

FLORIDA  
**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

*Fiscal Year Ended  
June 30, 2018*



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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, 2018



**Ron DeSantis**  
GOVERNOR

**Jimmy Patronis**  
CHIEF FINANCIAL OFFICER

**FLORIDA DEPARTMENT OF FINANCIAL SERVICES**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2018**

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# **INTRODUCTORY SECTION**



CHIEF FINANCIAL OFFICER  
JIMMY PATRONIS  
STATE OF FLORIDA

February 8, 2019

Citizens of the State of Florida  
The Honorable Ron DeSantis, Governor  
The Honorable Bill Galvano, President of the Senate  
The Honorable Jose R. Oliva, Speaker of the House of Representatives

To the Citizens of Florida, Governor DeSantis, President Galvano, and Speaker Oliva:

I am pleased to submit the State of Florida's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018, 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, 2018. 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 ninth consecutive year of positive growth in General Fund collections in June 2018. While the state's recovery from the Great Recession was 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 and have now moved beyond those levels. The drags—particularly construction—have proven to be more persistent than past events, but the strength in tourism is compensating for this, allowing overall healthy economic conditions to be achieved during the 2017-18 and current fiscal year. In this regard, the state's Economic Estimating Conference confirmed in mid-December that Florida's overall economy improved as expected in the first half of the 2018-19 fiscal year, although some slowing of economic growth is expected by 2020. This is largely due to national events beyond the state's control and produces a u-shaped pattern, with some variables exhibiting stronger growth rates in fiscal year 2018-19 than in 2019-20 and 2020-21. The key drivers underlying the Florida-specific 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 (GDP) in 2017 showed growth of 2.2 percent, matching the national average and ranking Florida 16th among states for growth. Newly released data for the second quarter (GDP for 2018:Q2) indicated strengthening growth in the current year, ranking Florida ninth in the nation in real growth and moving it slightly above the national average (4.5 percent in Florida versus the 4.2 percent national average). On the more real-time measure of personal income, the calendar year results were even stronger: Florida ended 2017 with 5.0 percent growth over 2016—above the national growth rate of 4.4 percent. Florida's pace for the third quarter of 2018 (2018:Q3) was similar to the annual result: Florida ranked 16th in the country with 4.3 percent growth over the prior quarter, which was above the United States reported growth of 4.0 percent. Even with the slightly weaker national outlook, the forecast for the 2018-19 fiscal year assumes Florida will achieve 5.2 percent growth over the prior year and straddle 4.0 percent over the long term. Underpinning the projected growth in personal income is continued population growth; these projections were slightly strengthened in November 2018 by the Demographic Estimating Conference. In addition, tourist visits continue to contribute strongly to Florida's economy. The Revenue Estimating Conference met in December in response to the new economic and population forecasts, indicating that state's revenue collections for the General Fund are expected to grow 4.8 percent this year—largely on the strength of these measures in the first half of the fiscal 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 2018 calendar year, total non-farm employment stood at just over 8.8 million jobs. The forecast indicates that non-farm employment will add approximately 259,800 jobs during the course of the 2018-19 fiscal year, representing a 3.0 percent increase over the prior fiscal year. At 3.3 percent in November, Florida's unemployment rate was 0.4 percentage point below the national rate of 3.7 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 2021-22 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 2026-27 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, annual activity for the past three calendar years ran above their individual periods a year prior; single family data was higher than the prior year by 20.3 percent in 2015, 11.1 percent in 2016, and 13.5 percent in 2017. Despite the strong percentage growth rates in five of the last six 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 10 months of the 2018 calendar year indicates that single-family building permit activity is running about 13.2 percent over the same period in the prior year, close to the 2017 annual growth rate. The latest forecast calls for continuing improvement in these starts, reaching annual rates of 87.9 thousand units in the 2018-19 fiscal year and 91.8 thousand units in the 2019-20 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. In terms of magnitude, a recent study by EDR found an estimated 12.9 percent of the state's sales tax collections for the General Fund was directly attributable to purchases made by tourists. In the new forecast, meaningful improvement in the housing market is expected to continue to lag behind the rest of Florida's economy as homeownership rates remain low, mortgage rates increase, and housing affordability becomes a challenge. The latest downward revisions to the national economic forecast for many of these measures have further slowed Florida's pace of recovery. This means that tourism will need to continue its outsized performance in order for the broader economic measures to stay in normal territory.

According to the constitutionally required Long-Range Financial Outlook adopted in September 2018, 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 Hurricane Michael 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

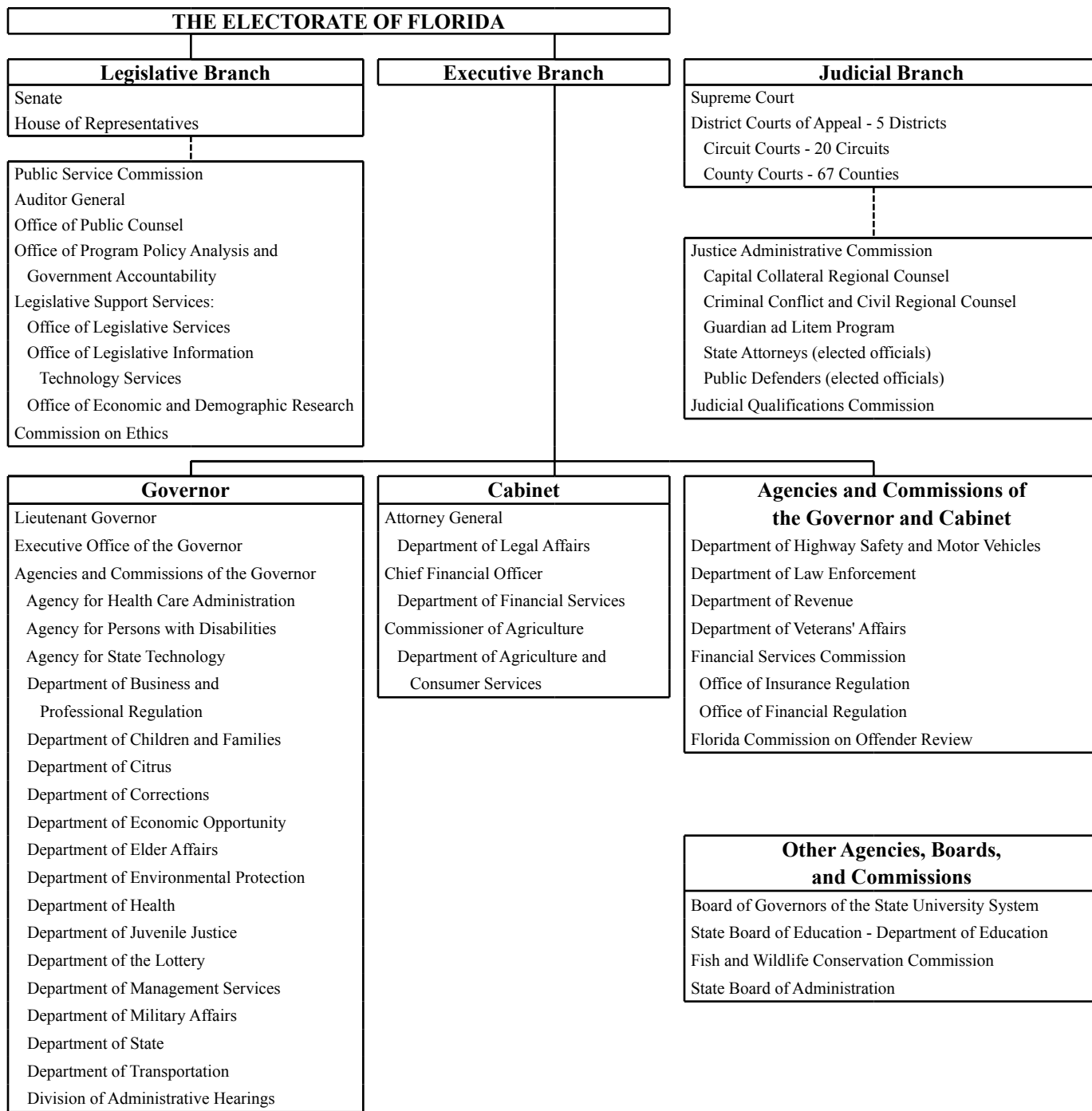
Preparation of the CAFR requires a significant investment of time and resources of fiscal and accounting personnel throughout the state. We appreciate all the contributions made to this effort.

