....	.....	.....	78,949
Capital outlay	38,866	22,766	.....	.....	61,632
Debt service:					
Principal retirement	799	.....	1,062,660	.....	1,063,459
Interest and fiscal charges	13	.....	739,304	.....	739,317
Total expenditures	4,540,645	121,190	1,805,110	82	6,467,027
Excess (deficiency) of revenues over expenditures	781,636	(121,191)	(1,733,360)	3,103	(1,069,812)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of bond issues	.....	.....	4,794	.....	4,794
Proceeds of refunding bonds	.....	.....	1,446,829	.....	1,446,829
Operating transfers in	1,229,930	119,580	1,733,295	19	3,082,824
Operating transfers out	(1,924,965)	(313)	(38,899)	(216)	(1,964,393)
Proceeds of financing agreements	1,413	.....	.....	.....	1,413
Payments to refunded bond agent	.....	.....	(1,446,829)	.....	(1,446,829)
Total other financing sources (uses)	(693,622)	119,267	1,699,190	(197)	1,124,638
Net change in fund balances	88,014	(1,924)	(34,170)	2,906	54,826
Fund balances - beginning, as restated (Note 1)	2,617,647	39,555	252,054	27,034	2,936,290
Fund balances - ending	\$ 2,705,661	\$ 37,631	\$ 217,884	\$ 29,940	\$ 2,991,116



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## NONMAJOR SPECIAL REVENUE FUNDS

### EMPLOYMENT SERVICES

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

### GOVERNMENT ADMINISTRATION

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

### BUSINESS AND COMMUNITY DEVELOPMENT

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

### REGULATION AND LICENSING

This fund includes internal reporting special revenue funds primarily administered by the Department of Business and Professional Regulation, Department of Highway Safety and Motor Vehicles, and Department of Financial Services.

### TOBACCO SETTLEMENT

This fund includes internal reporting special revenue funds established to account for the settlement of *State of Florida, et al., v. American Tobacco Company*, et al., Case No. 95-1466 AH, filed in the Fifteenth Judicial Circuit, in and for Palm Beach County Florida.

### PUBLIC SAFETY

This fund includes internal reporting special revenue funds primarily administered by the Department of Law Enforcement, Department of Highway Safety and Motor Vehicles, Department of Legal Affairs, and Department of Military Affairs.

### CORRECTIONS

This fund includes internal reporting special revenue funds administered by the Department of Corrections.

### CONSUMER PROTECTION AND SAFETY

This fund includes internal reporting special revenue funds primarily administered by the Executive Office of the Governor, Department of Legal Affairs, Department of Revenue, and Department of Financial Services.

### AGRICULTURE

This fund includes internal reporting special revenue funds administered by the Department of Agriculture and Consumer Services.

### JUVENILE JUSTICE

This fund includes internal reporting special revenue funds administered by the Department of Juvenile Justice.

### JUDICIAL SERVICES

This fund includes internal reporting special revenue funds primarily administered by the Justice Administrative Commission and the State Courts System.

### MILITARY AND VETERANS' AFFAIRS

This fund includes internal reporting special revenue funds administered by the Department of Military Affairs and Department of Veterans' Affairs.

### BLENDED COMPONENT UNITS

#### FLORIDA CLERKS OF COURT OPERATIONS CORPORATION

Pursuant to Section 28.35, Florida Statutes, this entity was created to recommend legislative changes in various court related fines, fees, service charges, and court costs, establish a process for reviewing and certification of proposed court-related budgets submitted by the clerks of court and establishing a system of uniform performance measures and standards for the clerks.

#### FLORIDA CITRUS COMMISSION

As authorized in Section 601.04, Florida Statutes, this entity was established to primarily promote the general welfare of the Florida citrus industry.

#### STATE BOARD OF ADMINISTRATION

This entity includes the following internal reporting special revenue funds administered by the State Board of Administration: Gas Tax Clearing Accounts and the Insurance Capital Build-up Program.

#### FLORIDA SCHOOL FOR THE DEAF AND THE BLIND

As authorized in Section 1002.36, Florida Statutes, this entity is a State-supported residential school for hearing-impaired and visually impaired students in preschool through 12th grade.

#### WIRELESS EMERGENCY TELEPHONE SYSTEM

As authorized in Section 365.172, Florida Statutes, this 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.

#### CAREERSOURCE 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.

**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2017**  
**(in thousands)**

	Employment Services	Government Administration	Business and Community Development	Regulation and Licensing
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 396	\$ 11	\$ 200	\$ 177
Pooled investments with State Treasury	285,513	69,052	245,833	412,954
Other investments	5,705	.....	22,706	.....
Receivables, net	49,127	2,103	60,483	51,989
Due from other funds	4,655	1,843	6,098	253
Due from component units/primary	.....	30	.....	.....
Inventories	.....	.....	.....	173
Other	.....	.....	.....	42
Total current assets	345,396	73,039	335,320	465,588
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	50	.....
Other loans and notes receivable, net	10,369	.....	272	.....
Total noncurrent assets	10,369	.....	322	.....
Total assets	355,765	73,039	335,642	465,588
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	3,787	5,426	6,270	3,984
Due to other funds	4,438	707	5,044	112,603
Due to component units/primary	6	.....	.....	.....
Compensated absences	137	45	25	193
Claims payable	6,045	.....	.....	.....
Deposits	924	.....	33,960	101,133
Obligations under security lending agreements	13,266	2,991	10,967	11,457
Total current liabilities	28,603	9,169	56,266	229,370
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	.....
Deposits	.....	.....	.....	.....
Total noncurrent liabilities	.....	.....	.....	.....
Total liabilities	28,603	9,169	56,266	229,370
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	535	.....	34,867	111
Total deferred inflows of resources	535	.....	34,867	111
<b>FUND BALANCES</b>				
Nonspendable	.....	.....	.....	215
Restricted	103,073	21,311	195,770	6,143
Committed	223,554	42,559	48,739	229,749
Total fund balances	326,627	63,870	244,509	236,107
Total liabilities, deferred inflows and fund balances	\$ 355,765	\$ 73,039	\$ 335,642	\$ 465,588

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Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$ .....	\$ 50	\$ .....	\$ 15	\$ 249	\$ 8
56,070	122,663	14,338	76,254	59,389	105,733
.....	.....	.....	.....	.....	.....
43	5,449	174	14,752	7,140	1,332
.....	3,236	1,127	803	2,728	1,001
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	1,660	.....
.....	.....	.....	.....	.....	.....
56,113	131,398	15,639	91,824	71,166	108,074
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
56,113	131,398	15,639	91,824	71,166	108,074
14,053	11,259	742	10,996	8,122	11,317
4	4,663	171	1,871	1,981	428
1,810	.....	.....	.....	220	.....
.....	64	2	42	137	.....
19,400	.....	.....	.....	.....	.....
.....	667	.....	157	9,834	.....
917	1,090	88	332	2,477	5
36,184	17,743	1,003	13,398	22,771	11,750
.....	625	.....	.....	.....	.....
.....	.....	.....	121	.....	.....
.....	625	.....	121	.....	.....
36,184	18,368	1,003	13,519	22,771	11,750
.....	349	.....	635	.....	.....
.....	349	.....	635	.....	.....
.....	.....	.....	.....	1,660	.....
18,452	9,305	7,077	37,469	2,973	65,680
1,477	103,376	7,559	40,201	43,762	30,644
19,929	112,681	14,636	77,670	48,395	96,324
\$ 56,113	\$ 131,398	\$ 15,639	\$ 91,824	\$ 71,166	\$ 108,074

**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2017**  
**(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	\$ 11	\$ 2,147	\$ 819	\$ 5
Pooled investments with State Treasury	116,026	68,698	.....	17,862
Other investments	.....	.....	.....	.....
Receivables, net	2,078	6,215	.....	1,630
Due from other funds	2,320	166	.....	.....
Due from component units/primary	.....	.....	.....	.....
Inventories	.....	.....	.....	572
Other	.....	.....	1	1
Total current assets	120,435	77,226	820	20,070
<u>Noncurrent assets</u>				
Long-term investments	.....	.....	.....	.....
Other loans and notes receivable, net	.....	.....	.....	.....
Total noncurrent assets	.....	.....	.....	.....
Total assets	120,435	77,226	820	20,070
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	3,693	3,785	34	2,097
Due to other funds	2,770	1,048	.....	118
Due to component units/primary	.....	.....	.....	140
Compensated absences	136	27	.....	3
Claims payable	.....	.....	.....	.....
Deposits	34	.....	.....	.....
Obligations under security lending agreements	.....	2,576	.....	839
Total current liabilities	6,633	7,436	34	3,197
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	.....
Deposits	.....	.....	.....	.....
Total noncurrent liabilities	.....	.....	.....	.....
Total liabilities	6,633	7,436	34	3,197
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	.....	.....	.....	.....
Total deferred inflows of resources	.....	.....	.....	.....
<b>FUND BALANCES</b>				
Nonspendable	.....	.....	1	573
Restricted	23,170	2,036	785	16,300
Committed	90,632	67,754	.....	.....
Total fund balances	113,802	69,790	786	16,873
Total liabilities, deferred inflows and fund balances	\$ 120,435	\$ 77,226	\$ 820	\$ 20,070

2017 STATE OF FLORIDA CAFR

Blended Component Units						
State Board of Administration	School for the Deaf and the Blind	Wireless Emergency Telephone System	CareerSource Florida Inc	FL Water Pollution Control Financing Corp	Inland Protection Financing Corp	
\$ 1,282	\$ 151	\$ 7	\$ 8,461	\$ .....	\$ .....	
.....	1,130	67,182	.....	85,822	.....	
5,657	13,513	.....	.....	146,908	2	
12,484	603	14,265	2,292	77,701	.....	
19,192	165	1,900	.....	.....	.....	
.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	
.....	.....	.....	70	.....	.....	
38,615	15,562	83,354	10,823	310,431	2	
.....	.....	.....	.....	.....	.....	
78,274	.....	.....	.....	762,164	.....	
78,274	.....	.....	.....	762,164	.....	
116,889	15,562	83,354	10,823	1,072,595	2	
20,670	256	25,180	934	.....	.....	
4,500	.....	9	.....	9	.....	
.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	
.....	.....	.....	.....	.....	.....	
.....	.....	3,207	.....	4,104	.....	
25,170	256	28,396	934	4,113	.....	
.....	265	.....	.....	.....	.....	
.....	.....	.....	8,616	.....	.....	
.....	265	.....	8,616	.....	.....	
25,170	521	28,396	9,550	4,113	.....	
.....	250	.....	.....	.....	.....	
.....	250	.....	.....	.....	.....	
.....	.....	.....	70	.....	.....	
.....	14,006	.....	.....	1,068,482	.....	
91,719	785	54,958	1,203	.....	2	
91,719	14,791	54,958	1,273	1,068,482	2	
\$ 116,889	\$ 15,562	\$ 83,354	\$ 10,823	\$ 1,072,595	\$ 2	

**2017 STATE OF FLORIDA CAFR**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017  
(in thousands)**

	Blended Component Units			
	Surplus Lines	Corrections Foundation, Inc.	Scripps Florida Funding Corp	Totals 6/30/17
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 2,837	\$ 413	\$ 234	\$ 17,473
Pooled investments with State Treasury	.....	.....	.....	1,804,519
Other investments	7,103	.....	.....	201,594
Receivables, net	32	.....	.....	309,892
Due from other funds	.....	.....	.....	45,487
Due from component units/primary	.....	.....	.....	30
Inventories	.....	2	.....	2,407
Other	8	.....	10	132
Total current assets	9,980	415	244	2,381,534
<u>Noncurrent assets</u>				
Long-term investments	21,460	520	.....	22,030
Other loans and notes receivable, net	.....	.....	.....	851,079
Total noncurrent assets	21,460	520	.....	873,109
Total assets	31,440	935	244	3,254,643
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	172	7	3	132,787
Due to other funds	.....	.....	.....	140,364
Due to component units/primary	.....	.....	.....	2,176
Compensated absences	.....	.....	.....	811
Claims payable	.....	.....	.....	25,445
Deposits	.....	.....	.....	146,709
Obligations under security lending agreements	.....	.....	.....	54,316
Total current liabilities	172	7	3	502,608
<u>Noncurrent liabilities</u>				
Advances from other funds	.....	.....	.....	890
Deposits	.....	.....	.....	8,737
Total noncurrent liabilities	.....	.....	.....	9,627
Total liabilities	172	7	3	512,235
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	.....	.....	.....	36,747
Total deferred inflows of resources	.....	.....	.....	36,747
<b>FUND BALANCES</b>				
Nonspendable	.....	2	10	2,531
Restricted	.....	43	.....	1,592,075
Committed	31,268	883	231	1,111,055
Total fund balances	31,268	928	241	2,705,661
Total liabilities, deferred inflows and fund balances	\$ 31,440	\$ 935	\$ 244	\$ 3,254,643

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2017 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, 2017  
(in thousands)**

	Employment Services	Government Administration	Business and Community Development	Regulation and Licensing
<b>REVENUES</b>				
Taxes	\$ .....	\$ .....	\$ .....	\$ 252,336
Licenses and permits	.....	.....	.....	1,488,164
Fees and charges	139,634	22,886	1,904	96,855
Grants and donations	478,707	10,843	228,514	435
Investment earnings (losses)	(1,021)	(322)	(306)	(1,355)
Fines, forfeits, settlements and judgments	18,255	1	.....	39,188
Other	10,851	568	3,428	1,987
Total revenues	646,426	33,976	233,540	1,877,610
<b>EXPENDITURES</b>				
Current:				
General government	427,608	107,380	712,059	231,837
Education	174,123	.....	.....	.....
Human services	.....	.....	.....	.....
Criminal justice and corrections	.....	.....	.....	.....
Natural resources and environment	.....	.....	.....	1
State courts	.....	.....	.....	.....
Capital outlay	1,273	1,239	701	3,222
Debt service:				
Principal retirement	.....	.....	.....	166
Interest and fiscal charges	.....	.....	.....	3
Total expenditures	603,004	108,619	712,760	235,229
Excess (deficiency) of revenues over expenditures	43,422	(74,643)	(479,220)	1,642,381
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	75,281	69,655	517,170	70,773
Operating transfers out	(87,826)	(12,010)	(19,898)	(1,676,442)
Proceeds of financing agreements	.....	.....	.....	1,413
Total other financing sources (uses)	(12,545)	57,645	497,272	(1,604,256)
Net change in fund balances	30,877	(16,998)	18,052	38,125
Fund balances - beginning, as restated (Note 1)	295,750	80,868	226,457	197,982
Fund balances - ending	\$ 326,627	\$ 63,870	\$ 244,509	\$ 236,107

2017 STATE OF FLORIDA CAFR

Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ 1
.....	.....	.....	.....	23,547	.....
.....	102,512	9,453	4,331	61,522	44,931
.....	18,278	8,342	53,256	1,303,091	3,075
179	(98)	320	(36)	(157)	(4)
362,168	33,193	4	11,344	2,117	1,313
.....	2,287	1,577	5,263	4,298	48
362,347	156,172	19,696	74,158	1,394,418	49,364
50	24,288	.....	28,137	.....	.....
.....	.....	.....	.....	.....	.....
344,728	.....	.....	.....	.....	.....
.....	148,290	29,337	68,491	.....	106,040
.....	.....	.....	.....	1,427,053	.....
.....	.....	.....	.....	.....	.....
.....	6,926	134	687	8,731	284
.....	633	.....	.....	.....	.....
.....	10	.....	.....	.....	.....
344,778	180,147	29,471	97,315	1,435,784	106,324
17,569	(23,975)	(9,775)	(23,157)	(41,366)	(56,960)
5,544	37,588	7,181	58,524	49,046	74,809
(7,303)	(14,845)	(8,946)	(30,792)	(9,620)	(2,271)
.....	.....	.....	.....	.....	.....
(1,759)	22,743	(1,765)	27,732	39,426	72,538
15,810	(1,232)	(11,540)	4,575	(1,940)	15,578
4,119	113,913	26,176	73,095	50,335	80,746
\$ 19,929	\$ 112,681	\$ 14,636	\$ 77,670	\$ 48,395	\$ 96,324