Sincerely,



Jimmy Patronis  
Chief Financial Officer

**ORGANIZATION AT JUNE 30, 2018**



**PRINCIPAL OFFICIALS AT JUNE 30, 2018**

**Legislative Branch**

Senate  
Joe Negron, President  
House of Representatives  
Richard Corcoran, Speaker

**Executive Branch**

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

**Judicial Branch**

Jorge Labarga, Chief Justice

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**FINANCIAL  
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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, 2018, 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 29 percent and 6 percent, respectively, of the assets and revenues of the business-type activities.
- The Florida Turnpike System, which represents 81 percent and 86 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 34 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 6 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 65 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 63 percent and 36 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 these funds and entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1 and Note 6, the State implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is a change in accounting principle that addresses accounting and financial reporting for other postemployment benefits. This affects the comparability of amounts reported in the 2017-18 fiscal year with the amounts reported for the 2016-17 fiscal year. Our opinion is not modified with respect to this matter.

As discussed in Note 8, the State implemented GASB Statement No. 86, *Certain Debt Extinguishment Issues*, which is a change in accounting principle that addresses accounting and financial reporting for certain in-substance defeasance of debt and prepaid insurance on debt that is extinguished. This statement also requires additional note disclosures. 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 16 through 21 and the budgetary information, funding and contribution information for pension and other postemployment benefits, and information on infrastructure using the modified approach on pages 176 through 189 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 9 and the combining and individual fund statements, related budgetary comparison schedules, and Statistical Section on pages 193 through 307 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 8, 2019, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
February 8, 2019

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, 2018 (fiscal year 2017-18). 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	Fund Financial Statements		
	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, 2018, and 2017, derived from the government-wide Statement of Net Position. The state's net position at the close of the fiscal year was \$62.5 billion for governmental activities and \$31.5 billion for business-type activities which was a combined total of \$94.0 billion for the primary government. The three components of net position include net investments in capital assets; restricted; and unrestricted. The largest component, totaling \$81.1 billion as of June 30, 2018, 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 \$29.6 billion as of June 30, 2018. 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 \$17.7 billion at June 30, 2018. 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 \$20.0 billion at June 30, 2018, a decrease of \$518 million 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 26,811	\$ 25,608	\$ 40,642	\$ 38,684	\$ 67,453	\$ 64,292
Capital assets, net	76,037	74,275	13,493	11,910	89,530	86,185
Total assets	102,848	99,883	54,135	50,594	156,983	150,477
Total deferred outflows of resources	4,049	3,409	101	95	4,150	3,504
Other liabilities	4,027	3,267	3,481	2,459	7,508	5,726
Noncurrent liabilities	38,240	33,190	19,077	17,662	57,317	50,852
Total liabilities	42,267	36,457	22,558	20,121	64,825	56,578
Total deferred inflows of resources	2,135	653	208	162	2,343	815
Net position						
Net investments in capital assets	70,555	69,022	10,521	8,652	81,076	77,674
Restricted	9,627	9,561	19,962	20,480	29,589	30,041
Unrestricted	(17,687)	(12,401)	987	1,274	(16,700)	(11,127)
Total net position	\$ 62,495	\$ 66,182	\$ 31,470	\$ 30,406	\$ 93,965	\$ 96,588

**Statement of Activities**

Table 3 presents the state’s Condensed Statement of Activities for fiscal year 2017-18 and fiscal year 2016-17, 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 \$3.4 billion. The net position of governmental activities increased by \$2.5 billion, and the net position of business-type activities increased by \$932 million. The majority of the increase in total program expenses for governmental activities relates to a \$1.8 billion increase in Human Services and a \$1.3 billion increase in Education expenses, while the largest increase in business-type activities expenses is the \$2.5 billion increase in Hurricane Catastrophe Fund 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	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 8,322	\$ 7,895	\$ 11,030	\$ 10,258	\$ 19,352	\$ 18,153
Operating grants and contributions	29,889	27,968	12	5	29,901	27,973
Capital grants and contributions	2,491	2,251	43	6	2,534	2,257
Total program revenues	<u>40,702</u>	<u>38,114</u>	<u>11,085</u>	<u>10,269</u>	<u>51,787</u>	<u>48,383</u>
General revenues and payments						
Sales and use tax	26,781	25,333	—	—	26,781	25,333
Other taxes	13,677	13,689	—	—	13,677	13,689
Investment earnings (loss)	231	62	4	(1)	235	61
Miscellaneous	—	—	3	1	3	1
Total general revenues and payments	<u>40,689</u>	<u>39,084</u>	<u>7</u>	<u>—</u>	<u>40,696</u>	<u>39,084</u>
Total revenues	<u>81,391</u>	<u>77,198</u>	<u>11,092</u>	<u>10,269</u>	<u>92,483</u>	<u>87,467</u>
Program expenses						
General government	7,121	6,920	—	—	7,121	6,920
Education	22,087	20,805	—	—	22,087	20,805
Human services	37,656	35,857	—	—	37,656	35,857
Criminal justice and corrections	4,641	4,277	—	—	4,641	4,277
Natural resources and environment	3,348	3,137	—	—	3,348	3,137
Transportation	4,384	4,405	656	574	5,040	4,979
Judicial branch	605	587	—	—	605	587
Lottery	—	—	4,956	4,522	4,956	4,522
Hurricane Catastrophe Fund	—	—	2,578	80	2,578	80
Prepaid College Program	—	—	50	(252)	50	(252)
Reemployment Assistance	—	—	451	415	451	415
Nonmajor enterprise funds	—	—	376	339	376	339
Indirect interest on long term debt	87	84	—	—	87	84
Total program expenses	<u>79,929</u>	<u>76,072</u>	<u>9,067</u>	<u>5,678</u>	<u>88,996</u>	<u>81,750</u>
Excess (deficiency) before gain (loss) and transfers	1,462	1,126	2,025	4,591	3,487	5,717
Gain (loss) on sale of capital assets	(49)	(167)	(6)	(1)	(55)	(168)
Transfers	1,087	1,541	(1,087)	(1,541)	—	—
Change in net position	<u>2,500</u>	<u>2,500</u>	<u>932</u>	<u>3,049</u>	<u>3,432</u>	<u>5,549</u>
Beginning net position, as restated (Note 1)	59,995	63,682	30,538	27,357	90,533	91,039
Ending net position	<u>\$ 62,495</u>	<u>\$ 66,182</u>	<u>\$ 31,470</u>	<u>\$ 30,406</u>	<u>\$ 93,965</u>	<u>\$ 96,588</u>

## Major Fund Analysis

### Governmental Funds

The state's governmental funds reported a combined ending fund balance of \$18.2 billion at June 30, 2018, a \$361 million or 2.0 percent increase from the prior year. Revenues increased by \$4.0 billion or 5.2 percent, other financing sources and uses increased by \$438 million or 19.1 percent, and expenditures increased by \$3.9 billion or 4.9 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 \$31.5 billion at June 30, 2018, of which \$10.5 billion is the net investment in capital assets, and \$20.0 billion is restricted for specific purposes. The remaining \$1.0 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 \$48 million at June 30, 2018, a decrease of \$30 million or 38.5 percent. Revenues increased by \$560 million or 9.10 percent while expenses and operating transfers out increased by \$536 million or 8.68 percent. Revenues increased as result of an increase on tickets sales, prompted by higher jackpots and introduction of new games during the fiscal year. The increase in expenses and operating transfers out were due to higher ticket sales, which increased related prize expense and transfers to the Educational Enhancement Trust Fund. The decrease in net position was primarily due to a \$24.6 million restatement of the fund's beginning net position related to the implementation of GASB Statement No. 75. For additional information, see Note 1 of the Notes to the Financial Statements.

**Hurricane Catastrophe Fund** – The net position at June 30, 2018, totaled \$12.7 billion, a decrease of \$1.3 billion or 9.2 percent, primarily due to a \$1.8 billion increase for the recorded loss reserves for Hurricane Irma at June 30, 2018.

**Prepaid College Program** – The net position at June 30, 2018, totaled \$3.0 billion, an increase of \$587 million or 24.8 percent. Revenues and operating transfers in increased by \$179 million or 39.0 percent while expenses and operating transfers out increased by \$301 million or 119.7 percent. The increase in revenues was due to several factors, including an increase in contract revenue net of refunds, an increase in the actuarial determination of the present value of future contract premiums and an increase in overall investment earnings. The increase in the actuarial present value of future contract premiums was due to contract sales exceeding payments received from customers during the period. Expenses increased over the prior year primarily because the actuarial determination of the present value of future benefit payments did not decrease as much as it decreased in the prior fiscal year. Decreases in the actuarial determination of the present value of future benefit payments was less due to several factors, including updates to actuarial assumptions and methodology and actual contract usage and cancellation behavior.

## 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 \$356 million increase between the original and final estimated revenues. Final budgeted total expenditures increased by \$931 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, 2018, the state reported \$76.0 billion in net capital assets for governmental activities and \$13.5 billion in net capital assets for business-type activities. Net capital assets for governmental and business-type activities increased from fiscal year 2016-17 to fiscal year 2017-18 by approximately 3.9 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 \$14.4 billion. Construction commitments by other state agencies for major projects including office buildings and correctional facilities increased by \$197 million compared to the prior year. Refer to Note 5 to the financial statements for information on capital assets and Note 7 to the financial statements for information on construction commitments.

### Long-term Debt Activity

Total bonded debt outstanding decreased by \$1.1 billion, or approximately 5.3 percent, from the prior fiscal year to a total of \$19.6 billion at June 30, 2018 due to new debt issued being less than scheduled amortization and debt service payments. The majority of the outstanding bonded debt serves to finance educational facilities (\$10.7 billion), the Florida Hurricane Catastrophe Fund

(\$2.7 billion) and transportation (\$4.6 billion). New and refinanced bonded debt issues for 2018 totaled \$2.2 billion. Public-Private Partnership (PPP) contracts outstanding increased from the prior year by \$16 million or 0.6 percent to a total of \$2.7 billion. The annual debt service requirements increased from \$2.2 billion in 2017 to \$2.3 billion in 2018 due to the refinement of how PPP obligations are reflected in outstanding debt. In Fiscal Year 2017 and 2018, debt service increased by \$125 million and \$117 million, respectively, to nearly \$2.3 billion in Fiscal Year 2018 reflecting the impact of PPP payments. The annual debt service is projected to decrease and then increase to \$2.1 billion in Fiscal Year 2022, reflecting the payment obligations for the PPP I-595 and I-4 Projects.

Pursuant to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the State of Florida recorded \$7.5 billion in pension liabilities for the defined benefit plans it administers for the fiscal year ended June 30, 2018. The \$7.5 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.)

Pursuant to the provisions of GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State of Florida recorded \$8.0 billion in other postemployment benefit liabilities for the fiscal year ended June 30, 2018. This resulted in an increase of \$5.7 billion or 240 percent. (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, 2018, two of the three major rating agencies rated the State in the highest rating category. Standard & Poor’s Rating Services and Fitch Ratings each affirmed the State’s AAA general obligation rating and Stable outlooks. On June 21, 2018, Moody’s Investors Services upgraded the State’s general obligation rating to from Aa1 to Aaa and assigned a stable outlook. The State’s benchmark debt ratio remained at 5.59 percent and is 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 2018 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 2017-18 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, 2018, came in 5.2 percent higher than the prior fiscal year, bettering the annual growth rate recorded for fiscal year 2016-17. Nine years after the back-to-back negative growth rates seen during the collapse of the housing boom and entry into the Great Recession, Florida finally left its long recovery period behind and largely returned to normalcy. However, a significant amount of the growth in final collections for the 2017-18 fiscal year (approximately 16 percent) was associated with one-time events that are not expected to be repeated in the future. These included rebuilding associated with Hurricane Irma, changes to the Indian Gaming revenue share payment calculation and structure, recognition of Medicaid Achieved Savings Rebates, and repayments of hurricane-related Bridge Loans. This means that the growth rate for fiscal year 2017-18 is at the high-end of the range moving toward the 3.1 percent annual growth projected for the long-run.

Most (86.2 percent) of the year-over-year net increase in General Fund receipts (total revenue minus refunds) came from gains in sales tax collections. For fiscal year 2017-18, this revenue source noticeably increased its dominant share of the fund, ending the year with 69.8 percent of total revenue received. As the economy remained strong with gains in the state’s Gross Domestic Product and personal income over the prior year, signs of a fully recovered economy 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 5.4 percent from fiscal year 2016-17 to fiscal year 2017-18. This equates to nearly \$1.36 billion in growth for this source, with \$1.15 billion flowing through to the General Fund.

Including sales tax, two-thirds of the state's general revenue sources posted gains over the prior year, with a few continuing to make progress against strong headwinds. In this respect, several key 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. Twelve years after the boom's peak, each metric still has a unique story to tell. For statewide existing single-family home sales and their associated median sales price, the direction was mixed with sales losing some ground relative to the prior fiscal year (-0.9 percent) and the median price gaining ground (7.8 percent). However, the picture solidified for both single-family private housing starts (up 12.0 percent) and total construction expenditures (up 9.9 percent), enabling total documentary stamp taxes to grow 3.7 percent. This growth brought documentary stamp taxes to 61.8 percent of their prior peak and made the general revenue share of documentary stamp taxes the state's second strongest contributor to General Fund growth after excluding one-time events. Reflecting a slightly different aspect of the market, intangibles tax collections, which entirely benefit the General Fund, softened as refinancing activity pulled back, posting a 0.5 percent loss over the prior year. Overall, the collection levels are still low by historic standards for the two sources, sometimes distorting the magnitude of percentage changes.

Just as national corporate profits increased in fiscal year 2017-18 over fiscal year 2016-17, the state's corporate income tax collections also grew over the year, making this source one of the state's stronger contributors to real revenue growth. Still slightly below peak collections, corporate income tax receipts prior to refunds posted 2.0 percent growth to achieve 98.7 percent of the previous high. Because corporate refunds were higher than the prior year, net collections showed smaller growth of 0.5 percent.

At the end of the 2017-18 state fiscal year, total General Fund collections were \$205.2 million above the estimate for the year, a gain of 0.7 percent and well within the plus or minus one percent range the Conference usually attributes to statistical noise. This is the third consecutive year that the fiscal year ended within one percent of the estimate, signaling the underlying stability in the economy. Further, General Fund sources collectively performed the same as the class of total revenue for the state. Including federal dollars, total revenue increased by 4.6 percent over this period.

The Revenue Estimating Conference last met in December 2018 to revise the General Fund forecast for fiscal years 2018-19 and 2019-20. The near-term National and Florida Economic Forecasts were weaker in several key areas compared to August; however, revenue collections had run above monthly estimates by a combined \$365.2 million since the last conference. Focusing on the year-to-date gains to the forecast, anticipated revenues were revised upward by \$461.5 million in fiscal year 2018-19 and by \$380.5 million in fiscal year 2019-20, for a two-year total of \$842.0 million, a change of 1.4 percent in fiscal year 2018-19 and 1.1 percent in fiscal year 2019-20. While this is the largest combined increase since April 2006, during the peak of the housing boom, the Conference recognized that there is an elevated level of risk due to the mature stage of the current economic expansion.