**2017 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, 2017  
(in thousands)**

	Judicial Services	Military and Veterans' Affairs	Florida Clerks of Court Operations Corp	Citrus Commission
<b>REVENUES</b>				
Taxes	\$ .....	\$ .....	\$ .....	\$ 6,794
Licenses and permits	562	.....	.....	.....
Fees and charges	83,805	40,631	.....	13
Grants and donations	11,113	93,661	1,403	4,029
Investment earnings (losses)	.....	(314)	.....	(159)
Fines, forfeits, settlements and judgments	58,414	.....	.....	.....
Other	7,310	444	.....	97
Total revenues	161,204	134,422	1,403	10,774
<b>EXPENDITURES</b>				
Current:				
General government	1,803	44,887	1,314	12,843
Education	.....	.....	.....	.....
Human services	.....	85,119	.....	.....
Criminal justice and corrections	91,400	.....	.....	.....
Natural resources and environment	.....	.....	.....	.....
State courts	78,949	.....	.....	.....
Capital outlay	1,935	13,609	.....	33
Debt service:				
Principal retirement	.....	.....	.....	.....
Interest and fiscal charges	.....	.....	.....	.....
Total expenditures	174,087	143,615	1,314	12,876
Excess (deficiency) of revenues over expenditures	(12,883)	(9,193)	89	(2,102)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	35,210	7,702	.....	.....
Operating transfers out	(10,239)	(2,280)	.....	(313)
Proceeds of financing agreements	.....	.....	.....	.....
Total other financing sources (uses)	24,971	5,422	.....	(313)
Net change in fund balances	12,088	(3,771)	89	(2,415)
Fund balances - beginning, as restated (Note 1)	101,714	73,561	697	19,288
Fund balances - ending	\$ 113,802	\$ 69,790	\$ 786	\$ 16,873

2017 STATE OF FLORIDA CAFR

Blended Component Units					
State Board of Administration	School for the Deaf and the Blind	Wireless Emergency Telephone System	CareerSource Florida Inc	FL Water Pollution Control Financing Corp	Inland Protection Financing Corp
\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....
.....	.....	.....	.....	.....	.....
.....	1,471	115,937	.....	.....	.....
.....	3,063	.....	21,266	.....	.....
2,067	373	(286)	.....	12,906	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	27	.....	.....
2,067	4,907	115,651	21,293	12,906	.....
218,578	.....	103,565	21,226	70	.....
.....	5,111	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	24	1	.....	.....	.....
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....
218,578	5,135	103,566	21,226	70	.....
(216,511)	(228)	12,085	67	12,836	.....
218,457	1,682	.....	.....	1,308	.....
(17,691)	(42)	(22)	.....	(24,425)	.....
.....	.....	.....	.....	.....	.....
200,766	1,640	(22)	.....	(23,117)	.....
(15,745)	1,412	12,063	67	(10,281)	.....
107,464	13,379	42,895	1,206	1,078,763	2
\$ 91,719	\$ 14,791	\$ 54,958	\$ 1,273	\$ 1,068,482	\$ 2

**2017 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, 2017  
(in thousands)**

	Blended Component Units			Totals 6/30/17
	Surplus Lines	Corrections Foundation Inc	Scripps Florida Funding Corp	
<b>REVENUES</b>				
Taxes	\$ .....	\$ .....	\$ .....	\$ 259,131
Licenses and permits	.....	.....	.....	1,512,273
Fees and charges	7,849	15	.....	733,749
Grants and donations	.....	750	.....	2,239,826
Investment earnings (losses)	1,180	11	.....	12,978
Fines, forfeits, settlements and judgments	.....	.....	.....	525,997
Other	142	.....	.....	38,327
Total revenues	9,171	776	.....	5,322,281
<b>EXPENDITURES</b>				
Current:				
General government	5,776	.....	84	1,941,505
Education	.....	.....	.....	179,234
Human services	.....	.....	.....	429,847
Criminal justice and corrections	.....	820	.....	444,378
Natural resources and environment	.....	.....	.....	1,427,054
State courts	.....	.....	.....	78,949
Capital outlay	67	.....	.....	38,866
Debt service:				
Principal retirement	.....	.....	.....	799
Interest and fiscal charges	.....	.....	.....	13
Total expenditures	5,843	820	84	4,540,645
Excess (deficiency) of revenues over expenditures	3,328	(44)	(84)	781,636
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	.....	.....	.....	1,229,930
Operating transfers out	.....	.....	.....	(1,924,965)
Proceeds of financing agreements	.....	.....	.....	1,413
Total other financing sources (uses)	.....	.....	.....	(693,622)
Net change in fund balances	3,328	(44)	(84)	88,014
Fund balances - beginning, as restated (Note 1)	27,940	972	325	2,617,647
Fund balances - ending	\$ 31,268	\$ 928	\$ 241	\$ 2,705,661

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

	Employment Services		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 121,804	\$ 121,804	\$ .....
Reversions	56,173	56,173	.....
Fund Balances, July 1, 2016, restated	177,977	177,977	.....
<b>REVENUES</b>			
Fees and charges	127,185	128,537	1,352
Licenses	1,102	1,191	89
Miscellaneous	4,394	4,294	(100)
Interest	4,393	3,556	(837)
Grants	578,604	478,574	(100,030)
Refunds	11,101	12,086	985
Transfers and distributions	81,109	81,092	(17)
Other	17,370	18,400	1,030
Total Revenues	825,258	727,730	(97,528)
Total Available Resources	1,003,235	905,707	(97,528)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	136,864	122,733	14,131
Other personal services	24,747	11,850	12,897
Expenses	31,375	23,438	7,937
Grants and aids	4,522	3,518	1,004
Operating capital outlay	1,449	965	484
Food products	200	87	113
Special categories	514,145	469,781	44,364
Data processing services	3,657	3,469	188
Total Operating Expenditures	716,959	635,841	81,118
Nonoperating expenditures:			
Transfers	56,457	56,457	.....
Refunds	1,544	1,544	.....
Other	64,990	64,990	.....
Total Nonoperating Expenditures	122,991	122,991	.....
Total Expenditures	839,950	758,832	81,118
Fund Balances, June 30, 2017	\$ 163,285	\$ 146,875	\$ (16,410)

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

	Government Administration		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 76,548	\$ 76,548	\$ .....
Reversions	514	514	.....
Fund Balances, July 1, 2016, restated	77,062	77,062	.....
<b>REVENUES</b>			
Fees and charges	85,067	58,912	(26,155)
Interest	1,007	1,031	24
Grants	11,475	11,690	215
Refunds	9	559	550
Transfers and distributions	8,636	38,970	30,334
Other	.....	5	5
Total Revenues	106,194	111,167	4,973
Total Available Resources	183,256	188,229	4,973
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	35,861	34,109	1,752
Other personal services	1,100	726	374
Expenses	6,589	6,095	494
Grants and aids	2,403	2,394	9
Operating capital outlay	364	353	11
Special categories	71,372	67,591	3,781
Data processing services	441	397	44
Total Operating Expenditures	118,130	111,665	6,465
Nonoperating expenditures:			
Transfers	14,437	14,437	.....
Refunds	101	101	.....
Other	3,566	3,566	.....
Total Nonoperating Expenditures	18,104	18,104	.....
Total Expenditures	136,234	129,769	6,465
Fund Balances, June 30, 2017	\$ 47,022	\$ 58,460	\$ 11,438

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

	Business and Community Development		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 207,832	\$ 207,832	\$ .....
Reversions	188,094	188,094	.....
Fund Balances, July 1, 2016, restated	395,926	395,926	.....
<b>REVENUES</b>			
Fees and charges	2,317	2,322	5
Interest	4,551	3,588	(963)
Grants	274,956	87,656	(187,300)
Refunds	2,312	7,844	5,532
Employee/employer contributions	5	5	.....
Transfers and distributions	528,871	516,289	(12,582)
Other	86	139	53
Total Revenues	813,098	617,843	(195,255)
Total Available Resources	1,209,024	1,013,769	(195,255)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	14,074	12,525	1,549
Other personal services	2,882	2,239	643
Expenses	4,568	2,760	1,808
Grants and aids	9,400	6,436	2,964
Operating capital outlay	197	10	187
Special categories	686,582	458,627	227,955
Continuing Appropriations	3,303	3,303	.....
Grants/aids to local governments	2,729	2,729	.....
Data processing services	104	79	25
Total Operating Expenditures	723,839	488,708	235,131
Nonoperating expenditures:			
Transfers	310,825	310,825	.....
Refunds	1,368	1,368	.....
Other	614	614	.....
Total Nonoperating Expenditures	312,807	312,807	.....
Total Expenditures	1,036,646	801,515	235,131
Fund Balances, June 30, 2017	\$ 172,378	\$ 212,254	\$ 39,876



**2017 STATE OF FLORIDA CAFR**

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(in thousands)**

	<u>Regulation and Licensing</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Fund Balances, July 1, 2016	\$ 330,953	\$ 330,953	\$ .....
Reversions	1,928	1,928	.....
Fund Balances, July 1, 2016, restated	<u>332,881</u>	<u>332,881</u>	<u>.....</u>
<b>REVENUES</b>			
Fees and charges	114,307	130,442	16,135
Licenses	1,556,086	1,500,536	(55,550)
Taxes	232,810	251,516	18,706
Miscellaneous	175	3,543	3,368
Interest	371	2,828	2,457
Grants	500	435	(65)
Refunds	361	2,831	2,470
Transfers and distributions	22,959	50,297	27,338
Other	3,985	39,277	35,292
Total Revenues	<u>1,931,554</u>	<u>1,981,705</u>	<u>50,151</u>
Total Available Resources	<u>2,264,435</u>	<u>2,314,586</u>	<u>50,151</u>
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	126,190	117,805	8,385
Other personal services	4,197	3,553	644
Expenses	19,810	18,026	1,784
Operating capital outlay	1,916	1,689	227
Fixed capital outlay	969	969	.....
Special categories	41,963	35,577	6,386
Data processing services	8,312	6,608	1,704
Total Operating Expenditures	<u>203,357</u>	<u>184,227</u>	<u>19,130</u>
Nonoperating expenditures:			
Transfers	1,661,393	1,661,393	.....
Refunds	6,575	6,575	.....
Other	80,752	80,752	.....
Total Nonoperating Expenditures	<u>1,748,720</u>	<u>1,748,720</u>	<u>.....</u>
Total Expenditures	<u>1,952,077</u>	<u>1,932,947</u>	<u>19,130</u>
Fund Balances, June 30, 2017	\$ 312,358	\$ 381,639	\$ 69,281

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

	Tobacco Settlement		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 3,990	\$ 3,990	\$ .....
Reversions	687	687	.....
Fund Balances, July 1, 2016, restated	4,677	4,677	.....
<b>REVENUES</b>			
Interest	400	510	110
Refunds	115	115	.....
Transfers and distributions	334,156	334,155	(1)
Other	356,800	367,463	10,663
Total Revenues	691,471	702,243	10,772
Total Available Resources	696,148	706,920	10,772
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	320	320	.....
Special categories	353,160	352,200	960
Total Operating Expenditures	353,480	352,520	960
Nonoperating expenditures:			
Transfers	334,807	334,807	.....
Total Nonoperating Expenditures	334,807	334,807	.....
Total Expenditures	688,287	687,327	960
Fund Balances, June 30, 2017	\$ 7,861	\$ 19,593	\$ 11,732

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

	Public Safety		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 102,244	\$ 102,244	\$ .....
Reversions	5,612	5,612	.....
Fund Balances, July 1, 2016, restated	107,856	107,856	.....
<b>REVENUES</b>			
Fees and charges	100,684	100,137	(547)
Miscellaneous	90	36	(54)
Interest	328	366	38
Grants	19,016	17,489	(1,527)
Refunds	1,278	1,551	273
Transfers and distributions	41,546	42,340	794
Other	43,615	38,125	(5,490)
Total Revenues	206,557	200,044	(6,513)
Total Available Resources	314,413	307,900	(6,513)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	65,540	57,141	8,399
Other personal services	3,521	1,634	1,887
Expenses	30,961	24,602	6,359
Grants and aids	29,692	11,441	18,251
Operating capital outlay	9,275	5,123	4,152
Fixed capital outlay	1	1	.....
Special categories	73,543	73,543	.....
Data processing services	2	2	.....
Total Operating Expenditures	212,535	173,487	39,048
Nonoperating expenditures:			
Transfers	2,171	2,171	.....
Refunds	1,856	1,856	.....
Other	25,806	25,806	.....
Total Nonoperating Expenditures	29,833	29,833	.....
Total Expenditures	242,368	203,320	39,048
Fund Balances, June 30, 2017	\$ 72,045	\$ 104,580	\$ 32,535

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

	Corrections		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 25,376	\$ 25,376	\$ .....
Reversions	124	124	.....
Fund Balances, July 1, 2016, restated	25,500	25,500	.....
<b>REVENUES</b>			
Fees and charges	8,040	7,615	(425)
Interest	.....	137	137
Grants	8,350	8,279	(71)
Refunds	.....	1	1
Transfers and distributions	8,155	8,064	(91)
Other	2,450	2,236	(214)
Total Revenues	26,995	26,332	(663)
Total Available Resources	52,495	51,832	(663)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	8,872	4,772	4,100
Other personal services	1,338	381	957
Expenses	9,772	4,418	5,354
Operating capital outlay	133	133	.....
Food products	615	.....	615
Special categories	28,618	28,618	.....
Data processing services	72	51	21
Total Operating Expenditures	49,420	38,373	11,047
Nonoperating expenditures:			
Transfers	64	64	.....
Refunds	52	52	.....
Other	573	573	.....
Total Nonoperating Expenditures	689	689	.....
Total Expenditures	50,109	39,062	11,047
Fund Balances, June 30, 2017	\$ 2,386	\$ 12,770	\$ 10,384

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

	Consumer Protection and Safety		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 58,504	\$ 58,504	\$ .....
Reversions	7,228	7,228	.....
Fund Balances, July 1, 2016, restated	65,732	65,732	.....
<b>REVENUES</b>			
Fees and charges	5,371	4,342	(1,029)
Interest	40	89	49
Grants	163,401	46,085	(117,316)
Refunds	422	4,455	4,033
Transfers and distributions	59,914	60,481	567
Other	17,965	11,513	(6,452)
Total Revenues	247,113	126,965	(120,148)
Total Available Resources	312,845	192,697	(120,148)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	30,048	23,819	6,229
Other personal services	689	227	462
Expenses	4,740	2,673	2,067
Operating capital outlay	538	124	414
Special categories	168,997	71,812	97,185
Data processing services	50	9	41
Total Operating Expenditures	205,062	98,664	106,398
Nonoperating expenditures:			
Transfers	24,000	24,000	.....
Refunds	4,409	4,409	.....
Other	3,170	3,170	.....
Total Nonoperating Expenditures	31,579	31,579	.....
Total Expenditures	236,641	130,243	106,398
Fund Balances, June 30, 2017	\$ 76,204	\$ 62,454	\$ (13,750)

**2017 STATE OF FLORIDA CAFR**

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(in thousands)**

	Agriculture		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 48,904	\$ 48,904	\$ .....
Reversions	10,235	10,235	.....
Fund Balances, July 1, 2016, restated	59,139	59,139	.....
<b>REVENUES</b>			
Fees and charges	66,260	68,759	2,499
Licenses	23,691	24,432	741
Interest	.....	794	794
Grants	1,259,930	1,156,085	(103,845)
Refunds	3,469	3,545	76
Transfers and distributions	60,109	61,637	1,528
Other	2,499	2,635	136
Total Revenues	1,415,958	1,317,887	(98,071)
Total Available Resources	1,475,097	1,377,026	(98,071)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	90,977	79,911	11,066
Other personal services	7,572	5,149	2,423
Expenses	28,004	25,358	2,646
Grants and aids	1,176,270	1,135,142	41,128
Operating capital outlay	2,075	1,485	590
Fixed capital outlay	1,660	1,660	.....
Special categories	72,477	72,477	.....
Grants/aids to local governments	122	122	.....
Total Operating Expenditures	1,379,157	1,321,304	57,853
Nonoperating expenditures:			
Payments to U.S. Treasury	5,127	5,127	.....
Transfers	9,157	9,157	.....
Refunds	1,069	1,069	.....
Other	10,312	10,312	.....
Total Nonoperating Expenditures	25,665	25,665	.....
Total Expenditures	1,404,822	1,346,969	57,853
Fund Balances, June 30, 2017	\$ 70,275	\$ 30,057	\$ (40,218)

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

	Juvenile Justice		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 81,046	\$ 81,046	\$ .....
Reversions	2,838	2,838	.....
Fund Balances, July 1, 2016, restated	83,884	83,884	.....
<b>REVENUES</b>			
Fees and charges	43,080	44,473	1,393
Interest	10	4	(6)
Grants	4,501	3,127	(1,374)
Refunds	.....	482	482
Transfers and distributions	75,167	74,745	(422)
Other	1,304	1,319	15
Total Revenues	124,062	124,150	88
Total Available Resources	207,946	208,034	88
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	52,406	32,619	19,787
Other personal services	2,561	1,259	1,302
Expenses	8,769	5,789	2,980
Grants and aids	413	169	244
Operating capital outlay	417	336	81
Food products	2,572	1,438	1,134
Special categories	70,239	70,239	.....
Total Operating Expenditures	137,377	111,849	25,528
Nonoperating expenditures:			
Transfers	1	1	.....
Refunds	10	10	.....
Other	1,754	1,754	.....
Total Nonoperating Expenditures	1,765	1,765	.....
Total Expenditures	139,142	113,614	25,528
Fund Balances, June 30, 2017	\$ 68,804	\$ 94,420	\$ 25,616

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

	Judicial Services		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 102,317	\$ 102,317	\$ .....
Reversions	3,493	3,493	.....
Fund Balances, July 1, 2016, restated	105,810	105,810	.....
<b>REVENUES</b>			
Fees and charges	85,758	78,833	(6,925)
Licenses	565	562	(3)
Miscellaneous	2	2	.....
Grants	10,990	10,038	(952)
Refunds	7,310	6,534	(776)
Transfers and distributions	107,126	107,126	.....
Other	58,443	58,557	114
Total Revenues	270,194	261,652	(8,542)
Total Available Resources	376,004	367,462	(8,542)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	203,962	156,586	47,376
Other personal services	7,227	3,070	4,157
Expenses	3,514	2,434	1,080
Operating capital outlay	208	37	171
Special categories	15,681	15,681	.....
Data processing services	230	.....	230
Total Operating Expenditures	230,822	177,808	53,014
Nonoperating expenditures:			
Transfers	68,248	68,248	.....
Refunds	50	50	.....
Other	9,566	9,566	.....
Total Nonoperating Expenditures	77,864	77,864	.....
Total Expenditures	308,686	255,672	53,014
Fund Balances, June 30, 2017	\$ 67,318	\$ 111,790	\$ 44,472



**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

	Military and Veterans' Affairs		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 65,057	\$ 65,057	\$ .....
Reversions	420	420	.....
Fund Balances, July 1, 2016, restated	65,477	65,477	.....
<b>REVENUES</b>			
Fees and charges	39,724	34,333	(5,391)
Miscellaneous	2	2	.....
Interest	766	710	(56)
Grants	93,661	96,903	3,242
Refunds	91	202	111
Transfers and distributions	16,950	13,563	(3,387)
Other	30	19	(11)
Total Revenues	151,224	145,732	(5,492)
Total Available Resources	216,701	211,209	(5,492)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	64,559	62,909	1,650
Other personal services	3,276	3,189	87
Expenses	29,008	24,600	4,408
Operating capital outlay	2,490	2,208	282
Food products	3,823	3,743	80
Fixed capital outlay	19,661	19,661	.....
Special categories	30,677	24,708	5,969
Total Operating Expenditures	153,494	141,018	12,476
Nonoperating expenditures:			
Transfers	6,097	6,097	.....
Refunds	595	595	.....
Other	4,324	4,324	.....
Total Nonoperating Expenditures	11,016	11,016	.....
Total Expenditures	164,510	152,034	12,476
Fund Balances, June 30, 2017	\$ 52,191	\$ 59,175	\$ 6,984

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

	Citrus Commission		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 17,024	\$ 17,024	\$ .....
Reversions	1,082	1,082	.....
Fund Balances, July 1, 2016, restated	18,106	18,106	.....
<b>REVENUES</b>			
Taxes	6,288	6,795	507
Miscellaneous	35	23	(12)
Interest	244	(2,837)	(3,081)
Grants	4,348	3,481	(867)
Refunds	90	152	62
Other	.....	24	24
Total Revenues	11,005	7,638	(3,367)
Total Available Resources	29,111	25,744	(3,367)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	5,116	2,642	2,474
Other personal services	190	33	157
Expenses	1,406	588	818
Operating capital outlay	371	21	350
Fixed capital outlay	13	13	.....
Special categories	7,456	7,456	.....
Data processing services	45	43	2
Total Operating Expenditures	14,597	10,796	3,801
Nonoperating expenditures:			
Refunds	30	30	.....
Other	548	548	.....
Total Nonoperating Expenditures	578	578	.....
Total Expenditures	15,175	11,374	3,801
Fund Balances, June 30, 2017	\$ 13,936	\$ 14,370	\$ 434

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

	School for the Deaf and the Blind		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 1,215	\$ 1,215	\$ .....
Carry forward adjustment	.....	.....	.....
Fund Balances, July 1, 2016, restated	1,215	1,215	.....
<b>REVENUES</b>			
Grants	1,566	1,565	(1)
Transfers and distributions	2,119	2,004	(115)
Total Revenues	3,685	3,569	(116)
Total Available Resources	4,900	4,784	(116)
<b>EXPENDITURES</b>			
Special categories	3,277	3,277	.....
Total Operating Expenditures	3,277	3,277	.....
Nonoperating expenditures:			
Transfers	377	377	.....
Total Nonoperating Expenditures	377	377	.....
Total Expenditures	3,654	3,654	.....
Fund Balances, June 30, 2017	\$ 1,246	\$ 1,130	\$ (116)

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

	Wireless Emergency Telephone System		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2016	\$ 23,088	\$ 23,088	\$ .....
Reversions	5,866	5,866	.....
Fund Balances, July 1, 2016, restated	28,954	28,954	.....
<b>REVENUES</b>			
Interest	940	876	(64)
Other	114,400	114,486	86
Total Revenues	115,340	115,362	22
Total Available Resources	144,294	144,316	22
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	377	365	12
Other personal services	85	85	.....
Expenses	514	99	415
Grants and aids	135,535	135,535	.....
Operating capital outlay	4	2	2
Special categories	275	275	.....
Data processing services	3	2	1
Total Operating Expenditures	136,793	136,363	430
Nonoperating expenditures:			
Transfers	22	22	.....
Total Nonoperating Expenditures	22	22	.....
Total Expenditures	136,815	136,385	430
Fund Balances, June 30, 2017	\$ 7,479	\$ 7,931	\$ 452

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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.

2017 STATE OF FLORIDA CAFR

**COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
JUNE 30, 2017  
(in thousands)**

	General Government	Other	School for the Deaf and the Blind	Totals 6/30/17
<b>ASSETS</b>				
<u>Current assets</u>				
Pooled investments with State Treasury	\$ 207	\$ 433	\$ 1,503	\$ 2,143
Due from other funds	36,144	.....	.....	36,144
Total current assets	36,351	433	1,503	38,287
Total assets	36,351	433	1,503	38,287
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	90	.....	566	656
Total current liabilities	90	.....	566	656
Total liabilities	90	.....	566	656
<b>FUND BALANCES</b>				
Restricted	.....	.....	937	937
Committed	36,261	433	.....	36,694
Total fund balances	36,261	433	937	37,631
Total liabilities and fund balances	\$ 36,351	\$ 433	\$ 1,503	\$ 38,287

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(in thousands)**

	General Government	Other	School for the Deaf and the Blind	Totals 6/30/17
<b>REVENUES</b>				
Investment earnings (losses)	\$ .....	\$ (1)	\$ .....	\$ (1)
Total revenues	.....	(1)	.....	(1)
<b>EXPENDITURES</b>				
Current:				
General government	29,337	371	.....	29,708
Education	.....	.....	2,006	2,006
Human services	15,205	76	.....	15,281
Criminal justice and corrections	51,429	.....	.....	51,429
Capital outlay	22,549	.....	217	22,766
Total expenditures	118,520	447	2,223	121,190
Excess (deficiency) of revenues over expenditures	(118,520)	(448)	(2,223)	(121,191)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	116,140	405	3,035	119,580
Operating transfers out	.....	.....	(313)	(313)
Total other financing sources (uses)	116,140	405	2,722	119,267
Net change in fund balances	(2,380)	(43)	499	(1,924)
Fund balances - beginning	38,641	476	438	39,555
Fund balances - ending	\$ 36,261	\$ 433	\$ 937	\$ 37,631



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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.

## 2017 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2017**  
**(in thousands)**

	Other	FL Engineers Management Corp	Space Florida	Totals 6/30/17
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 2,908	\$ 393	\$ 21,685	\$ 24,986
Pooled investments with State Treasury	421,530	.....	.....	421,530
Other investments	15,177	.....	4,279	19,456
Receivables, net	1,744	6	12,429	14,179
Due from other funds	9,880	.....	.....	9,880
Due from component units/primary	1	.....	.....	1
Other	80	53	1,164	1,297
Total current assets	451,320	452	39,557	491,329
<u>Noncurrent assets</u>				
Long-term investments	53,259	.....	.....	53,259
Other loans and notes receivable, net	.....	.....	1,267	1,267
<u>Capital assets</u>				
Buildings, equipment, and other depreciable assets	31,457	482	120,793	152,732
Accumulated depreciation	(25,214)	(374)	(34,033)	(59,621)
Construction work in progress	83	.....	3,362	3,445
Other	.....	.....	5,644	5,644
Total noncurrent assets	59,585	108	97,033	156,726
Total assets	510,905	560	136,590	648,055
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related items	54,032	.....	.....	54,032
Total deferred outflows of resources	54,032	.....	.....	54,032
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	12,779	147	12,042	24,968
Due to other funds	6,630	.....	.....	6,630
Due to component units/primary	82	252	.....	334
Compensated absences	5,319	.....	74	5,393
Installment purchases/capital leases	.....	.....	1,506	1,506
Deposits	18,465	.....	3,839	22,304
Obligations under security lending agreements	17,290	.....	.....	17,290
Pension liability	1,238	.....	.....	1,238
Total current liabilities	61,803	399	17,461	79,663
<u>Noncurrent liabilities</u>				
Deposits	43,392	.....	.....	43,392
Installment purchases/capital leases	.....	.....	14,924	14,924
Compensated absences	13,466	.....	106	13,572
Pension liability	105,354	.....	.....	105,354
Other	46,464	.....	622	47,086
Total noncurrent liabilities	208,676	.....	15,652	224,328
Total liabilities	270,479	399	33,113	303,991
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related items	4,848	.....	.....	4,848
Total deferred inflows of resources	4,848	.....	.....	4,848
<b>NET POSITION</b>				
Net investment in capital assets	6,324	108	74,467	80,899
Restricted - other	.....	53	414	467
Unrestricted	283,286	.....	28,596	311,882
Total net position	\$ 289,610	\$ 161	\$ 103,477	\$ 393,248

## 2017 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, 2017**  
(in thousands)

	Other	FL Engineers Management Corp	Space Florida	Totals 6/30/17
<b>OPERATING REVENUES</b>				
Sales - nonstate	\$ 95,214	\$ .....	\$ 4,093	\$ 99,307
Fees	261,448	1,918	.....	263,366
Sales - state	39,632	.....	.....	39,632
Rents and royalties - nonstate	6	.....	.....	6
Rents - state	109	.....	.....	109
Fines, forfeits, settlements and judgments	11,058	.....	.....	11,058
Other	29	.....	18,860	18,889
Total operating revenues	407,496	1,918	22,953	432,367
<b>OPERATING EXPENSES</b>				
Contractual services	78,944	344	17,646	96,934
Personal services	182,432	1,072	6,143	189,647
Depreciation	2,548	42	7,286	9,876
Materials and supplies	4,950	33	.....	4,983
Repairs and maintenance	3,966	21	.....	3,987
Basic services	28,543	414	.....	28,957
Interest and fiscal charges	2,666	.....	.....	2,666
Total operating expenses	304,049	1,926	31,075	337,050
Operating income (loss)	103,447	(8)	(8,122)	95,317
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Grants and donations	601	.....	2,260	2,861
Investment earnings (losses)	(1,117)	.....	285	(832)
Interest and fiscal charges	(419)	.....	(505)	(924)
Fines, forfeits, judgments and settlements	2	.....	.....	2
Property disposition gain (loss)	740	.....	(19)	721
Grant expense and client benefits	(925)	.....	.....	(925)
Other	(167)	.....	(17)	(184)
Total nonoperating revenues (expenses)	(1,285)	.....	2,004	719
Income (loss) before transfers and contributions	102,162	(8)	(6,118)	96,036
Operating transfers in	22,850	.....	.....	22,850
Operating transfers out	(91,725)	.....	.....	(91,725)
Change in net position	33,287	(8)	(6,118)	27,161
Total net position - beginning, as restated (Note 1)	256,323	169	109,595	366,087
Total net position - ending	\$ 289,610	\$ 161	\$ 103,477	\$ 393,248

**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(in thousands)**

	Other	FL Engineers Management Corporation	Space Florida	Totals 6/30/17
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 415,058	\$ 1,918	\$ 4,302	\$ 421,278
Cash paid to vendors	(123,729)	(870)	(12,757)	(137,356)
Cash paid to employees	(173,648)	(1,072)	(6,653)	(181,373)
Cash received/(paid) for grants	.....	.....	10,067	10,067
Net cash provided (used) by operating activities	117,681	(24)	(5,041)	112,616
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in (out)	(69,743)	.....	.....	(69,743)
Advances, grants or loans (to) from or repayment from others	(310)	.....	.....	(310)
Net cash provided (used) by noncapital financing activities	(70,053)	.....	.....	(70,053)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Cash received from sale or lease of capital assets	.....	.....	1,354	1,354
Cash received from capital grants and donations	.....	.....	14,786	14,786
Payment of principal on installment purchase/capital lease	.....	.....	(2,356)	(2,356)
Purchase or construction of capital assets	(1,064)	(33)	.....	(1,097)
Line of credit draws/(payments)	(208)	.....	.....	(208)
Net cash provided (used) by capital and related financing activities	(1,272)	(33)	13,784	12,479
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Security lending	1,630	.....	.....	1,630
Proceeds from the sale or maturity of investments	85,945	.....	.....	85,945
Investment earnings	(1,591)	.....	(439)	(2,030)
Purchase of investments	(86,584)	.....	.....	(86,584)
Net cash provided (used) by investing activities	(600)	.....	(439)	(1,039)
Net increase (decrease) in cash and cash equivalents	45,756	(57)	8,304	54,003
Cash and cash equivalents - beginning	378,682	450	13,381	392,513
Cash and cash equivalents - ending	\$ 424,438	\$ 393	\$ 21,685	\$ 446,516

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(in thousands)**

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

	Other	FL Engineers Management Corporation	Space Florida	Totals 6/30/17
Operating income (loss)	\$ 103,447	\$ (8)	\$ (8,122)	\$ 95,317
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expense	2,548	42	7,286	9,876
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,392)	2	(859)	(2,249)
(Increase) decrease in due from other funds	(107)	.....	.....	(107)
Increase (decrease) in allowance for uncollectibles	2,240	.....	.....	2,240
(Increase) decrease in other non-current assets	.....	.....	225	225
Increase (decrease) in accounts payable	169	(60)	6,709	6,818
Increase (decrease) in compensated absences	125	.....	(13)	112
Increase (decrease) in due to other funds	296	.....	.....	296
Increase (decrease) in other non-current liability	8,448	.....	276	8,724
(Increase) decrease in deposits and prepaid items	(66)	.....	.....	(66)
Increase (decrease) in unearned revenue	6,613	.....	(10,543)	(3,930)
Increase (decrease) in pension liability and deferrals	(4,640)	.....	.....	(4,640)
Net cash provided (used) by operating activities	\$ 117,681	\$ (24)	\$ (5,041)	\$ 112,616

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

Change in fair value of investments	\$ (6,973)	\$ .....	\$ (18)	\$ (6,991)
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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).