As a buffer against future financial shocks, the latest General Revenue Outlook shows that there will be just over \$1.720 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 \$1.483 billion on June 30, 2019. 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 \$763.1 million at the end of the second quarter of the 2018 calendar year, bringing the total of all reserves to nearly \$3.966 billion or 12.1 percent of the state's estimated General Fund tax collections. According to the state's Long-Range Financial Outlook adopted in September 2018, 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 the landfall of Hurricane Michael and did 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, 2018  
 (in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 113,750	\$ 76,801	\$ 190,551	\$ 2,267,069
Pooled investments with State Treasury	16,021,471	5,519,454	21,540,925	3,856,879
Other investments	1,443,567	30,731,243	32,174,810	17,094,440
Receivables, net	5,272,112	2,026,076	7,298,188	2,165,416
Internal balances	259,518	(259,518)	—	—
Due from component units/primary	21,897	540	22,437	611,290
Inventories	58,290	8,137	66,427	88,642
Restricted cash and cash equivalents	—	2,775	2,775	649,103
Restricted pooled investments with State Treasury	—	39,223	39,223	738,251
Restricted investments	—	544,160	544,160	5,749,114
Advances to other entities	780,906	—	780,906	—
Other loans and notes receivable, net	2,838,355	1,916,977	4,755,332	2,204,103
Other assets	757	36,304	37,061	495,283
Capital assets, net	76,037,123	13,493,130	89,530,253	25,086,934
Total assets	102,847,746	54,135,302	156,983,048	61,006,524
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Accum. decrease in fair value - hedging derivatives	—	—	—	36,386
Grants paid in advance	51,061	—	51,061	51
Amount deferred on refunding of debt	105,125	26,492	131,617	25,665
Pension-related items	3,670,475	68,632	3,739,107	1,756,367
Other postemployment benefits	221,930	6,409	228,339	64,997
Total deferred outflows of resources	4,048,591	101,533	4,150,124	1,883,466
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	2,338,698	1,448,386	3,787,084	2,994,844
Due to other governments	7	7,538	7,545	—
Due to component units/primary	91,511	423	91,934	85,178
Obligations under security lending agreements	1,596,005	2,025,375	3,621,380	—
Long-term liabilities				
Due within one year	4,044,535	3,462,635	7,507,170	1,898,704
Due in more than one year	34,195,884	15,614,074	49,809,958	16,234,577
Total liabilities	42,266,640	22,558,431	64,825,071	21,213,303
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred service concession arrangement receipts	—	148,382	148,382	54,821
Accum. increase in fair value - hedging derivatives	—	—	—	2,862
Amount deferred on refunding of debt	86,523	17,088	103,611	2,789
Pension-related items	843,217	12,548	855,765	309,077
Other postemployment benefits liability	1,204,699	30,326	1,235,025	402,569
Irrevocable split-interest agreements	—	—	—	4,204
Total deferred inflows of resources	2,134,439	208,344	2,342,783	776,322
<b>NET POSITION</b>				
Net investments in capital assets	70,555,222	10,521,410	81,076,632	20,885,592
Restricted for				
Natural resources, environment, and growth management	3,477,284	—	3,477,284	—
Public Education	597,870	—	597,870	—
Health and Family Services	1,850,079	—	1,850,079	—
Transportation	1,701,574	250,887	1,952,461	—
Nonmajor governmental funds	1,197,583	—	1,197,583	—
Debt service	162,511	—	162,511	141,835
Lottery	—	91,991	91,991	—
Prepaid College Program	—	2,954,127	2,954,127	—
Hurricane Catastrophe Fund	—	12,700,446	12,700,446	—
Reemployment Assistance	—	3,951,714	3,951,714	—
Other	639,860	12,286	652,146	7,136,609
Funds held for permanent endowment				
Expendable	—	—	—	945,738
Nonexpendable	—	—	—	3,986,584
Unrestricted	(17,686,725)	987,199	(16,699,526)	7,804,007
Total net position	\$ 62,495,258	\$ 31,470,060	\$ 93,965,318	\$ 40,900,365

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

**2018 STATE OF FLORIDA CAFR**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 7,121,076	\$ 4,986,966	\$ 993,744	\$ 12,083	\$ (1,128,283)
Education	22,087,266	267,724	2,465,895	157	(19,353,490)
Human services	37,655,551	2,119,895	24,682,941	2,346	(10,850,369)
Criminal justice and corrections	4,641,430	272,208	110,457	420	(4,258,345)
Natural resources and environment	3,348,183	351,419	1,537,545	32,053	(1,427,166)
Transportation	4,384,174	233,922	97,636	2,443,871	(1,608,745)
Judicial branch	604,607	89,863	1,292	—	(513,452)
Indirect interest on long-term debt	87,061	—	—	—	(87,061)
Total governmental activities	\$ 79,929,348	\$ 8,321,997	\$ 29,889,510	\$ 2,490,930	\$ (39,226,911)
Business-type activities:					
Transportation	655,689	1,234,814	—	34,364	613,489
Lottery	4,956,621	6,709,553	—	—	1,752,932
Hurricane Catastrophe Fund	2,578,144	1,306,875	—	—	(1,271,269)
Prepaid College Program	49,629	636,471	—	—	586,842
Reemployment Assistance	450,662	663,818	11,591	—	224,747
Nonmajor enterprise funds	375,950	478,163	577	8,658	111,448
Total business-type activities	9,066,695	11,029,694	12,168	43,022	2,018,189
Total primary government	\$ 88,996,043	\$ 19,351,691	\$ 29,901,678	\$ 2,533,952	\$ (37,208,722)
<b>Component units</b>					
Florida Housing Finance Corporation	\$ 151,553	\$ 186,113	\$ —	\$ —	\$ 34,560
University of Florida	5,639,500	3,698,010	1,025,146	115,596	(800,748)
Citizens Property Insurance Corporation	1,884,641	631,509	—	—	(1,253,132)
Nonmajor component units	12,685,469	3,714,923	3,771,092	843,399	(4,356,055)
Total component units	\$ 20,361,163	\$ 8,230,555	\$ 4,796,238	\$ 958,995	\$ (6,375,375)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net (expense) revenue	\$ (39,226,911)	\$ 2,018,189	\$ (37,208,722)	\$ (6,375,375)
General revenues:				
Taxes				
Sales and use tax		26,781,181	26,781,181	—
Fuel taxes		3,111,590	3,111,590	—
Corporate income tax		2,412,220	2,412,220	—
Documentary stamp tax		2,517,733	2,517,733	—
Intangible personal property tax		376,744	376,744	—
Communications service tax		1,031,288	1,031,288	—
Beverage and tobacco taxes		1,465,590	1,465,590	—
Insurance premium tax		1,084,872	1,084,872	—
Gross receipts utilities tax		793,809	793,809	—
Property taxes		—	—	483,557
Other taxes		882,784	882,784	—
Investment earning (loss)		231,040	4,400	1,004,070
Gain (loss) on sale of capital assets		(49,064)	(6,248)	6,976
Payments from the State of Florida		—	—	4,779,523
Emergency assessments		—	192	—
Miscellaneous		—	2,973	765,986
Transfers		1,087,452	(1,087,452)	—
Contributions to permanent funds		—	—	90,557
Total general revenues, transfers and contributions	41,727,239	(1,086,135)	40,641,104	7,130,669
Changes in net position	2,500,328	932,054	3,432,382	755,294
Net position - beginning, as restated (Note 1)	59,994,930	30,538,006	90,532,936	40,145,071
Net position - ending	\$ 62,495,258	\$ 31,470,060	\$ 93,965,318	\$ 40,900,365

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.

### NATURAL RESOURCES, ENVIRONMENT, AND GROWTH MANAGEMENT

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 193.

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018  
(in thousands)**

	General Fund	Natural Resources, Environment, and Growth Management	Public Education	Health and Family Services
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 17,586	\$ 1,697	\$ 36	\$ 5,570
Pooled investments with State Treasury	6,301,909	2,219,759	1,153,643	1,827,996
Other investments	1,001,945	—	—	—
Receivables, net	1,920,511	204,431	62,568	1,949,905
Due from other funds	237,446	24,159	95,677	80,746
Due from component units/primary	1,341	387	1,522	17,485
Inventories	11,075	769	—	36,901
Other	604	—	—	—
Total current assets	9,492,417	2,451,202	1,313,446	3,918,603
<u>Noncurrent assets</u>				
Long-term investments	—	—	—	—
Advances to other funds	2,603	—	—	—
Advances to other entities	4,560	1,276	773,925	—
Other loans and notes receivable, net	5,554	1,347,490	839	32,847
Total noncurrent assets	12,717	1,348,766	774,764	32,847
Total assets	9,505,134	3,799,968	2,088,210	3,951,450
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Grants paid in advance	—	—	—	—
Total deferred outflows of resources	—	—	—	—
Total assets and deferred outflows	9,505,134	3,799,968	2,088,210	3,951,450
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	530,298	62,378	6,254	477,687
Due to other funds	283,244	25,862	2,971	92,198
Due to component units/primary	13,132	37,389	16,355	21,073
Compensated absences	9,312	1,671	87	1,324
Claims payable	226,498	—	—	573,869
Deposits	6,838	5,797	14,033	2,124
Obligations under security lending agreements	1,138,388	116,934	83,624	6,185
Total current liabilities	2,207,710	250,031	123,324	1,174,460
<u>Noncurrent liabilities</u>				
Advances from other funds	—	—	936,873	—
Deposits	—	—	—	—
Other	—	—	40	—
Total noncurrent liabilities	—	—	936,913	—
Total liabilities	2,207,710	250,031	1,060,237	1,174,460
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	160,020	1,119	—	867,865
Total deferred inflows of resources	160,020	1,119	—	867,865
<b>FUND BALANCES</b>				
Nonspendable	16,142	769	—	36,901
Restricted	39,684	2,492,472	1,479,490	144,402
Committed	1,239,072	1,055,577	436,842	1,727,822
Unassigned	5,842,506	—	(888,359)	—
Total fund balances	7,137,404	3,548,818	1,027,973	1,909,125
Total liabilities, deferred inflows and fund balances	\$ 9,505,134	\$ 3,799,968	\$ 2,088,210	\$ 3,951,450