## 2017 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2017**  
**(in thousands)**

	Employee Health and Disability	Data Centers	Communications and Facilities	Other	Totals 6/30/17
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$ 2	\$ .....	\$ 54,656	\$ .....	\$ 54,658
Pooled investments with State Treasury	598,272	4,815	54,337	8,835	666,259
Other investments	.....	.....	47,002	.....	47,002
Receivables, net	17,787	24	8,473	1,846	28,130
Due from other funds	6	4,543	10,273	4,893	19,715
Due from component units/primary	.....	.....	728	.....	728
Total current assets	616,067	9,382	175,469	15,574	816,492
<u>Noncurrent assets</u>					
Capital assets					
Land and other non-depreciable assets	.....	.....	318	1	319
Buildings, equipment, and other depreciable assets	27	39,824	1,526,909	4,988	1,571,748
Accumulated depreciation	(19)	(24,443)	(523,301)	(3,916)	(551,679)
Construction work in progress	.....	.....	3,842	.....	3,842
Total noncurrent assets	8	15,381	1,007,768	1,073	1,024,230
Total assets	616,075	24,763	1,183,237	16,647	1,840,722
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Amount deferred on refunding of debt	.....	.....	1,409	.....	1,409
Pension-related items	454	6,658	4,761	32,290	44,163
Total deferred outflows of resources	454	6,658	6,170	32,290	45,572
<b>LIABILITIES</b>					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	164,484	3,110	25,961	2,605	196,160
Due to other funds	35,060	45	121	795	36,021
Due to component units/primary	.....	174	.....	1	175
Compensated absences	44	1,000	510	1,284	2,838
Installment purchases/capital leases	.....	4,457	1,336	.....	5,793
Bonds payable	.....	.....	19,340	.....	19,340
Deposits	161,429	6	3,205	127	164,767
Obligations under security lending agreements	27,977	126	2,128	2	30,233
Certificates of participation payable	.....	.....	31,415	.....	31,415
Pension liability	11	127	142	361	641
Total current liabilities	389,005	9,045	84,158	5,175	487,383
<u>Noncurrent liabilities</u>					
Advances from other funds	.....	.....	500	.....	500
Bonds payable	.....	.....	221,609	.....	221,609
Certificates of participation payable	.....	.....	419,510	.....	419,510
Installment purchases/capital leases	.....	7,477	6,922	.....	14,399
Compensated absences	83	1,920	1,666	6,002	9,671
Pension liability	986	10,164	11,855	59,853	82,858
Other	788	6,093	7,193	17,099	31,173
Total noncurrent liabilities	1,857	25,654	669,255	82,954	779,720
Total liabilities	390,862	34,699	753,413	88,129	1,267,103
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Amount deferred on refunding of debt	.....	.....	2,958	.....	2,958
Pension-related items	1,073	2,131	1,110	2,663	6,977
Other	.....	.....	.....	.....	.....
Total deferred inflows of resources	1,073	2,131	4,068	2,663	9,935
<b>NET POSITION</b>					
Net investment in capital assets	8	3,447	306,088	1,073	310,616
Restricted - other	.....	.....	84,599	.....	84,599
Unrestricted	224,586	(8,856)	41,239	(42,928)	214,041
Total net position	\$ 224,594	\$ (5,409)	\$ 431,926	\$ (41,855)	\$ 609,256

**2017 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, 2017**  
**(in thousands)**

	Employee Health and Disability	Data Centers	Communications and Facilities	Other	Totals 6/30/17
<b>OPERATING REVENUES</b>					
Sales - nonstate	\$ .....	\$ 142	\$ 42,197	\$ 8,021	\$ 50,360
Fees	.....	.....	.....	178	178
Sales - state	2,170,815	73,976	83,595	59,297	2,387,683
Rents and royalties - nonstate	.....	.....	91	.....	91
Rents - state	.....	.....	155,730	.....	155,730
Fines, forfeits, settlements and judgments	.....	.....	.....	20	20
Other	18,212	.....	.....	6	18,218
Total operating revenues	2,189,027	74,118	281,613	67,522	2,612,280
<b>OPERATING EXPENSES</b>					
Contractual services	371,030	38,248	133,280	7,675	550,233
Insurance claims expense	1,857,865	.....	.....	.....	1,857,865
Personal services	2,489	20,619	18,368	54,225	95,701
Depreciation	3	5,995	31,957	440	38,395
Materials and supplies	111	4,436	985	1,434	6,966
Repairs and maintenance	.....	334	3,874	21	4,229
Basic services	120	1,602	2,894	3,157	7,773
Interest and fiscal charges	.....	.....	1	.....	1
Bad debt	1,787	.....	.....	.....	1,787
Total operating expenses	2,233,405	71,234	191,359	66,952	2,562,950
Operating income (loss)	(44,378)	2,884	90,254	570	49,330
<b>NONOPERATING REVENUES/(EXPENSES)</b>					
Grants and donations	.....	.....	.....	.....	.....
Investment earnings (losses)	(3,861)	(12)	186	(12)	(3,699)
Interest and fiscal charges	(623)	(232)	(33,756)	(1)	(34,612)
Property disposition gain (loss)	.....	(414)	(17)	(191)	(622)
Other	.....	29	.....	.....	29
Total nonoperating revenues (expenses)	(4,484)	(629)	(33,587)	(204)	(38,904)
Income (loss) before transfers and contributions	(48,862)	2,255	56,667	366	10,426
Operating transfers in	18,620	109	724	1	19,454
Operating transfers out	(6,609)	(121)	(14,156)	(1,999)	(22,885)
Capital contributions	.....	9	6	55	70
Change in net position	(36,851)	2,252	43,241	(1,577)	7,065
Total net position - beginning	261,445	(7,661)	388,685	(40,278)	602,191
Total net position - ending	\$ 224,594	\$ (5,409)	\$ 431,926	\$ (41,855)	\$ 609,256

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
(in thousands)

	Employee Health and Disability	Data Centers	Communications and Facilities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 2,186,828	\$ 76,576	\$ 283,025
Cash paid to vendors	(351,009)	(48,336)	(148,382)
Cash paid to employees	(1,462)	(19,855)	(18,990)
Cash paid for insurance claims	(1,847,158)	.....	.....
Net cash provided (used) by operating activities	(12,801)	8,385	115,653
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in (out)	15,227	(4)	(11,410)
Net cash provided (used) by noncapital financing activities	15,227	(4)	(11,410)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Cash received from the issuance of debt	.....	.....	48
Payment of bond principal	.....	.....	(61,005)
Payment of principal on installment purchase/capital lease	.....	(4,959)	(10,474)
Payment of interest on bonds/installment purchase/capital lease	.....	(229)	(23,221)
Purchase or construction of capital assets	.....	(965)	(8,438)
Net cash provided (used) by capital and related financing activities	.....	(6,153)	(103,090)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Security lending	(219)	33	(108)
Investment earnings	(4,525)	(16)	176
Net cash provided (used) by investing activities	(4,744)	17	68
Net increase (decrease) in cash and cash equivalents	(2,318)	2,245	1,221
Cash and cash equivalents - beginning	600,592	2,570	107,772
Cash and cash equivalents - ending	\$ 598,274	\$ 4,815	\$ 108,993

Other	Totals 6/30/17
\$ 65,890	\$ 2,612,319
(13,684)	(561,411)
(49,893)	(90,200)
.....	(1,847,158)
2,313	113,550
(1,981)	1,832
(1,981)	1,832
.....	48
.....	(61,005)
.....	(15,433)
.....	(23,450)
(246)	(9,649)
(246)	(109,489)
(72)	(366)
(12)	(4,377)
(84)	(4,743)
2	1,150
8,833	719,767
\$ 8,835	\$ 720,917

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(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)	\$ (44,378)	\$ 2,884	\$ 90,254
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	3	5,995	31,957
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(2,199)	(1)	(1,224)
(Increase) decrease in due from other funds	.....	925	.....
Increase (decrease) in allowance for uncollectibles	1,787	.....	.....
Increase (decrease) in accounts payable	17,478	(1,703)	(10,138)
Increase (decrease) in compensated absences	(28)	(140)	133
Increase (decrease) in due to other funds	.....	(50)	2,638
Increase (decrease) in other non-current liability	66	694	1,224
Increase (decrease) in unearned revenue	13,493	6	.....
Increase (decrease) in pension liability and deferrals	977	(225)	809
Net cash provided (used) by operating activities	\$ (12,801)	\$ 8,385	\$ 115,653

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

Change in fair value of investments	\$ (12,066)	\$ (45)	\$ (943)
-------------------------------------	-------------	---------	----------

Other	Totals 6/30/17
\$ 570	\$ 49,330
440	38,395
280	(3,144)
(1,647)	(722)
.....	1,787
628	6,265
(397)	(432)
(1,157)	1,431
2,694	4,678
(112)	13,387
1,014	2,575
<u>\$ 2,313</u>	<u>\$ 113,550</u>

\$ (20) \$ (13,074)

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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.



**COMBINING STATEMENT OF FIDUCIARY NET POSITION****PRIVATE-PURPOSE TRUST FUNDS****JUNE 30, 2017****(in thousands)**

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,550	\$ 270	\$ .....	\$ 93
Pooled investments with State Treasury	466,283	14,415	22,136	1,249
Total cash and cash equivalents	467,833	14,685	22,136	1,342
<u>Investments</u>				
U.S. government & federally guaranteed obligations	255	.....	.....	.....
Federal agencies	.....	.....	.....	.....
Bonds and notes	.....	.....	.....	.....
International bonds and notes	.....	.....	.....	.....
Mutual fund investments	.....	.....	.....	2,694
Money market and short-term investments	4	.....	.....	2,933
Domestic equity	.....	3,810	.....	.....
International equity	.....	.....	.....	.....
Total investments	259	3,810	.....	5,627
<u>Receivables</u>				
Accounts receivable	810	389	.....	.....
Interest receivable	2,449	4	34	2
Dividends receivable	.....	.....	.....	.....
Foreign currency contracts receivable	.....	.....	.....	.....
Pending investment sales	.....	.....	.....	.....
Due from state funds	.....	.....	.....	1,266
Due from other governments	.....	.....	9,336	.....
Total receivables	3,259	393	9,370	1,268
Advances to other funds	.....	907,026	.....	.....
Advances to other entities	840,859	.....	.....	.....
Capital assets	18	995	25	.....
Accumulated depreciation	.....	(891)	(25)	.....
Other assets	431	.....	.....	.....
Total assets	1,312,659	926,018	31,506	8,237
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related items	.....	870	.....	.....
Total deferred outflows of resources	.....	870	.....	.....
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	102	3,810	.....	506
Due to other funds	143	8	767	.....
Pending investment purchases	.....	.....	.....	.....
Foreign currency contracts payable	.....	.....	.....	.....
Due to other governments	.....	.....	3,043	.....
Obligations under security lending agreements	22,142	131	1,039	.....
Claims payable	.....	.....	1,486	.....
Deposits payable	190	.....	.....	.....
Compensated absences	.....	503	.....	.....
Other liabilities	.....	1,240	.....	.....
Pension liability	.....	2,211	.....	.....
Total liabilities	22,577	7,903	6,335	506
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related items	.....	20	.....	.....
Total deferred inflows of resources	.....	20	.....	.....
<b>NET POSITION</b>				
Restricted for individuals, organizations, and other governments	\$ 1,290,082	\$ 918,965	\$ 25,171	\$ 7,731

College Savings Plan	Totals 6/30/17
\$ 3,979	\$ 5,892
.....	504,083
3,979	509,975
57,998	58,253
57,924	57,924
79,368	79,368
8,075	8,075
.....	2,694
109,775	112,712
227,954	231,764
60,295	60,295
601,389	611,085
.....	1,199
938	3,427
668	668
235	235
4,727	4,727
.....	1,266
.....	9,336
6,568	20,858
.....	907,026
.....	840,859
1	1,039
(1)	(917)
.....	431
611,936	2,890,356
.....	870
.....	870
633	5,051
23	941
39,185	39,185
235	235
.....	3,043
.....	23,312
.....	1,486
39,244	39,434
38	541
.....	1,240
.....	2,211
79,358	116,679
.....	20
.....	20
\$ 532,578	\$ 2,774,527

## 2017 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**
**PRIVATE-PURPOSE TRUST FUNDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**
**(in thousands)**

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
<b>ADDITIONS</b>				
<u>Contributions and other deposits</u>				
Fees	\$ .....	\$ .....	\$ .....	\$ 6
Grants and contributions	.....	.....	81,929	.....
Fines, forfeits, settlements and judgments	.....	139	.....	.....
Unclaimed property remittances	.....	428,025	.....	.....
Receivership assets acquired	29,677	.....	.....	.....
Transfers in from state funds	.....	391	.....	3,166
Total contributions and other deposits	29,677	428,555	81,929	3,172
<u>Investment income</u>				
Interest income	(4,217)	(19)	(76)	23
Dividends	.....	.....	.....	18
Net increase (decrease) in fair market value	.....	.....	.....	120
Total investment income (loss)	(4,217)	(19)	(76)	161
Investment activity expense	(1,523)	(99)	.....	(35)
Net income (loss) from investing activity	(5,740)	(118)	(76)	126
Total net investment income (loss)	(5,740)	(118)	(76)	126
Other additions	39	2,413	2,607	3
Total additions	23,976	430,850	84,460	3,301
<b>DEDUCTIONS</b>				
Insurance claims expense	337,333	.....	.....	.....
Interest expense	598	3	25	.....
Student loan default payments	.....	.....	81,152	.....
Payments to unclaimed property claimants	.....	310,389	.....	.....
Distribution to State School Fund	.....	157,184	.....	.....
Administrative expense	11,807	4,153	.....	1,861
Property disposition gain (loss)	.....	2	.....	.....
Transfers out to state funds	.....	4,842	67	.....
Other deductions	.....	625	514	618
Total deductions	349,738	477,198	81,758	2,479
<u>Depositor activity</u>				
Deposits	80,249	.....	.....	4,156
Withdrawals	(207,929)	.....	.....	.....
Excess (deficiency) of deposits over withdrawals	(127,680)	.....	.....	4,156
Change in net position	(453,442)	(46,348)	2,702	4,978
Net position - beginning	1,743,524	965,313	22,469	2,753
Net position - ending	\$ 1,290,082	\$ 918,965	\$ 25,171	\$ 7,731

College Savings Plan	Totals 6/30/17
\$ 3,345	\$ 3,351
66,196	148,125
.....	139
.....	428,025
.....	29,677
.....	3,557
69,541	612,874
5,150	861
5,300	5,318
38,118	38,238
48,568	44,417
(857)	(2,514)
47,711	41,903
47,711	41,903
.....	5,062
117,252	659,839
.....	337,333
.....	626
.....	81,152
.....	310,389
.....	157,184
4,697	22,518
.....	2
.....	4,909
32,739	34,496
37,436	948,609
.....	84,405
.....	(207,929)
.....	(123,524)
79,816	(412,294)
452,762	3,186,821
\$ 532,578	\$ 2,774,527

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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.

**NATIONAL GUARD SUPPLEMENTAL RETIREMENT BENEFIT PLAN**

This category includes the internal reporting fund, defined benefit plan, administered by the Department of Management Services, Division of Retirement, to account for operations of the National Guard supplemental retirement benefit plan.

2017 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS  
JUNE 30, 2017  
(in thousands)**

	Defined Benefit Pension Plan	Other Defined Contribution Plans	Deferred Compensation Plan	Life and Other Benefits
<b>ASSETS</b>				
Cash and cash equivalents	\$ 130,731	\$ .....	\$ 44,214	\$ .....
Pooled investments with State Treasury	60,556	5,357	941	18,246
Total cash and cash equivalents	191,287	5,357	45,155	18,246
<u>Investments</u>				
Certificates of deposit	800,168	.....	.....	.....
U.S. government & federally guaranteed obligations	10,910,710	.....	.....	.....
Federal agencies	8,418,178	.....	.....	.....
Commercial paper	4,050,193	.....	.....	.....
Repurchase agreements	750,000	.....	.....	.....
Bonds and notes	6,859,419	.....	1,745,273	.....
International bonds and notes	1,952,266	.....	.....	.....
Real estate contracts	10,984,655	.....	.....	.....
Mutual fund investments	.....	.....	2,223,236	.....
Money market and short-term investments	16,867	.....	26	.....
Domestic equity	45,250,543	.....	26,162	.....
Alternative investments	24,004,242	.....	.....	.....
International equity	34,509,635	.....	1,911	.....
International equity commingled	7,911,257	.....	.....	.....
Deferred compensation annuities	.....	.....	20,776	.....
Self-directed brokerage investments	.....	.....	.....	.....
Other investments	17,211	.....	.....	.....
Total investments	156,435,344	.....	4,017,384	.....
<u>Receivables</u>				
Accounts receivable	33,707	.....	12	.....
State contributions receivable	6,129	.....	.....	.....
Nonstate contributions receivable	183,457	20	.....	.....
Interest receivable	122,877	8	2	38
Dividends receivable	201,580	.....	.....	.....
Pending investment sales	1,221,252	.....	.....	.....
Foreign currency contracts receivable	4,964,380	.....	.....	.....
Due from state funds	43,064	.....	.....	6,663
Total receivables	6,776,446	28	14	6,701
Security lending collateral	1,289,852	.....	.....	.....
Capital assets	1,064	.....	.....	7
Accumulated depreciation	(542)	.....	.....	(2)
Other assets	7,623	.....	.....	.....
Total assets	164,701,074	5,385	4,062,553	24,952
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related items	.....	46	.....	121
Total deferred outflows of resources	.....	46	.....	121
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	102,982	5	.....	10,839
Due to other funds	21,664	1	.....	1
DROP	216,703	.....	.....	.....
Pending investment purchases	3,701,087	.....	.....	.....
Short sell obligations	322,262	.....	.....	.....
Foreign currency contracts payable	4,949,138	.....	.....	.....
Broker rebate fees	1,106	.....	.....	.....
Obligations under security lending agreements	1,328,360	247	44	825
Deposits payable	.....	.....	.....	10,512
Compensated absences	906	3	.....	51
Other liabilities	3,603	39	.....	150
Pension liability	.....	107	.....	276
Total liabilities	10,647,811	402	44	22,654
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related items	.....	114	.....	302
Total deferred inflows of resources	.....	114	.....	302
<b>NET POSITION</b>				
Restricted for pension benefits and other purposes	\$ 154,053,263	\$ 4,915	\$ 4,062,509	\$ 2,117