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

**2018 STATE OF FLORIDA CAFR**

Transportation	Nonmajor Governmental Funds	Totals 6/30/18
\$ 807	\$ 30,655	\$ 56,351
2,108,416	1,726,052	15,337,775
4,935	262,615	1,269,495
498,379	501,889	5,137,683
209,207	120,565	767,800
—	9	20,744
7,099	2,446	58,290
—	153	757
<u>2,828,843</u>	<u>2,644,384</u>	<u>22,648,895</u>
—	135,478	135,478
72,476	—	75,079
1,145	—	780,906
<u>623,822</u>	<u>827,803</u>	<u>2,838,355</u>
<u>697,443</u>	<u>963,281</u>	<u>3,829,818</u>
<u>3,526,286</u>	<u>3,607,665</u>	<u>26,478,713</u>
51,061	—	51,061
<u>51,061</u>	<u>—</u>	<u>51,061</u>
<u>3,577,347</u>	<u>3,607,665</u>	<u>26,529,774</u>
708,531	183,855	1,969,003
53,069	160,956	618,300
—	3,030	90,979
3,048	825	16,267
—	5,528	805,895
509,486	156,067	694,345
<u>132,217</u>	<u>77,083</u>	<u>1,554,431</u>
<u>1,406,351</u>	<u>587,344</u>	<u>5,749,220</u>
—	733	937,606
—	17,056	17,056
—	—	40
—	17,789	954,702
<u>1,406,351</u>	<u>605,133</u>	<u>6,703,922</u>
470,098	153,033	1,652,135
<u>470,098</u>	<u>153,033</u>	<u>1,652,135</u>
7,099	28,860	89,771
50	1,617,859	5,773,957
1,693,749	1,202,780	7,355,842
—	—	4,954,147
<u>1,700,898</u>	<u>2,849,499</u>	<u>18,173,717</u>
<u>\$ 3,577,347</u>	<u>\$ 3,607,665</u>	<u>\$ 26,529,774</u>

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**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
JUNE 30, 2018  
(in thousands)**

Total fund balances for governmental funds \$ 18,173,717

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	19,601,044	
Nondepreciable infrastructure	49,942,915	
Buildings, equipment and other depreciable assets	6,919,953	
Accumulated depreciation	(4,448,333)	
Construction work in progress	<u>3,025,190</u>	
		75,040,769

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

Compensated absences	(728,746)	
Installment purchases/capital leases/public-private partnership agreements	(2,482,659)	
Claims payable	(1,986,582)	
Bonds payable	(14,132,253)	
Certificates of participation payable	(74,115)	
Net other post employment benefits	(7,690,803)	
Pension Liability	(7,260,499)	
Due to other governments	(397,066)	
Other	<u>(12,427)</u>	
		(34,765,150)

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. 22,603

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. 2,790,661

Deferred amounts for other postemployment 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. (968,676)

Accrued interest payable on bonds that is not recognized on the fund statements but is recognized on the Statement of Net Position. (44,282)

Assets (receivables) not available to provide current resources are offset with deferred inflows of resources in the fund statements. The reduction of the deferred inflow and recognition of revenue increases net position in the Statement of Net Position. 1,652,135

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. 593,481

Net position of governmental activities \$ 62,495,258

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	General Fund	Natural Resources, Environment, and Growth Management	Public Education	Health and Family Services
<b>REVENUES</b>				
Taxes	\$ 35,282,816	\$ 316,120	\$ 1,154,714	\$ 660,405
Licenses and permits	606,216	50,641	920	40,286
Fees and charges	1,540,934	171,044	61,418	1,353,706
Grants and donations	22,777	149,205	2,280,655	24,682,016
Investment earnings (losses)	163,510	45,224	60,355	2,707
Fines, forfeits, settlements and judgments	89,605	3,112	150,747	67,814
Other	9,466	20,035	4,822	673,042
Total revenues	<u>37,715,324</u>	<u>755,381</u>	<u>3,713,631</u>	<u>27,479,976</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,574,771	24,692	—	146,510
Education	16,640,441	—	4,842,673	—
Human services	8,570,801	—	—	28,461,951
Criminal justice and corrections	3,713,290	—	—	—
Natural resources and environment	540,482	1,157,615	—	—
Transportation	2,716	—	—	—
Judicial branch	446,722	—	—	—
Capital outlay	92,915	76,033	410	12,316
Gain (loss) on disposal of general fixed assets	—	(322)	—	—
Debt service:				
Principal retirement	12,202	—	—	7,555
Interest and fiscal charges	4,693	—	—	76
Total expenditures	<u>34,599,033</u>	<u>1,258,018</u>	<u>4,843,083</u>	<u>28,628,408</u>
Excess (deficiency) of revenues over expenditures	<u>3,116,291</u>	<u>(502,637)</u>	<u>(1,129,452)</u>	<u>(1,148,432)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of bond issues	2,649	—	—	—
Proceeds of refunding bonds	—	—	—	—
Proceeds of financing agreements	—	—	—	—
Operating transfers in	684,677	957,725	2,297,700	1,608,908
Operating transfers out	(3,345,613)	(351,166)	(1,319,593)	(438,778)
Payments to refunded bond agent	—	—	—	—
Total other financing sources (uses)	<u>(2,658,287)</u>	<u>606,559</u>	<u>978,107</u>	<u>1,170,130</u>
Net change in fund balances	458,004	103,922	(151,345)	21,698
Fund balances - beginning, as restated (Note 1)	6,679,400	3,444,896	1,179,318	1,887,427
Fund balances - ending	<u>\$ 7,137,404</u>	<u>\$ 3,548,818</u>	<u>\$ 1,027,973</u>	<u>\$ 1,909,125</u>

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

**2018 STATE OF FLORIDA CAFR**

Transportation	Nonmajor Governmental Funds	Totals 6/30/18
\$ 2,799,610	\$ 259,805	\$ 40,473,470
13,681	1,557,197	2,268,941
457,381	760,126	4,344,609
2,542,184	2,566,259	32,243,096
20,511	56,196	348,503
2,836	493,051	807,165
29,283	56,110	792,758
<u>5,865,486</u>	<u>5,748,744</u>	<u>81,278,542</u>
203,723	2,044,336	6,994,032
—	196,486	21,679,600
—	454,650	37,487,402
—	562,460	4,275,750
—	1,516,984	3,215,081
4,269,469	—	4,272,185
—	82,017	528,739
2,583,212	79,484	2,844,370
—	3	(319)
379,143	1,134,393	1,533,293
82,248	664,239	751,256
<u>7,517,795</u>	<u>6,735,052</u>	<u>83,581,389</u>
<u>(1,652,309)</u>	<u>(986,308)</u>	<u>(2,302,847)</u>
409,900	5,022	417,571
—	1,376,618	1,376,618
439,968	704	440,672
1,664,814	2,963,084	10,176,908
(717,219)	(2,124,119)	(8,296,488)
—	(1,376,618)	(1,376,618)
<u>1,797,463</u>	<u>844,691</u>	<u>2,738,663</u>
145,154	(141,617)	435,816
1,555,744	2,991,116	17,737,901
<u>\$ 1,700,898</u>	<u>\$ 2,849,499</u>	<u>\$ 18,173,717</u>

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**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, 2018  
(in thousands)**

Net change in fund balance - total governmental funds	\$	435,816
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.		54,643
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over the estimated useful lives of the assets and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation in the current period.</p>		
Capital outlay expenditures	2,844,370	
Capital asset transfers, net	(786,405)	
Depreciation expense	<u>(315,076)</u>	
		1,742,889
<p>In the Statement of Activities, the gain or (loss) on the sale of assets is reported whereas in the governmental funds only the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the assets sold.</p>		
		47,049
<p>In the Statement of Activities, some revenues are recognized that do not provide current financial resources and are not recognized as revenues in the governmental funds until available, i.e., deferred inflows of resources, unavailable revenue.</p>		
		97,142
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Increase in compensated absences	(21,062)	
Decrease in accrued interest	2,558	
Decrease in claims payable	97,936	
Increase in net other post employment benefits	(355,787)	
Increase in net pension related items	(434,790)	
Increase in due to other governments	20,264	
Decrease in other liabilities	<u>3,748</u>	
		(687,133)
<p>The incurrence of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayments 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.</p>		
Bond proceeds	(417,571)	
Refunding bond proceeds	(1,376,618)	
Financing agreement proceeds	(440,672)	
Repayment of bonds	1,133,552	
Repayment of capital leases/installment purchase contracts	399,741	
Payment to refunded bond escrow agent	1,376,618	
Amortization of bond premium	195,194	
Amortization of amount deferred on refunding of debt	(9,425)	
Accrued interest payable at refunding	<u>(50,897)</u>	
		<u>809,922</u>
Change in net position of governmental activities	\$	<u><u>2,500,328</u></u>

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 229.