Retiree Health Insurance Subsidy	Defined Contribution Pension Plan	National Guard Supplemental Retirement Benefit	Totals 6/30/17
\$ .....	\$ 63	\$ .....	\$ 175,008
151	53,735	.....	138,986
151	53,798	.....	313,994
.....	.....	.....	800,168
.....	105,387	.....	11,016,097
.....	75,318	.....	8,493,496
.....	.....	.....	4,050,193
.....	.....	.....	750,000
.....	124,002	.....	8,728,694
.....	20,575	.....	1,972,841
.....	.....	.....	10,984,655
.....	7,691,625	.....	9,914,861
134,445	940,661	.....	1,091,999
.....	520,514	.....	45,797,219
.....	.....	.....	24,004,242
.....	17,900	.....	34,529,446
.....	.....	.....	7,911,257
.....	.....	.....	20,776
.....	510,859	.....	510,859
.....	.....	.....	17,211
134,445	10,006,841	.....	170,594,014
43	424	.....	34,186
1,356	1,545	.....	9,030
29,807	46,058	.....	259,342
.....	1,311	.....	124,236
.....	1,303	.....	202,883
.....	42,948	.....	1,264,200
.....	.....	.....	4,964,380
12,511	9,706	.....	71,944
43,717	103,295	.....	6,930,201
.....	.....	.....	1,289,852
.....	.....	.....	1,071
.....	.....	.....	(544)
.....	.....	.....	7,623
178,313	10,163,934	.....	179,136,211
.....	.....	.....	167
.....	.....	.....	167
3	2,748	.....	116,577
.....	51,195	.....	72,861
.....	.....	.....	216,703
.....	78,140	.....	3,779,227
.....	.....	.....	322,262
.....	.....	.....	4,949,138
.....	.....	.....	1,106
.....	.....	.....	1,329,476
.....	.....	.....	10,512
.....	.....	.....	960
.....	.....	.....	3,792
.....	.....	.....	383
3	132,083	.....	10,802,997
.....	.....	.....	416
.....	.....	.....	416
\$ 178,310	\$ 10,031,851	\$ .....	\$ 168,332,965



## 2017 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, 2017**  
(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	\$ 457,950	\$ 91,262	\$ .....	\$ .....
Pension fund employer contributions - nonstate	2,158,693	159	.....	.....
Pension fund employee contributions	724,380	92,962	.....	.....
Other contributions	.....	.....	.....	160,115
Purchase of time by employees	7,063	.....	.....	.....
Fees	.....	.....	1,735	.....
Flexible benefits contributions	.....	.....	378,195	.....
Transfers in from state funds	71,110	.....	.....	5,796
Total contributions and other deposits	3,419,196	184,383	379,930	165,911
<u>Investment income</u>				
Interest income	1,152,950	10	(4)	68
Dividends	1,790,069	.....	.....	.....
Other investment income (loss)	2,186,431	.....	.....	.....
Net increase (decrease) in fair market value	14,192,417	.....	382,326	.....
Total investment income (loss)	19,321,867	10	382,322	68
Investment activity expense	(571,861)	(8)	.....	(129)
Net income (loss) from investing activity	18,750,006	2	382,322	(61)
<u>Security lending activity</u>				
Security lending income	63,625	.....	.....	.....
Security lending expense	(14,200)	.....	.....	.....
Net income from security lending	49,425	.....	.....	.....
Total net investment income (loss)	18,799,431	2	382,322	(61)
Other additions	2,485	176	7	.....
Total additions	22,221,112	184,561	762,259	165,850
<b>DEDUCTIONS</b>				
Benefit payments	9,347,970	.....	398,518	.....
Insurance claims expense	.....	.....	.....	3,828
Supplemental insurance payments	.....	.....	.....	79,425
Flexible reimbursement payments	.....	.....	.....	31,155
Life insurance premium payments	.....	.....	.....	30,684
Remittances to annuity companies	.....	183,989	.....	.....
Program contribution refunds	13,482	.....	.....	.....
Interest expense	.....	.....	1	.....
Administrative expense	17,089	290	26	988
Property disposition gain (loss)	.....	.....	.....	.....
Transfers out to state funds	570,328	1	1,633	18,799
Other deductions	8	.....	.....	.....
Total deductions	9,948,877	184,280	400,178	164,879
Change in net position	12,272,235	281	362,081	971
Net position - beginning	141,781,028	4,634	3,700,428	1,146
Net position - ending	\$ 154,053,263	\$ 4,915	\$ 4,062,509	\$ 2,117

Retiree Health Insurance Subsidy	Defined Contribution Pension Plan	National Guard Supplemental Retirement Benefit	Totals 6/30/17
\$ 76,584	\$ 59,721	\$ .....	\$ 685,517
452,644	243,526	.....	2,855,022
.....	164,698	.....	982,040
.....	.....	.....	160,115
.....	.....	.....	7,063
.....	.....	.....	1,735
.....	.....	.....	378,195
.....	568,912	14,720	660,538
529,228	1,036,857	14,720	5,730,225
1,190	7,924	.....	1,162,138
.....	25,950	.....	1,816,019
.....	28	.....	2,186,459
.....	1,133,580	.....	15,708,323
1,190	1,167,482	.....	20,872,939
(1)	(4,699)	.....	(576,698)
1,189	1,162,783	.....	20,296,241
.....	.....	.....	63,625
.....	.....	.....	(14,200)
.....	.....	.....	49,425
1,189	1,162,783	.....	20,345,666
191	25,879	.....	28,738
530,608	2,225,519	14,720	26,104,629
465,980	1,070,371	14,677	11,297,516
.....	.....	.....	3,828
.....	.....	.....	79,425
.....	.....	.....	31,155
.....	.....	.....	30,684
.....	.....	.....	183,989
.....	.....	.....	13,482
.....	.....	.....	1
177	7,139	43	25,752
.....	.....	.....	.....
1	88,692	.....	679,454
.....	.....	.....	8
466,158	1,166,202	14,720	12,345,294
64,450	1,059,317	.....	13,759,335
113,860	8,972,534	.....	154,573,630
\$ 178,310	\$ 10,031,851	\$ .....	\$ 168,332,965

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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.

## 2017 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**
**INVESTMENT TRUST FUNDS**
**JUNE 30, 2017**
**(in thousands)**

	External Treasury Pool	Investment Pool A	Totals 6/30/17
<b>ASSETS</b>			
Cash and cash equivalents	\$ .....	\$ 771,495	\$ 771,495
Pooled investments with State Treasury	1,176,431	.....	1,176,431
Total cash and cash equivalents	1,176,431	771,495	1,947,926
<u>Investments</u>			
Certificates of deposit	.....	1,638,985	1,638,985
Commercial paper	.....	4,912,382	4,912,382
Repurchase agreements	.....	25,125	25,125
Bonds and notes	.....	131,742	131,742
International bonds and notes	.....	8,799	8,799
Money market and short-term investments	.....	323,608	323,608
Total investments	.....	7,040,641	7,040,641
<u>Receivables</u>			
Interest receivable	1,808	7,050	8,858
Total receivables	1,808	7,050	8,858
Other assets	.....	29	29
Total assets	1,178,239	7,819,215	8,997,454
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	.....	516	516
Due to other funds	.....	66	66
Due to other governments	.....	5,336	5,336
Obligations under security lending agreements	56,582	.....	56,582
Total liabilities	56,582	5,918	62,500
<b>NET POSITION</b>			
Restricted for pool participants	\$ 1,121,657	\$ 7,813,297	\$ 8,934,954

2017 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**INVESTMENT TRUST FUNDS**  
**JUNE 30, 2017**  
**(in thousands)**

	External Treasury Pool	Investment Pool A	Totals 6/30/17
<b>ADDITIONS</b>			
<u>Investment income</u>			
Interest income	\$ (6,913)	\$ 74,770	\$ 67,857
Net increase (decrease) in fair market value	.....	266	266
Total investment income (loss)	(6,913)	75,036	68,123
Investment activity expense	(1,636)	(2,510)	(4,146)
Net income (loss) from investing activity	(8,549)	72,526	63,977
Total net investment income (loss)	(8,549)	72,526	63,977
Total additions	(8,549)	72,526	63,977
<b>DEDUCTIONS</b>			
Administrative expense	.....	54	54
Transfers out to state funds	.....	.....	.....
Total deductions	.....	54	54
<u>Depositor activity</u>			
Deposits	615,337	17,563,590	18,178,927
Withdrawals	(858,625)	(16,444,890)	(17,303,515)
Excess (deficiency) of deposits over withdrawals	(243,288)	1,118,700	875,412
Change in net position	(251,837)	1,191,172	939,335
Net position - beginning	1,373,494	6,622,125	7,995,619
Net position - ending	\$ 1,121,657	\$ 7,813,297	\$ 8,934,954

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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.

### **FLORIDA 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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**2017 STATE OF FLORIDA CAFR**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**JUNE 30, 2017**  
**(in thousands)**

	Tax Distribution and Administration	Other	School for the Deaf and the Blind	State Board of Administration	Totals 6/30/17
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,113	\$ 52,387	\$ 39	\$ 1	\$ 53,540
Pooled investments with State Treasury	711,912	214,870	.....	32,103	958,885
Total cash and cash equivalents	713,025	267,257	39	32,104	1,012,425
<u>Investments</u>					
U.S. government & federally guaranteed obligations	.....	.....	.....	8,982	8,982
Other investments	.....	100	.....	.....	100
Total investments	.....	100	.....	8,982	9,082
<u>Receivables</u>					
Accounts receivable	439,544	83,257	.....	.....	522,801
Interest receivable	.....	340	.....	78	418
Due from state funds	108,670	28,428	.....	.....	137,098
Due from other governments	2,307	.....	.....	.....	2,307
Total receivables	550,521	112,025	.....	78	662,624
Total assets	\$ 1,263,546	\$ 379,382	\$ 39	\$ 41,164	\$ 1,684,131
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 560,236	\$ 28,491	\$ 39	\$ .....	\$ 588,766
Due to other funds	85,011	111,929	.....	5	196,945
Due to other governments	618,299	19,235	.....	.....	637,534
Obligations under security lending agreements	.....	9,757	.....	1,535	11,292
Claims payable	.....	19,226	.....	.....	19,226
Deposits payable	.....	190,629	.....	39,624	230,253
Other liabilities	.....	115	.....	.....	115
Total liabilities	\$ 1,263,546	\$ 379,382	\$ 39	\$ 41,164	\$ 1,684,131

2017 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**AGENCY FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**(in thousands)**

<u>Tax Distribution and Administration</u>	Balance 6/30/2016	Additions	Deductions	Balance 6/30/2017
<b>ASSETS</b>				
Cash and cash equivalents	\$ 260	\$ 1,113	\$ 260	\$ 1,113
Pooled investments with State Treasury	620,583	644,146	552,817	711,912
Accounts receivable	441,505	439,544	441,505	439,544
Due from state funds	101,532	119,122	111,984	108,670
Due from other governments	2,307	.....	.....	2,307
Total assets	<u>\$ 1,166,187</u>	<u>\$ 1,203,925</u>	<u>\$ 1,106,566</u>	<u>\$ 1,263,546</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 554,474	\$ 560,236	\$ 554,474	\$ 560,236
Due to other funds	88,144	95,577	98,710	85,011
Due to other governments	523,569	618,299	523,569	618,299
Total liabilities	<u>\$ 1,166,187</u>	<u>\$ 1,274,112</u>	<u>\$ 1,176,753</u>	<u>\$ 1,263,546</u>
<u>Other</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 40,734	\$ 249,229	\$ 237,576	\$ 52,387
Pooled investments with State Treasury	194,081	1,625,008	1,604,219	214,870
Other investments	100	.....	.....	100
Accounts receivable	87,085	30,170	33,998	83,257
Interest receivable	286	1,247	1,193	340
Due from state funds	30,547	28,428	30,547	28,428
Total assets	<u>\$ 352,833</u>	<u>\$ 1,934,082</u>	<u>\$ 1,907,533</u>	<u>\$ 379,382</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 33,544	\$ 328,874	\$ 333,927	\$ 28,491
Due to other funds	91,970	111,978	92,019	111,929
Due to other governments	16,010	19,038	15,813	19,235
Obligations under security lending agreements	9,180	629	52	9,757
Claims payable	21,687	19,768	22,229	19,226
Deposits payable	180,343	85,840	75,554	190,629
Other liabilities	99	16	.....	115
Total liabilities	<u>\$ 352,833</u>	<u>\$ 566,143</u>	<u>\$ 539,594</u>	<u>\$ 379,382</u>
<u>School for the Deaf and the Blind</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 40	\$ 101	\$ 102	\$ 39
Total assets	<u>\$ 40</u>	<u>\$ 101</u>	<u>\$ 102</u>	<u>\$ 39</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 40	\$ 101	\$ 102	\$ 39
Total liabilities	<u>\$ 40</u>	<u>\$ 101</u>	<u>\$ 102</u>	<u>\$ 39</u>

2017 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**AGENCY FUNDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**(in thousands)**

<u>State Board of Administration</u>	Balance 6/30/2016	Additions	Deductions	Balance 6/30/2017
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1	\$ 3,625,145	\$ 3,625,145	\$ 1
Pooled investments with State Treasury	545,045	1,493,869	2,006,811	32,103
U.S. government & federally guaranteed obligations	3,808	8,250	3,076	8,982
Interest receivable	779	137	838	78
Total assets	<u>\$ 549,633</u>	<u>\$ 5,127,401</u>	<u>\$ 5,635,870</u>	<u>\$ 41,164</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 7,295	\$ 1	\$ 7,296	\$ .....
Due to other funds	48	1,901	1,944	5
Obligations under security lending agreements	26,631	.....	25,096	1,535
Deposits payable	515,659	1,477,952	1,953,987	39,624
Total liabilities	<u>\$ 549,633</u>	<u>\$ 1,479,854</u>	<u>\$ 1,988,323</u>	<u>\$ 41,164</u>
<u>Totals - All Agency Funds</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 41,035	\$ 3,875,588	\$ 3,863,083	\$ 53,540
Pooled investments with State Treasury	1,359,709	3,763,023	4,163,847	958,885
U.S. government & federally guaranteed obligations	3,808	8,250	3,076	8,982
Other investments	100	.....	.....	100
Accounts receivable	528,590	469,714	475,503	522,801
Interest receivable	1,065	1,384	2,031	418
Due from state funds	132,079	147,550	142,531	137,098
Due from other governments	2,307	.....	.....	2,307
Total assets	<u>\$ 2,068,693</u>	<u>\$ 8,265,509</u>	<u>\$ 8,650,071</u>	<u>\$ 1,684,131</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 595,353	\$ 889,212	\$ 895,799	\$ 588,766
Due to other funds	180,162	209,456	192,673	196,945
Due to other governments	539,579	637,337	539,382	637,534
Obligations under security lending agreements	35,811	629	25,148	11,292
Claims payable	21,687	19,768	22,229	19,226
Deposits payable	696,002	1,563,792	2,029,541	230,253
Other liabilities	99	16	.....	115
Total liabilities	<u>\$ 2,068,693</u>	<u>\$ 3,320,210</u>	<u>\$ 3,704,772</u>	<u>\$ 1,684,131</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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## 2017 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF NET POSITION**
**NONMAJOR COMPONENT UNITS**
**JUNE 30, 2017**
**(in thousands)**