### Internal Service Funds

Internal service funds are presented on page 235.

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018  
(in thousands)**

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 3,746	\$ 303	\$ 4,009	\$ 11,076	\$ 128
Pooled investments with State Treasury	1,057,300	195,211	—	—	3,864,244
Other investments	—	—	8,825,994	2,234,950	—
Receivables, net	10,999	51,203	1,179,401	501,240	112,397
Due from other funds	139,331	—	—	6	648
Due from component units/primary	—	—	—	—	317
Inventories	6,863	1,274	—	—	—
Other	—	2,889	4	3	—
Total current assets	1,218,239	250,880	10,009,408	2,747,275	3,977,734
Noncurrent assets					
Restricted cash and cash equivalents	2,775	—	—	—	—
Restricted pooled investments with State Treasury	—	39,223	—	—	—
Restricted investments	252,853	291,307	—	—	—
Long-term investments	—	—	8,389,288	11,203,239	—
Other loans and notes receivable, net	77,316	—	—	1,837,435	—
Capital assets					
Land and other non-depreciable assets	1,159,158	3,566	—	—	—
Non-depreciable infrastructure	9,614,944	—	—	—	—
Buildings, equipment, and other depreciable assets	1,199,943	13,566	49	122	—
Accumulated depreciation	(387,633)	(10,145)	(41)	(48)	—
Construction work in progress	1,790,327	—	49	—	—
Other	—	26,676	—	—	—
Total noncurrent assets	13,709,683	364,193	8,389,345	13,040,748	—
Total assets	14,927,922	615,073	18,398,753	15,788,023	3,977,734
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Amount deferred on refunding of debt	26,492	—	—	—	—
Pension-related items	—	10,696	706	1,211	—
Other postemployment benefits	—	549	37	38	—
Total deferred outflows of resources	26,492	11,245	743	1,249	—
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable and accrued liabilities	72,929	10,681	1,099,945	191,030	17,171
Accrued prize liability	—	178,788	—	—	—
Due to other governments	—	—	—	—	7,538
Due to other funds	113,263	68,408	311	57	1,311
Due to component units/primary	—	—	—	—	—
Compensated absences	—	740	77	74	—
Installment purchases/capital leases	2,462	—	—	—	—
Bonds payable	—	—	500,000	—	—
Bonds payable from restricted assets	142,935	—	—	—	—
Deposits	52,712	—	—	—	—
Claims payable	—	—	1,896,663	—	—
Obligations under security lending agreements	76,102	16,395	—	1,908,580	—
Certificates of participation payable	—	—	—	—	—
Tuition and housing benefits payable	—	—	—	644,106	—
Pension liability	—	162	10	13	—
Other postemployment benefits	—	519	9	11	—
Total current liabilities	460,403	275,693	3,497,015	2,743,871	26,020
Noncurrent liabilities					
Advances from other funds	72,368	—	—	—	—
Accrued prize liability	—	241,823	—	—	—
Bonds payable	2,454,657	—	2,200,000	—	—
Certificates of participation payable	—	—	—	—	—
Installment purchases/capital leases	215,221	—	—	—	—
Deposits	351	—	—	—	—
Compensated absences	—	3,003	151	255	—
Tuition and housing benefits payable	—	—	—	10,088,489	—
Pension liability	—	21,258	1,304	1,819	—
Other postemployment benefits liability	—	29,728	391	482	—
Other	—	—	—	—	—
Total noncurrent liabilities	2,742,597	295,812	2,201,846	10,091,045	—
Total liabilities	3,203,000	571,505	5,698,861	12,834,916	26,020
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred service concession arrangement receipts	148,382	—	—	—	—
Amount deferred on refunding of debt	17,088	—	—	—	—
Pension-related items	—	2,070	73	83	—
Other postemployment benefits	—	4,508	59	72	—
Total deferred inflows of resources	165,470	6,578	132	155	—
<b>NET POSITION</b>					
Net investment in capital assets	10,434,278	6,987	57	74	—
Restricted for Reemployment Assistance	—	—	—	—	3,951,714
Restricted for Lottery	—	91,991	—	—	—
Restricted for Hurricane Catastrophe Fund	—	—	12,700,446	—	—
Restricted for Prepaid College Program	—	—	—	2,954,127	—
Restricted for Transportation	250,887	—	—	—	—
Restricted - other	—	—	—	—	—
Unrestricted	900,779	(50,743)	—	—	—
Total net position	\$ 11,585,944	\$ 48,235	\$ 12,700,503	\$ 2,954,201	\$ 3,951,714

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



Nonmajor Enterprise Funds	Totals 6/30/18	Internal Service Funds
\$ 57,539	\$ 76,801	\$ 57,399
402,699	5,519,454	683,696
12,165	11,073,109	38,594
23,945	1,879,185	37,511
11,635	151,620	25,210
223	540	1,153
—	8,137	—
1,471	4,367	—
<u>509,677</u>	<u>18,713,213</u>	<u>843,563</u>
—	2,775	—
—	39,223	—
—	544,160	—
65,607	19,658,134	—
2,226	1,916,977	—
—	1,162,724	319
—	9,614,944	—
159,720	1,373,400	1,572,699
(66,858)	(464,725)	(586,973)
16,411	1,806,787	10,309
5,261	31,937	—
<u>182,367</u>	<u>35,686,336</u>	<u>996,354</u>
<u>692,044</u>	<u>54,399,549</u>	<u>1,839,917</u>
—	26,492	2,593
56,019	68,632	46,601
5,785	6,409	2,667
<u>61,804</u>	<u>101,533</u>	<u>51,861</u>
56,485	1,448,241	188,278
—	178,788	—
—	7,538	7
8,674	192,024	27,777
423	423	532
5,600	6,491	2,799
20,096	22,558	5,254
—	500,000	14,165
—	142,935	—
13,745	66,457	169,018
—	1,896,663	—
24,298	2,025,375	41,574
—	—	30,595
—	644,106	—
999	1,184	511
2,914	3,453	1,566
<u>133,234</u>	<u>7,136,236</u>	<u>482,076</u>
—	72,368	1,978
—	241,823	—
—	4,654,657	197,682
—	—	387,331
8,600	223,821	9,144
56,795	57,146	—
13,769	17,178	10,365
—	10,088,489	—
109,959	134,340	86,618
165,122	195,723	89,745
897	897	—
<u>355,142</u>	<u>15,686,442</u>	<u>782,863</u>
<u>488,376</u>	<u>22,822,678</u>	<u>1,264,939</u>
—	148,382	—
—	17,088	6,594
10,322	12,548	10,004
25,687	30,326	16,760
<u>36,009</u>	<u>208,344</u>	<u>33,358</u>
80,014	10,521,410	348,182
—	3,951,714	—
—	91,991	—
—	12,700,446	—
—	2,954,127	—
—	250,887	—
12,286	12,286	80,599
<u>137,163</u>	<u>987,199</u>	<u>164,700</u>
<u>\$ 229,463</u>	<u>\$ 31,470,060</u>	<u>\$ 593,481</u>