	Water Management Districts	Other State Universities	Florida Colleges	Other Nonmajor Component Units	Totals 6/30/17
<b>ASSETS</b>					
Cash and cash equivalents	\$ 193,735	\$ 318,821	\$ 83,101	\$ 134,414	\$ 730,071
Pooled investments with State Treasury	44,608	1,366,332	210,078	32,931	1,653,949
Other investments	761,669	2,050,205	929,234	1,334,859	5,075,967
Receivables, net	19,261	657,448	390,074	184,888	1,251,671
Due from component units/primary	43,819	395,750	18,495	245	458,309
Inventories	5,122	6,575	10,788	12,642	35,127
Restricted cash and cash equivalents	.....	59,968	285,571	181,338	526,877
Restricted pooled investments with State Treasury	.....	197,367	360,909	.....	558,276
Restricted investments	243,468	2,025,888	1,149,180	8,531	3,427,067
Other loans and notes receivable, net	.....	82,916	.....	942	83,858
Other assets	12,099	207,250	57,520	6,523	283,392
Capital assets, net	7,455,130	8,494,779	4,193,165	651,824	20,794,898
Total assets	8,778,911	15,863,299	7,688,115	2,549,137	34,879,462
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accum. decrease in fair value -hedging derivatives	.....	14,974	.....	.....	14,974
Grants paid in advance	192	.....	.....	.....	192
Amount deferred on refunding of debt	1,669	7,959	263	.....	9,891
Pension-related items	73,948	661,223	491,676	39,310	1,266,157
Total deferred outflows of resources	75,809	684,156	491,939	39,310	1,291,214
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	129,684	398,613	299,315	213,756	1,041,368
Due to component units/primary	.....	23,916	12,674	.....	36,590
Long-term liabilities					
Due within one year	68,345	398,997	147,032	32,716	647,090
Due in more than one year	679,269	4,627,485	1,474,388	1,045,131	7,826,273
Total liabilities	877,298	5,449,011	1,933,409	1,291,603	9,551,321
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred service concession arrangement receipts	.....	3,611	1,949	327	5,887
Amount deferred on refunding of debt	.....	185	.....	.....	185
Pension-related items	26,688	11,605	100,046	5,490	143,829
Other	.....	.....	109	.....	109
Total deferred inflows of resources	26,688	15,401	102,104	5,817	150,010
<b>NET POSITION</b>					
Net investment in capital assets	6,994,927	6,309,811	3,974,804	649,274	17,928,816
Restricted for					
Debt service	.....	51,601	4,923	.....	56,524
Other	540,861	1,462,971	1,689,176	324,593	4,017,601
Funds held for permanent endowment					
Expendable	.....	243,175	124,293	.....	367,468
Nonexpendable	.....	1,953,286	498,007	3,616	2,454,909
Unrestricted	414,946	1,062,199	(146,662)	313,544	1,644,027
Total net position	\$ 7,950,734	\$ 11,083,043	\$ 6,144,541	\$ 1,291,027	\$ 26,469,345



2017 STATE OF FLORIDA CAFR

**COMBINING STATEMENT OF ACTIVITIES**  
**NONMAJOR COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(in thousands)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Water Management Districts	\$ 617,163	\$ 42,777	\$ 82,072	\$ 164,627
Other State Universities	7,059,793	2,581,078	1,885,957	236,421
Florida Colleges	3,341,934	692,619	1,097,951	318,499
Other Nonmajor Component Units	927,961	199,264	382,740	48,986
Total component units	<u>\$ 11,946,851</u>	<u>\$ 3,515,738</u>	<u>\$ 3,448,720</u>	<u>\$ 768,533</u>

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

Net position - ending

Net (Expense) Revenue and Changes in Net Position				
Water Management Districts	Other State Universities	Florida Colleges	Other Nonmajor Component Units	Totals 6/30/17
\$ (327,687)	\$ .....	\$ .....	\$ .....	\$ (327,687)
.....	(2,356,337)	.....	.....	(2,356,337)
.....	.....	(1,232,865)	.....	(1,232,865)
.....	.....	.....	(296,971)	(296,971)
(327,687)	(2,356,337)	(1,232,865)	(296,971)	(4,213,860)
477,039	.....	.....	.....	477,039
13,627	305,279	113,016	101,477	533,399
(73)	1,790	(2,437)	(19)	(739)
.....	2,083,241	1,245,317	254,999	3,583,557
9,328	368,249	79,837	84,610	542,024
.....	31,708	7,363	.....	39,071
499,921	2,790,267	1,443,096	441,067	5,174,351
172,234	433,930	210,231	144,096	960,491
7,778,500	10,649,113	5,934,310	1,146,931	25,508,854
\$ 7,950,734	\$ 11,083,043	\$ 6,144,541	\$ 1,291,027	\$ 26,469,345

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

Note: Reporting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. See Schedule A-2 for changes in net position from year to year.

<sup>(1)</sup> Beginning in Fiscal Year 2008, a portion of Restricted Net positions previously classified as "Other" are classified as "Transportation".

Fiscal Year				
2013	2014	2015	2016	2017
\$ 59,994,370	\$ 61,727,674	\$ 63,937,059	\$ 66,196,839	\$ 69,021,627
2,533,998	2,672,904	2,930,848	3,188,567	3,354,846
390,829	502,820	778,229	742,292	701,059
1,562,739	1,771,369	1,258,290	1,592,259	1,796,164
1,665,701	2,475,460	2,121,855	1,942,833	1,630,744
1,137,373	1,100,467	1,096,687	1,132,748	1,182,019
280,048	263,030	248,102	252,056	217,884
557,025	482,457	523,957	635,617	678,388
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
(10,774,051)	(9,773,999)	(12,370,358)	(12,006,653)	(12,401,193)
<u>\$ 57,348,032</u>	<u>\$ 61,222,182</u>	<u>\$ 60,524,669</u>	<u>\$ 63,676,558</u>	<u>\$ 66,181,538</u>
8.66%	6.76%	-1.14%	5.21%	3.93%
\$ 5,841,079	\$ 6,789,610	\$ 7,543,562	\$ 7,766,815	\$ 8,652,433
168,934	316,989	312,992	317,355	298,572
102,088	93,419	95,094	121,932	95,499
829,845	1,792,466	1,507,552	1,657,880	2,367,619
8,295,259	10,160,217	11,632,636	12,771,922	13,980,584
1,158,339	2,044,428	2,797,525	3,337,397	3,737,155
4,165	9,144	2,658	1,296	467
889,008	951,037	893,680	1,282,592	1,274,131
<u>\$ 17,288,717</u>	<u>\$ 22,157,310</u>	<u>\$ 24,785,699</u>	<u>\$ 27,257,189</u>	<u>\$ 30,406,460</u>
29.10%	28.16%	11.86%	9.97%	11.55%
\$ 65,835,449	\$ 68,517,284	\$ 71,480,621	\$ 73,963,654	\$ 77,674,060
2,533,998	2,672,904	2,930,848	3,188,567	3,354,846
390,829	502,820	778,229	742,292	701,059
1,562,739	1,771,369	1,258,290	1,592,259	1,796,164
1,834,635	2,792,449	2,434,847	2,260,188	1,929,316
1,137,373	1,100,467	1,096,687	1,132,748	1,182,019
280,048	263,030	248,102	252,056	217,884
102,088	93,419	95,094	121,932	95,499
829,845	1,792,466	1,507,552	1,657,880	2,367,619
8,295,259	10,160,217	11,632,636	12,771,922	13,980,584
1,158,339	2,044,428	2,797,525	3,337,397	3,737,155
561,190	491,601	526,615	636,913	678,855
.....	.....	.....	.....	.....
.....	.....	.....	.....	.....
(9,885,043)	(8,822,962)	(11,476,678)	(10,724,061)	(11,127,062)
<u>\$ 74,636,749</u>	<u>\$ 83,379,492</u>	<u>\$ 85,310,368</u>	<u>\$ 90,933,747</u>	<u>\$ 96,587,998</u>
12.80%	11.71%	2.32%	6.59%	6.22%



**Changes in Net Position**  
**For the Last Ten Fiscal Years**  
**(in thousands)**  
 (Accrual Basis of Accounting)

## SCHEDULE A-2

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

Fiscal Year				
2013	2014	2015	2016	2017
\$ 6,430,345	\$ 6,057,247	\$ 6,451,450	\$ 6,699,521	\$ 6,920,055
17,807,322	19,316,440	19,642,993	20,162,012	20,805,316
30,770,664	32,971,959	34,302,877	34,595,840	35,856,581
4,186,869	3,847,359	3,863,258	4,021,540	4,276,747
2,374,092	2,497,934	2,537,376	2,852,005	3,137,354
3,543,133	3,851,085	4,031,701	4,962,377	4,405,444
455,878	487,056	479,671	521,155	586,606
5,904	5,814	140,676	78,225	84,311
<u>65,574,207</u>	<u>69,034,894</u>	<u>71,450,002</u>	<u>73,892,675</u>	<u>76,072,414</u>
426,056	392,138	470,955	514,248	574,436
3,619,597	3,904,940	4,116,009	4,389,601	4,522,491
(95,313)	(90,146)	91,173	68,294	80,081
(149,009)	(48,662)	760,234	1,322,406	(251,749)
2,389,913	1,448,606	663,660	465,563	414,596
287,278	314,276	322,557	332,551	339,090
<u>6,478,522</u>	<u>5,921,152</u>	<u>6,424,588</u>	<u>7,092,663</u>	<u>5,678,945</u>
<u>\$ 72,052,729</u>	<u>\$ 74,956,046</u>	<u>\$ 77,874,590</u>	<u>\$ 80,985,338</u>	<u>\$ 81,751,359</u>
\$ 5,153,314	\$ 4,804,016	\$ 4,577,749	\$ 4,656,044	\$ 5,182,354
243,580	235,756	216,000	291,798	250,636
1,363,570	2,443,730	2,271,823	1,702,416	1,502,243
762,411	261,949	275,308	312,850	266,759
336,560	342,489	363,976	367,177	344,710
485,131	274,205	709,950	256,419	260,096
105,006	99,211	85,598	77,239	88,213
25,852,502	26,960,994	26,000,382	27,224,801	27,968,095
2,022,429	2,470,890	2,229,337	2,503,371	2,250,743
<u>36,324,503</u>	<u>37,893,240</u>	<u>36,730,123</u>	<u>37,392,115</u>	<u>38,113,849</u>
851,997	922,212	993,662	1,131,342	1,175,815
5,012,842	5,392,735	5,607,354	6,108,189	6,150,021
1,295,500	1,296,550	1,314,505	1,214,518	1,203,757
115,727	913,778	475,406	1,472,707	457,842
2,235,316	1,911,442	1,416,939	1,031,057	821,223
380,370	406,902	429,789	431,022	449,732
1,442,864	432,698	35,521	10,886	4,948
6,414	19,732	3,350	2,724	5,948
<u>11,341,030</u>	<u>11,296,049</u>	<u>10,276,526</u>	<u>11,402,445</u>	<u>10,269,286</u>
<u>\$ 47,665,533</u>	<u>\$ 49,189,289</u>	<u>\$ 47,006,649</u>	<u>\$ 48,794,560</u>	<u>\$ 48,383,135</u>
\$ (29,249,704)	\$ (31,141,654)	\$ (34,719,879)	\$ (36,500,560)	\$ (37,958,565)
<u>4,862,508</u>	<u>5,374,897</u>	<u>3,851,938</u>	<u>4,309,782</u>	<u>4,590,341</u>
<u>\$ (24,387,196)</u>	<u>\$ (25,766,757)</u>	<u>\$ (30,867,941)</u>	<u>\$ (32,190,778)</u>	<u>\$ (33,368,224)</u>

**Changes in Net Position**  
**For the Last Ten Fiscal Years**  
**(in thousands)**  
 (Accrual Basis of Accounting)

**SCHEDULE A-2**  
**(Continued)**

**General Revenues and Other Changes in**  
**Net Position**

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

<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> See Schedule A-1 for ending net asset balances for reported years.

Fiscal Year				
2013	2014	2015	2016	2017
\$ 19,914,591	\$ 21,255,958	\$ 22,916,865	\$ 24,255,828	\$ 25,333,464
2,580,843	2,680,381	2,799,442	2,934,580	3,016,110
2,055,440	2,043,380	2,236,690	2,181,244	2,383,783
1,662,044	1,806,604	2,118,466	2,284,854	2,427,903
279,047	254,236	305,131	341,418	370,421
1,422,775	1,317,185	1,261,598	1,030,801	933,454
1,700,095	1,631,109	1,647,809	1,589,210	1,521,059
907,004	917,693	914,710	940,747	959,339
588,765	614,337	779,056	777,404	767,388
1,142,373	1,187,566	1,241,641	1,282,545	1,309,079
104,112	346,868	138,726	327,804	61,669
(62,746)	(36,506)	(94,099)	90,007	(166,526)
.....	.....	.....	.....	.....
1,534,368	996,993	1,568,396	1,671,350	1,540,720
33,828,711	35,015,804	37,834,431	39,707,792	40,457,863
496	3,957	2,212	6,594	(696)
(4,679)	(2,579)	(13,238)	(154,186)	(799)
490,011	498,560	256,884	3,064	300
740	1,050	4,223	555	1,018
(1,534,368)	(996,993)	(1,568,396)	(1,671,350)	(1,540,720)
(1,047,800)	(496,005)	(1,318,315)	(1,815,323)	(1,540,897)
\$ 32,780,911	\$ 34,519,799	\$ 36,516,116	\$ 37,892,469	\$ 38,916,966
\$ 4,579,007	\$ 3,874,150	\$ 3,114,552	\$ 3,207,232	\$ 2,499,298
3,814,708	4,878,892	2,533,623	2,494,459	3,049,444
\$ 8,393,715	\$ 8,753,042	\$ 5,648,175	\$ 5,701,691	\$ 5,548,742

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

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>General Fund (Per GASB 54)<sup>(1)</sup>:</b>					
Nonspendable	\$ .....	\$ .....	\$ .....	\$ 76,554	\$ 33,323
Restricted	.....	.....	.....	52,767	49,739
Committed	.....	.....	.....	887,891	982,189
Unassigned	.....	.....	.....	2,609,956	3,735,358
Total general fund	.....	.....	.....	3,627,168	4,800,609
Percent change from prior year	.....	.....	.....	-13.01%	32.35%
<b>Other Governmental Funds (Per GASB 54)<sup>(1)</sup>:</b>					
Nonspendable	.....	.....	.....	59,967	74,260
Restricted	.....	.....	.....	4,565,723	4,651,214
Committed	.....	.....	.....	5,598,547	4,389,415
Unassigned	.....	.....	.....	.....	.....
Total other governmental funds	.....	.....	.....	10,224,237	9,114,889
<b>Total Governmental Funds <sup>(2)</sup></b>	<b>\$ .....</b>	<b>\$ .....</b>	<b>\$ .....</b>	<b>\$ 13,851,405</b>	<b>\$ 13,915,498</b>
Percent change from prior year	.....	.....	.....	1.42%	0.46%
<b>General Fund (Prior to GASB 54):</b>					
Reserved for:					
Encumbrances	\$ 104,614	\$ 103,142	\$ 67,330	\$ .....	\$ .....
Inventories	14,628	15,422	11,779	.....	.....
Advances	2,631	64,390	54,904	.....	.....
Long-term receivables	50,686	168	137	.....	.....
Capital outlay	177,049	102,685	91,868	.....	.....
Budget Stabilization Fund	1,353,690	273,874	274,916	.....	.....
Working Capital Fund	.....	.....	.....	.....	.....
Other	2,806	616,822	684,063	.....	.....
Unreserved	2,324,588	2,191,735	2,984,775	.....	.....
Total general fund	4,030,692	3,368,238	4,169,772	.....	.....
Percent change from prior year	-44.25%	-16.44%	23.80%	.....	.....
<b>Other Governmental Funds (Prior to GASB 54):</b>					
Reserved for:					
Encumbrances	81,220	116,822	190,104	.....	.....
Inventories	75,957	63,167	44,172	.....	.....
Advances	222,848	374,379	1,064,894	.....	.....
Long-term receivables	2,341,669	2,361,484	2,433,814	.....	.....
Capital outlay	3,568,444	2,621,895	2,424,194	.....	.....
Debt service	84,221	142,933	247,039	.....	.....
Permanent trust	1,722,247	.....	.....	.....	.....
Other	113,439	245,016	233,217	.....	.....
Unreserved, reported in:					
Special revenue funds	3,323,598	2,806,191	2,829,255	.....	.....
Capital projects funds	17,733	5,913	19,072	.....	.....
Permanent funds	412,246	1,687	2,276	.....	.....
Total other governmental funds	11,963,622	8,739,487	9,488,037	.....	.....
<b>Total Governmental Funds <sup>(2)</sup></b>	<b>\$ 15,994,314</b>	<b>\$ 12,107,725</b>	<b>\$ 13,657,809</b>	<b>\$ .....</b>	<b>\$ .....</b>
Percent change from prior year	-17.69%	-24.30%	12.80%	.....	.....

<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.