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
 (in thousands)**

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program
<b>OPERATING REVENUES</b>				
Sales - nonstate	\$ 23,340	\$ 6,707,156	\$ 1,066,845	\$ 426,839
Change in actuarial value of contract premiums	—	—	—	61,188
Fees	1,162,422	—	1	2,578
Sales - state	—	—	41	225
Rents and royalties - nonstate	10,032	537	—	—
Rents - state	—	—	—	—
Fines, forfeits, settlements and judgments	11,777	179	—	—
Other	—	—	—	—
Total operating revenues	<u>1,207,571</u>	<u>6,707,872</u>	<u>1,066,887</u>	<u>490,830</u>
<b>OPERATING EXPENSES</b>				
Benefit payments	—	—	—	—
Payment of lottery winnings	—	4,394,400	—	—
Commissions on lottery sales	—	373,819	—	—
Contractual services	431,474	137,273	3,702	404,884
Change in actuarial value of contract benefit payments	—	—	2,499,000	(393,504)
Insurance claims expense	—	—	—	—
Personal services	22,336	31,064	1,664	2,280
Depreciation	55,607	1,108	5	15
Materials and supplies	26,870	2,073	33	48
Repairs and maintenance	—	735	—	138
Basic services	—	4,325	166	184
Interest and fiscal charges	—	—	3	29
Bad debt	—	—	—	—
Total operating expenses	<u>536,287</u>	<u>4,944,797</u>	<u>2,504,573</u>	<u>14,074</u>
Operating income (loss)	<u>671,284</u>	<u>1,763,075</u>	<u>(1,437,686)</u>	<u>476,756</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Grants and donations	34,364	—	—	—
Investment earnings (losses)	21,867	1,681	239,988	145,641
Interest and fiscal charges	(119,402)	(11,824)	(73,571)	(35,556)
Fines, forfeits, judgments and settlements	1,521	—	1,315	137
Property disposition gain (loss)	(14,329)	(13)	—	—
Grant expense and client benefits	—	—	—	—
Emergency assessment funds received	—	—	192	—
Other	5,551	—	—	—
Total nonoperating revenues (expenses)	<u>(70,428)</u>	<u>(10,156)</u>	<u>167,924</u>	<u>110,222</u>
Income (loss) before transfers and contributions	600,856	1,752,919	(1,269,762)	586,978
Operating transfers in	148,357	3	—	—
Operating transfers out	(97,662)	(1,758,469)	(10,000)	—
Capital contributions	794,490	—	—	—
Change in net position	1,446,041	(5,547)	(1,279,762)	586,978
Total net position - beginning, as restated (Note 1)	10,139,903	53,782	13,980,265	2,367,223
Total net position - ending	<u>\$ 11,585,944</u>	<u>\$ 48,235</u>	<u>\$ 12,700,503</u>	<u>\$ 2,954,201</u>

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

**2018 STATE OF FLORIDA CAFR**

Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/18	Internal Service Funds
\$ —	\$ 87,838	\$ 8,312,018	\$ 55,164
—	—	61,188	—
567,290	270,538	2,002,829	—
—	42,656	42,922	2,493,492
—	4	10,573	48
—	133	133	157,442
—	11,025	22,981	89
—	46,251	46,251	18,850
<u>567,290</u>	<u>458,445</u>	<u>10,498,895</u>	<u>2,725,085</u>
409,127	—	409,127	—
—	—	4,394,400	—
—	—	373,819	—
—	121,606	1,098,939	546,527
—	—	2,105,496	—
—	—	—	1,951,302
—	204,670	262,014	104,466
—	8,421	65,156	37,926
—	5,613	34,637	6,137
—	3,319	4,192	2,982
—	28,585	33,260	8,005
—	1,539	1,571	1,220
—	—	—	3
<u>409,127</u>	<u>373,753</u>	<u>8,782,611</u>	<u>2,658,568</u>
<u>158,163</u>	<u>84,692</u>	<u>1,716,284</u>	<u>66,517</u>
11,591	9,235	55,190	177
94,113	5,809	509,099	9,605
—	(884)	(241,237)	(26,700)
—	—	2,973	—
—	3	(14,339)	(7)
—	(1,094)	(1,094)	—
—	—	192	—
<u>(39,135)</u>	<u>(203)</u>	<u>(33,787)</u>	<u>(497)</u>
<u>66,569</u>	<u>12,866</u>	<u>276,997</u>	<u>(17,422)</u>
224,732	97,558	1,993,281	49,095
2,619	24,997	175,976	25,874
(12,792)	(152,776)	(2,031,699)	(20,364)
—	6	794,496	38
<u>214,559</u>	<u>(30,215)</u>	<u>932,054</u>	<u>54,643</u>
<u>3,737,155</u>	<u>259,678</u>	<u>30,538,006</u>	<u>538,838</u>
<u>\$ 3,951,714</u>	<u>\$ 229,463</u>	<u>\$ 31,470,060</u>	<u>\$ 593,481</u>

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Transportation	Lottery	Hurricane Catastrophe Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,155,848	\$ 6,697,616	\$ 1,068,055
Cash paid to vendors	(437,109)	(514,261)	(3,945)
Cash paid to employees	(22,339)	(28,300)	(1,531)
Cash received/(paid) for grants	—	—	—
Lottery prizes	—	(4,383,135)	—
Cash paid for insurance claims	—	—	(603,118)
Reemployment assistance	—	—	—
Net cash provided (used) by operating activities	696,400	1,771,920	459,461
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in (out)	50,401	(1,761,647)	(10,000)
Advances from or repayment from other funds	(4,337)	—	—
Advances, grants or loans (to) from or repayment from others	(84,707)	—	—
Payment of bonds or loans (principal and interest)	—	—	(69,529)
Cash received from noncapital grants or donations	—	—	—
Emergency assessment funds received	—	—	195
Net cash provided (used) by noncapital financing activities	(38,643)	(1,761,647)	(79,334)
<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	34,364	—	—
Payment of bond principal	(142,405)	—	—
Payment of principal on installment purchase/capital lease	—	—	—
Payment of interest on bonds/installment purchase/capital lease	(132,476)	—	—
Purchase or construction of capital assets	(532,900)	(1,844)	(5)
Line of credit draws/(payments)	—	—	—
Net cash provided (used) by capital and related financing activities	(773,417)	(1,844)	(5)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Security lending	24,858	6,122	—
Proceeds from the sale or maturity of investments	3,021,373	26,712	158,630,724
Cash paid to grand prize winners upon maturity of grand prize investments	—	(26,712)	—
Investment earnings	21,550	4,669	108,813
Purchase of investments	(2,965,942)	—	(159,115,661)
Net cash provided (used) by investing activities	101,839	10,791	(376,124)
Net increase (decrease) in cash and cash equivalents	(13,821)	19,220	3,998
Cash and cash equivalents - beginning	1,077,642	215,517	11
Cash and cash equivalents - ending	\$ 1,063,821	\$ 234,737	\$ 4,009

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

**2018 STATE OF FLORIDA CAFR**

Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/18	Internal Service Funds
\$ 562,454	\$ 565,404	\$ 414,294	\$ 10,463,671	\$ 2,719,363
(535,949)	—	(152,256)	(1,643,520)	(566,911)
(2,042)	—	(180,944)	(235,156)	(93,433)
—	—	36,394	36,394	—
—	—	—	(4,383,135)	—
—	—	—	(603,118)	(1,953,707)
—	(407,380)	—	(407,380)	—
24,463	158,024	117,488	3,227,756	105,312
—	(10,174)	(128,611)	(1,860,031)	(5,137)
—	—	—	(4,337)	1,478
—	—	(945)	(85,652)	—
—	—	—	(69,529)	—
—	12,908	552	13,460	—
—	—	—	195	—
—	2,734	(129,004)	(2,005,894)	(3,659)
—	—	24	24	—
—	—	17,500	17,500	—
—	—	8,658	43,022	—
—	—	—	(142,405)	(60,336)
—	—	(5,234)	(5,234)	(4,457)
—	—	—	(132,476)	(26,780)
(72)	—	(20,770)	(555,591)	(10,005)
—	—	18,001	18,001	—
(72)	—	18,179	(757,159)	(101,578)
5,293	—	7,008	43,281	11,340
11,506,664	—	89,352	173,274,825	—
—	—	—	(26,712)	—
123,816	94,113	5,024	357,985	8,763
(11,652,235)	—	(94,325)	(173,828,163)	—
(16,462)	94,113	7,059	(178,784)	20,103
7,929	254,871	13,722	285,919	20,178
3,147	3,609,501	446,516	5,352,334	720,917
\$ 11,076	\$ 3,864,372	\$ 460,238	\$ 5,638,253	\$ 741,095

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(in thousands)**  
**Reconciliation of operating income (loss) to net cash**  
**provided (used) by operating activities**