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

## SCHEDULE A-4

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Revenues</b>					
Taxes	\$ 31,544,362	\$ 27,693,512	\$ 28,391,262	\$ 29,355,780	\$ 30,480,459
Licenses and permits	1,300,154	1,261,366	1,396,105	1,462,002	1,519,256
Fees and charges	3,517,982	3,521,215	4,507,761	4,543,730	5,236,550
Grants and donations	19,610,900	22,075,028	28,302,772	30,231,722	25,891,493
Investment earnings (losses)	772,331	(164,294)	776,902	495,585	461,343
Fines, forfeits, settlements and judgments	818,804	764,621	1,231,959	1,183,431	1,234,008
Other	44,062	58,267	54,325	119,190	171,866
Total revenues	57,608,595	55,209,715	64,661,086	67,391,440	64,994,975
<b>Expenditures</b>					
Current:					
General government	7,684,863	6,633,032	6,830,572	6,750,211	6,363,177
Education	19,842,205	18,048,122	18,201,985	19,685,314	16,960,772
Human services	21,768,923	23,436,257	27,506,447	29,070,430	29,663,993
Criminal justice and corrections	4,173,403	3,949,006	4,293,598	4,436,318	4,106,400
Natural resources and environment	2,721,304	2,418,472	2,353,990	2,162,579	2,095,042
Transportation	3,971,868	3,727,772	3,050,317	3,504,054	3,183,656
State courts	457,883	403,267	430,980	426,559	401,216
Capital outlay	2,636,135	2,523,481	2,171,050	1,239,097	2,276,467
Debt service:					
Principal retirement	860,289	943,493	1,093,865	1,153,973	1,310,958
Interest and fiscal charges	903,637	971,752	1,024,211	1,054,036	1,019,426
Total expenditures	65,020,510	63,054,654	66,957,015	69,482,571	67,381,107
Excess (deficiency) of revenues over expenditures	(7,411,915)	(7,844,939)	(2,295,929)	(2,091,131)	(2,386,132)
<b>Other Financing Sources (Uses)</b>					
Proceeds of bond issues	2,571,311	1,901,696	1,705,534	962,333	317,936
Proceeds of refunding bonds	94,760	.....	1,961,934	1,540,777	2,799,911
Operating transfers in	9,847,759	9,659,500	10,203,770	9,413,135	9,611,610
Operating transfers out	(8,456,830)	(8,185,220)	(8,841,850)	(8,091,465)	(8,141,874)
Proceeds of financing agreements	8,984	117,960	9,594	724	662,553
Payments to refunded bond agent	(94,760)	.....	(1,961,934)	(1,540,777)	(2,799,911)
Total other financing sources (uses)	3,971,224	3,493,936	3,077,048	2,284,727	2,450,225
Net change in fund balances	\$ (3,440,691)	\$ (4,351,003)	\$ 781,119	\$ 193,596	\$ 64,093
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	2.8%	3.2%	3.3%	3.2%	3.5%

Fiscal Year				
2013	2014	2015	2016	2017
\$ 32,173,233	\$ 33,712,162	\$ 36,289,996	\$ 37,650,476	\$ 39,034,702
1,851,362	1,903,517	1,897,328	2,032,352	2,126,261
4,930,332	4,827,751	4,843,738	3,838,867	3,983,785
27,596,477	28,886,209	28,744,814	29,696,010	30,103,652
191,892	481,773	246,533	512,562	112,511
1,537,935	866,209	797,391	841,078	1,289,474
148,442	565,212	704,131	733,943	616,558
68,429,673	71,242,833	73,523,931	75,305,288	77,266,943
6,416,211	6,177,769	6,551,304	6,669,232	6,826,395
17,149,935	18,723,050	19,087,014	19,662,950	20,324,681
30,594,941	32,888,676	34,183,874	34,502,757	35,808,456
4,025,052	3,673,356	3,829,083	3,908,252	4,027,094
2,206,123	2,351,663	2,423,631	2,717,900	2,970,959
3,730,419	3,726,115	3,910,663	4,426,536	4,162,072
445,686	475,097	497,318	504,072	516,516
2,424,648	2,105,023	2,448,442	2,417,671	2,908,107
1,270,667	1,012,513	1,448,950	1,142,026	1,331,004
960,974	894,496	958,558	849,980	824,928
69,224,656	72,027,758	75,338,837	76,801,376	79,700,212
(794,983)	(784,925)	(1,814,906)	(1,496,088)	(2,433,269)
229,511	298,118	45,165	57,398	257,400
1,759,221	807,336	1,923,687	1,791,321	1,446,829
9,648,910	9,215,113	9,364,500	9,735,795	9,858,172
(8,097,250)	(7,590,188)	(7,787,355)	(7,977,382)	(8,142,270)
631,503	383,524	288,391	233,131	327,122
(1,759,221)	(807,336)	(1,923,687)	(1,791,321)	(1,446,829)
2,412,674	2,306,567	1,910,701	2,048,942	2,300,424
\$ 1,617,691	\$ 1,521,642	\$ 95,795	\$ 552,854	\$ (132,845)
3.3%	2.7%	3.3%	2.7%	2.8%



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

## SCHEDULE B-1

Industry	Calendar Year				
	2007	2008	2009	2010	2011
Agriculture	\$ 1,652,121	\$ 1,369,553	\$ 1,169,974	\$ 1,114,023	\$ 1,165,247
Mining	663,193	469,944	320,213	295,621	311,842
Construction	3,990,215	3,343,767	2,813,374	2,820,903	2,804,215
Manufacturing	16,277,337	14,056,016	11,479,034	10,878,166	11,513,052
Transportation	10,852,559	10,965,637	11,215,193	10,838,604	11,436,895
Communications <sup>(1)</sup>	15,677,020	15,924,520	16,084,681	17,837,511	15,104,143
Wholesale	21,307,898	19,899,564	17,283,554	19,514,708	19,661,065
Retail trade	182,161,612	164,058,988	158,206,374	161,552,218	173,087,498
Finance and insurance	20,875,323	21,022,328	27,554,293	27,456,593	28,324,565
Services	46,330,585	46,799,729	44,001,387	45,724,851	47,962,744
Government	274,053	354,338	331,221	307,812	345,215
Other	1,708,341	817,777	757,198	741,152	811,416
Total	<u>\$ 321,770,257</u>	<u>\$ 299,082,161</u>	<u>\$ 291,216,496</u>	<u>\$ 299,082,162</u>	<u>\$ 312,527,897</u>
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> Figures and summaries provided for 2012 and future reporting periods are based upon North American Industry Classification System (NAICS) classifications. Beginning in 2002, industry classification standards changed from the Standard Industry Classification (SIC) system to the NAICS, which modified how business establishments are classified. GASB Statement No. 44 requires reporting for 10 prior fiscal years; however, NAICS data was not available for reporting periods prior to 2012. Therefore, SIC-based data has been used to complete these prior reports.

<sup>(3)</sup> The sales tax rate on non-residential electricity was 7.0% for utility service provided prior to July 1, 2014. For utility service on or after July 1, 2014, the state sales tax rate is 4.35%. 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%. It was further reduced to 4.92% effective July 1, 2015. The sales tax rate on amusement machines is 4.0%. Farm equipment is tax -exempt.

Source: Florida Department of Revenue

Calendar Year				
2012 <sup>(2)</sup>	2013	2014	2015	2016
\$ 593,296	\$ 1,231,900	\$ 683,513	\$ 341,849	\$ 368,630
331,665	388,064	424,416	465,381	480,200
3,126,150	3,433,049	3,777,419	3,955,275	4,313,115
11,662,104	12,872,788	13,703,157	14,726,621	16,166,532
8,634,841	11,953,528	9,357,588	9,780,692	9,536,571
14,512,956	14,000,080	13,664,244	11,525,555	12,579,292
10,112,139	24,339,323	12,987,380	14,212,567	15,659,435
158,134,617	194,887,248	182,082,864	196,600,925	204,810,062
39,688,012	30,287,022	45,026,905	48,580,481	52,026,830
77,920,525	53,738,778	89,269,937	96,681,482	101,451,337
320,316	319,054	344,302	447,860	434,667
803,974	996,105	914,471	1,024,238	133,628
<u>\$ 325,840,595</u>	<u>\$ 348,446,939</u>	<u>\$ 372,236,196</u>	<u>\$ 398,342,926</u>	<u>\$ 417,960,299</u>
6.0%	6.0%	6.0%	6.0%	6.0%

**Principal Sales Tax Payers by Industry**  
**For Calendar Years 2016 and 2007**  
(dollars are in thousands)

SCHEDULE B-2

Industry	Calendar Year 2016			Calendar Year 2007		
	Number of filers	Sales Tax Liability	Percentage of Total	Number of filers	Sales Tax Liability	Percentage of Total
Agriculture	2,806	\$ 24,219	0.09%	4,835	\$ 63,489	0.28%
Mining	713	30,991	0.11%	904	44,708	0.19%
Construction	10,043	279,478	1.02%	7,726	321,965	1.40%
Manufacturing	32,851	1,054,605	3.86%	29,174	1,103,404	4.81%
Transportation and utilities	6,167	669,256	2.45%	5,981	663,139	2.89%
Communications <sup>(1)</sup>	3,397	618,901	2.26%	2,770	1,066,037	4.65%
Wholesale	46,316	1,028,209	3.76%	29,978	741,069	3.23%
Retail trade	248,949	13,379,235	48.95%	225,790	11,318,684	49.34%
Finance and insurance	212,599	3,438,807	12.58%	164,180	2,691,615	11.73%
Services	165,510	6,768,748	24.77%	133,076	4,626,074	20.16%
Government	245	29,439	0.11%	237	259,045	1.13%
Other	1,221	8,676	0.03%	3,027	42,814	0.19%
Total	<u>730,817</u>	<u>\$ 27,330,564</u>	<u>100.00%</u>	<u>607,678</u>	<u>\$ 22,942,043</u>	<u>100.00%</u>

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.

<sup>(1)</sup>Communication service tax rate was reduced from 6.65% to 4.92% starting July 2015.

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)**

Governmental Activities						
Fiscal Year	Full Faith and Credit	Pledged Revenue	Installment Purchases and Capital Leases	Public-Private Partnerships <sup>(1) (2)</sup>	Certificates of Participation	Total Governmental
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
2015	11,080	5,395	62	2,202	615	19,354
2016	10,712	5,099	63	2,388	573	18,835
2017	9,984	4,395	56	2,396	533	17,364

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

<sup>(1)</sup> This column accounts for Public-Private Partnership agreements initially recorded in fiscal year 2012, and each fiscal year thereafter.

<sup>(2)</sup> Refer to Notes 9 and 10 for further detail.

<sup>(3)</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>(4)</sup> Population data used in calculation of this ratio can be found in Schedule D-1.

## Business-type Activities

Pledged Revenue	Public- Private Partnerships <sup>(1) (2)</sup>	Installment Purchases and Capital Leases	Total Primary Government	Debt as a Percentage of Tax-supported Revenues <sup>(3)</sup>	Debt Per Capita <sup>(4)</sup>
\$ 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
4,808	376	19	24,557	69.47%	1,239.31
6,001	321	17	25,174	66.97%	1,249.41
5,350	262	16	22,992	59.04%	1,216.18

**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					
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	
2015	11,080	615	11,695	248	11,447	32.38%	577.69	
2016	10,712	573	11,285	252	11,033	29.35%	547.58	
2017	9,984	533	10,517	218	10,299	26.45%	544.78	

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 2016-2017:

Tax-supported revenues <sup>(1)</sup>	\$ 38,945
Debt limit <sup>(2)</sup>	2,337
Debt applicable to limit:	
Aggregate debt service on tax-supported debt	<u>2,178</u>
Legal debt margin	<u>\$ 159</u>

	2008	2009 <sup>(3)</sup>	2010 <sup>(3)</sup>	2011 <sup>(3)</sup>	2012 <sup>(3)</sup>	2013 <sup>(3)</sup>	2014	2015	2016	2017
Debt limit <sup>(2)</sup>	\$ 1,785	\$ 1,560	\$ 1,701	\$ 1,773	\$ 1,843	\$ 1,940	\$ 2,022	\$ 2,121	\$ 2,255	\$ 2,337
Total debt applicable to limit	<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>	<u>1,971</u>	<u>2,053</u>	<u>2,178</u>
Legal debt margin	<u>\$ (113)</u>	<u>\$ (498)</u>	<u>\$ (394)</u>	<u>\$ (431)</u>	<u>\$ (348)</u>	<u>\$ (256)</u>	<u>\$ 135</u>	<u>\$ 150</u>	<u>\$ 202</u>	<u>\$ 159</u>
Total net debt applicable to the limit as a percentage of debt limit.	106.33%	131.92%	123.16%	124.31%	118.88%	113.20%	93.32%	92.93%	91.03%	93.20%

<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, 2017, the total outstanding balance of tax-supported debt was approximately \$18,916,000,000.

<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, 2012, and 2013 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)

SCHEDULE C-4

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><i>Florida Turnpike</i></b>						
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
2015	894,589	177,160	717,429	120,990	132,100	2.83
2016	987,149	192,458	794,691	129,620	131,805	3.04
2017	1,044,530	208,198	836,332	133,590	123,804	3.25
<b><i>Florida Forever/Preservation 2000/Everglades</i></b>						
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
2015	1,229,100	.....	1,229,100	102,715	67,113	7.24
2016	2,276,900	.....	2,276,900	106,415	63,456	13.40
2017	2,417,800	.....	2,417,800	110,955	58,213	14.29
<b><i>Lottery Education <sup>(3)</sup></i></b>						
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
2015	1,496,371	.....	1,496,371	203,389	108,556	4.80
2016	1,692,550	.....	1,692,550	211,921	98,398	5.45
2017	1,656,348	.....	1,656,348	219,805	85,327	5.43
<b><i>Alligator Alley</i></b>						
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
2015	28,549	8,525	20,024	1,830	1,620	5.80
2016	30,649	9,972	20,677	1,920	1,529	6.00
2017	32,383	8,594	23,789	2,015	1,433	6.90
<b><i>State Infrastructure Bank</i></b>						
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
2015	56,750	.....	56,750	10,085	2,955	4.35
2016	51,131	.....	51,131	8,845	2,451	4.53
2017	47,269	.....	47,269	8,655	2,009	4.43

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

SCHEDULE C-4  
(Continued)

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 Hurricane Catastrophe Fund Finance Corporation</b>						
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
2015	1,564,480	18,687	1,545,793	325,000	71,339	3.90
2016	1,217,538	18,815	1,198,723	.....	46,975	25.52
2017	1,580,271	19,505	1,560,766	.....	69,529	22.45
<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
2015	53,960	.....	53,960	13,460	8,032	2.51
2016	55,768	.....	55,768	14,010	7,352	2.61
2017	56,193	.....	56,193	9,390	6,740	3.48
<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
2015	13,845	4,863	8,982	2,875	3,457	1.42
2016	14,378	5,676	8,702	3,000	3,321	1.38
2017	15,651	6,202	9,449	3,135	3,192	1.49
<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
2015	13,904	7,935	5,969	2,380	1,179	1.68
2016	14,151	8,148	6,003	2,485	1,075	1.69
2017	13,977	7,880	6,097	2,340	717	1.99
<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
2015	2,195	1,118	1,077	190	43	4.62
2016	1,942	1,039	903	200	33	3.87
2017	1,877	1,171	706	210	23	3.03
<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
2015	12,530	7,294	5,236	1,510	791	2.28
2016	13,093	7,298	5,794	1,570	729	2.52
2017	13,920	7,811	6,109	1,640	686	2.63
<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
2015	7,072	4,103	2,969	1,325	753	1.43
2016	7,277	4,208	3,069	1,365	713	1.48
2017	7,327	3,135	4,192	1,405	672	2.02

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

SCHEDULE C-4  
(Continued)

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><i>University of Central Florida</i></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
2015	21,248	3,002	18,246	3,410	1,505	3.71
2016	21,972	4,204	17,768	3,540	1,374	3.62
2017	22,189	3,962	18,227	3,150	1,218	4.17
<b><i>Florida State University</i></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
2015	11,892	3,204	8,688	3,025	1,903	1.76
2016	11,669	3,298	8,371	3,050	1,771	1.74
2017	12,175	3,515	8,660	3,165	1,549	1.84
<b><i>Housing System Revenue Bonds</i></b>						
<b><i>Florida Agricultural &amp; Mechanical University</i></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
2015	14,068	7,499	6,569	2,820	3,096	1.11
2016	14,910	7,605	7,304	2,959	2,957	1.23
2017	14,524	6,608	7,916	3,110	2,811	1.34
<b><i>Florida International University</i></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
2015	28,782	14,592	14,190	5,390	4,312	1.46
2016	30,578	13,141	17,437	5,465	3,840	1.87
2017	29,939	16,856	13,083	3,750	3,668	1.76
<b><i>University of Florida</i></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
2015	54,587	35,076	19,511	4,580	3,646	2.37
2016	59,717	38,192	21,525	4,705	3,346	2.67
2017	57,788	39,801	17,987	4,800	3,058	2.29
<b><i>Florida Atlantic University</i></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
2015	14,828	7,574	7,254	2,900	2,862	1.26
2016	16,665	8,136	8,529	3,020	2,746	1.48
2017	17,859	8,844	9,015	3,130	2,434	1.62
<b><i>University of Central Florida</i></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
2015	29,455	14,831	14,624	4,225	4,565	1.66
2016	30,881	16,641	14,240	4,395	4,400	1.62
2017	31,063	16,274	14,789	4,580	4,210	1.68
<b><i>Florida State University</i></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
2015	43,194	19,302	23,892	4,675	6,774	2.09
2016	45,281	21,230	24,051	6,065	7,841	1.73
2017	43,690	22,736	20,955	6,010	7,971	1.50

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

SCHEDULE C-4  
(Continued)

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><i>Student Health and Wellness Center Revenue Bonds</i></b>						
<b><i>University of Central Florida</i></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
2015	16,610	.....	16,610	395	226	26.76
2016	16,992	.....	16,992	410	209	27.45
2017	17,116	.....	17,116	425	191	27.79
<b><i>Florida State University</i></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
2015	14,842	.....	14,842	1,200	1,182	6.23
2016	14,794	.....	14,794	1,245	1,134	6.22
2017	14,941	.....	14,941	1,310	1,072	6.27
<b><i>University of North Florida</i></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
2015	4,243	.....	4,243	435	614	4.04
2016	3,939	.....	3,939	450	600	3.75
2017	4,187	.....	4,187	460	586	4.00
<b><i>Bookstore Revenue Bonds</i></b>						
<b><i>University of Central Florida</i></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><i>Student Services Center Revenue Bonds</i></b>						
<b><i>University of Florida</i></b>						
2014	21,347	.....	21,347	1,045	1,571	8.16
2015	22,208	.....	22,208	1,340	1,891	6.87
2016	25,098	.....	25,098	1,410	1,824	7.76
2017	28,012	.....	28,012	1,480	1,754	8.66
<b><i>Water Pollution Control Bonds</i></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
2015	96,548	.....	96,548	34,875	20,534	1.74
2016	85,635	.....	85,635	32,930	19,001	1.65
2017	77,943	.....	77,943	31,700	17,500	1.58
<b><i>Inland Protection Bonds</i></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
2015	198,432	.....	198,432	6,180	2,637	22.50
2016	206,567	.....	206,567	6,485	2,323	23.45
2017	212,853	.....	212,853	6,810	2,000	24.16
<b><i>Seaport Investment Program</i></b>						
2014	200,000	.....	200,000	2,387	6,195	23.30
2015	200,000	.....	200,000	2,145	6,436	23.31
2016	200,000	.....	200,000	2,250	6,329	23.31
2017	200,000	.....	200,000	2,365	6,217	23.31

<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.

**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.
2008	18,613,905	0.91%	304,093,966	0.95%	734,691	12,502,228
2009	18,687,425	0.39%	306,771,529	0.88%	691,356	12,094,789
2010	18,801,332	0.61%	309,338,421	0.84%	728,064	12,477,120
2011	18,905,070	0.55%	311,644,280	0.75%	773,316	13,254,522
2012	19,074,434	0.90%	313,993,272	0.75%	793,104	13,915,118
2013	19,259,543	0.97%	316,234,505	0.71%	798,886	14,073,672
2014	19,507,369	1.29%	318,622,525	0.76%	856,492	14,818,247
2015	19,815,183	1.58%	321,039,839	0.76%	919,958	15,552,968
2016	20,148,654	1.68%	323,405,935	0.74%	947,207	15,928,727
2017	20,484,142	1.67%	325,719,178	0.72%	984,072	16,415,900

<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: U.S. Department of Commerce; University of Florida; U.S. Department of Labor; and Florida Department of Education. Forecast data are based on the Florida Demographic Estimating Conference (December 2017), and the National and Florida Economic Estimating Conferences (January 2018).

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%	3,623,542	16.83%
15 - 24	1,942,430	12.15%	2,457,140	13.07%	2,572,989	11.95%
25 - 44	4,569,515	28.59%	4,720,799	25.11%	5,346,696	24.84%
45 - 64	3,628,573	22.70%	5,079,161	27.01%	5,574,549	25.90%
65 and Over	2,807,650	17.57%	3,259,602	17.34%	4,408,771	20.48%
Total	15,982,824	100.00%	18,801,310	100.00%	21,526,547	100.00%

Source: Forecast from December 2017 Florida Demographic Estimating Conference adjusted by age percentages from Florida Population Studies, Bulletin 178, June 2017, University of Florida, Bureau of Economic and Business Research. Year 2000 Census data incorporates adjustments for age misreporting prepared by the University of Florida, Bureau of Economic and Business Research.

Per Capita Personal Income		Unemployment Assistance Rate <sup>(1)</sup>		Median Age	Public School Enrollment <sup>(2)</sup>
Florida	U.S.	Florida	U.S.	Florida	Florida
39,470	41,113	6.3%	5.8%	40.1	2,652,684
36,996	39,426	10.4%	9.3%	40.4	2,628,754
38,724	40,335	11.1%	9.6%	40.6	2,634,382
40,905	42,531	10.0%	8.9%	40.9	2,643,396
41,579	44,317	8.5%	8.1%	41.0	2,667,830
41,480	44,504	7.2%	7.4%	41.1	2,691,322
43,906	46,507	6.3%	6.2%	41.3	2,720,074
46,427	48,446	5.4%	5.3%	41.5	2,756,127
47,011	49,253	4.9%	4.9%	41.6	2,791,244
48,041	50,399	4.3%	4.4%	41.7	2,817,076

**Industry Sector Employment  
For Calendar Years 2016 and 2007  
(in thousands)**

**SCHEDULE D-2**

Industry	Calendar Year 2016		Calendar Year 2007	
	Employment	Percentage of Total Employment <sup>(1)</sup>	Employment	Percentage of Total Employment <sup>(1)</sup>
Retail Trade	1,101	13.02%	1,027	12.69%
Health Care and Social Assistance	1,087	12.85%	898	11.10%
Accommodation and Food Services	952	11.26%	788	9.74%
Local Government	746	8.82%	780	9.64%
Administrative and Waste Services	655	7.74%	615	7.60%
Professional, Scientific, and Technical Services	530	6.27%	460	5.69%
Construction	473	5.59%	623	7.70%
Finance and Insurance	366	4.33%	373	4.61%
Manufacturing	355	4.20%	399	4.93%
Other Services <sup>(2)</sup>	350	4.14%	335	4.14%
<b>Total</b>	<b>6,615</b>	<b>78.21%</b>	<b>6,298</b>	<b>77.84%</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.

In December 2016, Florida's seasonally adjusted total nonagricultural employment was 8,492,400, an increase of 244,400 jobs (+3.0 percent) over the year. Florida's annual job growth rate had been positive for 77 consecutive months. Prior to August 2010, the state had been losing jobs for three years. In December 2016, nine of the ten major industries gained jobs over the year with professional and business services (+51,800 jobs) gaining the most followed by education and health services (+41,800 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:

	2016	2007
Total non-agricultural employment (in thousands)	8,383	7,998
Total agricultural employment (in thousands)	75	93
<b>Total employment</b>	<b>8,458</b>	<b>8,091</b>

<sup>(2)</sup> "Other Services" include the following: Automotive repair and maintenance, personal and laundry services, and religious, grantmaking, civic, professional, and similar organizations.

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						
	2008	2009	2010	2011	2012	2013	2014
Financial administration	15,409	15,510	15,542	15,212	16,778	25,974	25,856
Streets and highways	7,156	7,229	7,048	6,751	6,116	5,821	5,827
Public welfare	12,507	12,528	12,723	12,278	14,148	13,784	13,736
Police protection	5,248	5,137	5,079	4,981	5,201	5,181	5,314
Natural resources	7,761	7,773	7,687	7,481	7,437	7,245	7,185
Health	16,388	17,105	16,917	16,303	15,437	14,957	14,414
Housing and community development <sup>(1)</sup>	28	27	28	31	39	87	44
Community development <sup>(1)</sup>	284	289	256	278	53	37	36
Criminal justice and corrections	40,558	40,555	41,229	39,051	35,875	25,524	24,114
Utility and transportation	323	321	315	301	270	269	259
Employee security	1,243	1,269	1,439	1,481	1,563	1,384	1,446
Education	2,499	2,359	2,251	2,272	2,251	2,184	2,147
State courts	4,401	4,113	4,117	4,009	4,042	4,097	4,112
Other	2,059	1,908	1,802	1,724	2,698	999	1,025
Total	<u>115,864</u>	<u>116,123</u>	<u>116,433</u>	<u>112,153</u>	<u>111,908</u>	<u>107,543</u>	<u>105,515</u>

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 prorated accordingly.

<sup>(1)</sup> In fiscal year 2015-16 a Legislative Budget Request from Department of Economic Opportunity was approved to combine the functions of Community Development with Housing.

Sources: Florida Legislature, Florida State Board of Administration, Florida Department of Management Services

Fiscal Year		
2015	2016	2017
25,596	25,713	25,906
5,810	5,685	5,647
13,829	13,852	13,817
5,395	5,306	5,384
7,143	7,126	6,995
13,448	13,418	13,104
42	78	73
34	.....	.....
25,376	24,661	24,858
257	245	253
1,346	1,295	1,279
2,185	2,109	2,090
4,055	4,098	4,098
1,020	782	1,002
<u>105,536</u>	<u>104,368</u>	<u>104,506</u>

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

## SCHEDULE E-2

	Fiscal Year				
	2008	2009	2010	2011	2012
<b><u>General Government</u></b>					
<b>Department of Revenue</b>					
Total administered taxes ( <i>in millions \$</i> )	34,152	30,140	29,677	31,391	31,989
<b>Department of Management Services <sup>(1)</sup></b>					
Number of retired members covered	274,842	288,216	302,978	318,881	333,870
<b><u>Education</u></b>					
<b>Universities</b>					
University enrollments	301,135	302,513	312,259	321,503	329,737
Degrees awarded	68,423	70,616	73,579	76,021	79,323
<b><u>Human Services</u></b>					
<b>Department of Health <sup>(2)</sup></b>					
Number of live births	231,417	221,391	214,519	213,237	212,954
Number of deaths	170,473	169,854	172,509	172,856	175,849
<b>Department of Children and Families</b>					
Supplemental Nutrition Assistance Program (SNAP) recipients	1,523,273	2,109,289	2,726,167	3,170,445	3,326,637
SNAP households	783,282	1,084,754	1,452,191	1,725,855	1,815,239
<b><u>Criminal Justice and Corrections</u></b>					
<b>Department of Corrections</b>					
Inmate admissions	41,054	39,354	36,992	34,992	32,279
Community supervision admissions	107,861	100,619	94,387	92,258	90,880
Facility population	98,192	100,894	102,232	102,319	100,527
<b><u>Natural Resources and Environment</u></b>					
<b>Department of Environmental Protection</b>					
State park and trail visitations	20,737,052	21,458,588	20,110,021	20,442,212	24,983,179
<b>Florida Fish and Wildlife Conservation Commission</b>					
Fishing and hunting licenses <sup>(3)</sup>	1,588,227	1,605,617	1,576,518	1,534,518	1,638,055
<b><u>Transportation</u></b>					
<b>Department of Highway Safety &amp; Motor Vehicles</b>					
Registrations <sup>(4)</sup>	22,125,361	20,918,645	19,496,005	19,197,024	20,024,942
Titles issued <sup>(4)</sup>	5,920,326	4,901,295	5,104,919	5,361,258	5,039,215
Traffic crashes <sup>(2) (5)</sup>	243,342	235,778	235,461	227,998	281,340
<b>Department of Transportation <sup>(2)</sup></b>					
Daily vehicle miles traveled ( <i>in thousands</i> )	305,253	293,858	286,902	288,007	284,052
<b><u>State Courts</u></b>					
<b>State Courts System</b>					
Number of cases filed/added:					
Circuit criminal defendants	235,451	209,593	201,785	196,453	188,669
County criminal	515,552	464,090	433,437	405,248	367,478
County civil	615,290	503,314	483,521	459,538	477,024
Traffic	618,506	538,406	500,316	483,644	472,662
Family court	350,477	335,854	347,049	349,222	322,854
Circuit civil	418,579	547,194	490,092	293,415	305,732
Probate	102,532	98,345	98,553	100,849	101,606

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

<sup>(1)</sup> 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.

<sup>(2)</sup> Information for this agency and/or item is only reported by calendar year. Information reported in each column represents calendar year ended December 31.

<sup>(3)</sup> Beginning in 2014, the count being included reports the number of actual licenses versus prior years that reported the count of license holders.

<sup>(4)</sup> Includes motor vehicles, manufactured homes, and vessels.

<sup>(5)</sup> Effective July 1, 2012, Section 316.066, F.S., was amended to require all law enforcement agencies to report additional crash data to the 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				
2013	2014	2015	2016	2017
34,659	41,095	43,589	44,528	46,148
347,147	362,216	377,671	394,527	406,018
334,989	337,750	341,044	345,672	352,116
81,260	83,001	84,445	86,118	87,845
215,194	219,905	224,273	225,018	Unavailable
180,014	185,038	191,488	197,236	Unavailable
3,581,136	3,565,520	3,693,396	3,597,030	3,270,816
1,962,933	1,946,026	2,029,951	1,971,469	1,736,445
33,295	32,442	30,985	30,289	28,783
88,819	86,369	83,064	83,176	83,293
100,884	100,942	100,050	99,119	97,794
25,575,794	27,170,451	31,108,245	31,840,658	32,219,989
1,544,549	2,350,586	2,406,822	2,532,883	2,562,063
20,259,599	21,357,026	22,695,334	22,546,058	22,783,727
5,362,575	6,014,150	6,615,964	6,098,475	6,122,750
316,943	344,170	374,342	395,785	Unavailable
287,977	288,398	307,532	322,051	Unavailable
186,117	176,768	171,414	171,670	169,529
361,046	355,981	341,499	317,587	316,029
438,963	417,323	431,868	428,401	470,957
383,776	280,102	285,716	282,362	278,528
289,752	281,154	284,629	288,430	286,659
294,124	198,856	181,222	176,740	171,515
107,144	114,024	115,746	118,989	122,498

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

**SCHEDULE E-3**

	Fiscal Year				
	2008	2009	2010	2011	2012
<b><u>General Government</u></b>					
<b>Department of Management Services</b>					
Buildings	85	85	85	84	86
<b><u>Education</u></b>					
<b>Universities and colleges <sup>(1)</sup></b>					
Assignable square feet (in thousands)	49,990	50,702	51,787	54,488	54,890
<b><u>Human Services</u></b>					
<b>Department of Health</b>					
Buildings	53	51	57	57	73
Vehicles	319	300	327	328	323
<b>Department of Children and Families</b>					
Buildings	211	211	223	530	296
<b><u>Criminal Justice and Corrections</u></b>					
<b>Department of Corrections</b>					
Correctional institutions	60	78	62	61	63
Work camps, forestry camps	42	42	43	41	40
Work release centers	32	34	34	34	33
Other facilities	5	5	5	4	7
<b><u>Natural Resources and Environment</u></b>					
<b>Division of Recreation and Parks</b>					
Number of state parks, greenways and trails	161	161	160	160	171
Acres of land owned	698,648	700,296	702,730	704,139	788,982
<b>Department of Environmental Protection</b>					
Acres of land owned <sup>(2)</sup>	4,500,719	4,521,508	4,535,931	4,563,632	4,239,023
<b>Florida Fish and Wildlife Conservation Commission</b>					
Vehicles	1,549	1,520	1,669	1,637	1,876
<b><u>Transportation</u></b>					
<b>Department of Transportation</b>					
Highway lane miles	42,181	42,542	42,711	42,883	43,138
Vehicles	5,313	5,125	5,125	4,683	4,607
Buildings	1,691	1,719	1,774	1,745	391
<b><u>State Courts</u></b>					
<b>State Courts System</b>					
Machinery and equipment	9,335	9,400	9,760	9,697	9,199

<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				
2013	2014	2015	2016	2017
88	88	90	91	91
56,277	57,938	58,122	61,706	62,210
36	38	38	36	34
315	378	353	369	370
211	211	211	227	227
55	56	55	56	57
39	38	44	43	42
32	35	34	33	32
16	16	17	17	17
171	171	201	174	174
789,059	788,619	792,999	791,145	790,852
4,245,742	4,268,885	4,281,419	4,284,333	4,319,159
1,637	1,800	1,835	1,787	2,050
43,337	43,514	43,665	43,819	44,064
4,703	4,406	4,188	4,170	4,170
385	383	417	571	478
10,495	10,656	12,295	12,949	12,659

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