	Transportation	Lottery	Hurricane Catastrophe Fund
Operating income (loss)	\$ 671,284	\$ 1,763,075	\$ (1,437,686)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	55,607	1,108	5
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	13,820	(10,927)	822
(Increase) decrease in due from other funds	(53,667)	—	—
Increase (decrease) in allowance for uncollectibles	—	706	—
(Increase) decrease in inventories	(1,808)	152	—
(Increase) decrease in future contract premiums and other receivables	—	—	—
(Increase) decrease in other non-current assets	—	(2,499)	—
Increase (decrease) in accounts payable	8,470	4,276	517
Increase (decrease) in compensated absences	—	(45)	22
Increase (decrease) in due to other funds	15,466	—	1
Increase (decrease) in claims payable	—	—	1,895,663
Increase (decrease) in tuition and housing benefits payable	—	—	—
Increase (decrease) in other non-current liability	—	—	—
(Increase) decrease in deposits and prepaid items	247	(498)	—
Increase (decrease) in unearned revenue	(13,019)	—	—
Increase (decrease) in prize liability	—	13,764	—
Increase (decrease) in pension liability and deferrals	—	1,449	95
Increase (decrease) in OPEB liability and deferrals	—	1,359	22
Net cash provided (used) by operating activities	<u>\$ 696,400</u>	<u>\$ 1,771,920</u>	<u>\$ 459,461</u>
<b>Noncash investing, capital, and financing activities</b>			
Borrowing under capital lease or installment purchase	\$ 62,535	\$ —	\$ —
Change in fair value of investments	—	(17,962)	(6,669)
Contribution of capital assets	12,078	—	—
Other noncash items	(26,962)	—	—

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

**2018 STATE OF FLORIDA CAFR**

Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/18	Internal Service Funds
\$ 476,756	\$ 158,163	\$ 84,692	\$ 1,716,284	\$ 66,517
15	—	8,421	65,156	37,926
86	(10,109)	24,061	17,753	(363)
17	3	(15,999)	(69,646)	(4,761)
—	11,683	(21,688)	(9,299)	(753)
—	—	—	(1,656)	—
(61,188)	—	177	(61,011)	—
—	—	—	(2,499)	—
1,991	(1,706)	14,956	28,504	(6,155)
12	—	409	398	655
56	(10)	2,111	17,624	(71)
—	—	—	1,895,663	—
(393,504)	—	—	(393,504)	—
(90)	—	(46,465)	(46,555)	(31,173)
1	—	(252)	(502)	—
—	—	4,844	(8,175)	4,285
—	—	—	13,764	—
195	—	7,852	9,591	4,219
116	—	54,369	55,866	34,986
<u>\$ 24,463</u>	<u>\$ 158,024</u>	<u>\$ 117,488</u>	<u>\$ 3,227,756</u>	<u>\$ 105,312</u>

\$ —	\$ —	\$ —	\$ 62,535	\$ —
(425,437)	—	(1,358)	(451,426)	(2,192)
—	—	—	12,078	—
—	—	561	(26,401)	—

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## **FIDUCIARY FUND FINANCIAL STATEMENTS**

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

Individual fund descriptions and financial statements begin on page 243.

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

Individual fund descriptions and financial statements begin on page 249.

### **INVESTMENT TRUST FUNDS**

Individual fund descriptions and financial statements begin on page 255.

### **AGENCY FUNDS**

Individual fund descriptions and financial statements begin on page 259.

**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2018**  
**(in thousands)**

	Private- Purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Agency Funds	Totals 6/30/18
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,494	\$ 158,012	\$ 599,269	\$ 45,836	\$ 804,611
Pooled investments with State Treasury	453,353	124,908	711,098	977,986	2,267,345
Total cash and cash equivalents	454,847	282,920	1,310,367	1,023,822	3,071,956
<b>Investments</b>					
Certificates of deposit	—	200,077	2,565,762	—	2,765,839
U.S. government & federally guaranteed obligations	66,034	12,423,431	144,055	426,651	13,060,171
Federal agencies	59,360	9,712,723	—	—	9,772,083
Commercial paper	—	4,182,322	4,680,946	—	8,863,268
Repurchase agreements	—	800,000	455,318	—	1,255,318
Bonds and notes	87,458	8,900,056	52,608	—	9,040,122
International bonds and notes	8,640	2,213,334	5,350	—	2,227,324
Real estate contracts	—	11,406,346	—	—	11,406,346
Mutual fund investments	6,954	10,925,013	—	—	10,931,967
Money market and short-term investments	89,252	1,121,362	521,129	—	1,731,743
Domestic equity	276,900	47,668,658	—	—	47,945,558
Alternative investments	—	26,432,707	—	—	26,432,707
International equity	63,883	33,345,072	—	—	33,408,955
International equity commingled	—	8,569,819	—	—	8,569,819
Deferred compensation annuities	—	18,647	—	—	18,647
Self-directed brokerage investments	—	633,004	—	—	633,004
Other investments	—	546	—	100	646
Total investments	658,481	178,553,117	8,425,168	426,751	188,063,517
<b>Receivables</b>					
Accounts receivable	3,155	68,904	—	537,144	609,203
State contributions receivable	—	11,413	—	—	11,413
Nonstate contributions receivable	—	303,643	—	—	303,643
Interest receivable	3,888	144,092	11,866	1,392	161,238
Dividends receivable	925	217,525	—	—	218,450
Pending investment sales	3,652	2,930,714	—	1,066	2,935,432
Foreign currency contracts receivable	20	5,291,502	—	—	5,291,522
Due from state funds	2,213	55,724	—	132,299	190,236
Due from other governments	5,044	—	—	71	5,115
Total receivables	18,897	9,023,517	11,866	671,972	9,726,252
Security lending collateral	—	2,631,692	—	—	2,631,692
Advances to other funds	936,873	—	—	—	936,873
Advances to other entities	34,127	—	—	—	34,127
Capital assets	1,522	1,117	—	—	2,639
Accumulated depreciation	(296)	(657)	—	—	(953)
Other assets	4,257	5,056	26	—	9,339
Total assets	2,108,708	190,496,762	9,747,427	2,122,545	204,475,442
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension-related items	1,583	172	—	—	1,755
Other postemployment benefits	81	529	—	—	610
Total deferred outflows of resources	1,664	701	—	—	2,365
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	7,152	139,174	602	599,521	746,449
Due to other funds	902	60,930	75	234,858	296,765
DROP	—	247,611	—	—	247,611
Pending investment purchases	21,409	5,087,077	84,600	—	5,193,086
Short sell obligations	—	265,745	—	—	265,745
Foreign currency contracts payable	20	5,282,602	—	—	5,282,622
Broker rebate fees	—	4,159	—	—	4,159
Due to other governments	2,803	16	3,404	651,732	657,955
Obligations under security lending agreements	31,478	2,660,577	52,170	16,134	2,760,359
Claims payable	316	—	—	17,920	18,236
Deposits payable	19,287	11,335	—	602,196	632,818
Compensated absences	574	1,023	—	—	1,597
Other liabilities	—	—	—	184	184
Pension liability	1,538	364	—	—	1,902
Other postemployment benefits liability	4,566	13,601	—	—	18,167
Total liabilities	90,045	13,774,214	140,851	2,122,545	16,127,655
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension-related items	93	307	—	—	400
Other postemployment benefits	895	1,926	—	—	2,821
Total deferred inflows of resources	988	2,233	—	—	3,221
<b>NET POSITION</b>					
Restricted for pension benefits and other purposes	\$ 2,019,339	\$ 176,721,016	\$ 9,606,576	\$ —	\$ 188,346,931

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Private- Purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investments Trust Funds	Totals 6/30/18
<b>ADDITIONS</b>				
<u>Contributions and other deposits</u>				
Pension fund employer contributions - state	\$ —	\$ 748,820	\$ —	\$ 748,820
Pension fund employer contributions - nonstate	—	3,058,917	—	3,058,917
Pension fund employee contributions	—	1,019,057	—	1,019,057
Other contributions	—	161,144	—	161,144
Purchase of time by employees	—	5,656	—	5,656
Fees	3,720	1,797	—	5,517
Grants and contributions	138,507	—	—	138,507
Flexible benefits contributions	—	385,637	—	385,637
Fines, forfeits, settlements and judgments	283	—	34	317
Unclaimed property remittances	507,532	—	—	507,532
Receivership assets acquired	38,652	—	—	38,652
Transfers in from state funds	2,167	685,145	—	687,312
Total contributions and other deposits	690,861	6,066,173	34	6,757,068
<u>Investment income</u>				
Interest income	12,757	1,244,110	163,487	1,420,354
Dividends	6,467	1,902,031	—	1,908,498
Other investment income (loss)	(535)	2,390,376	—	2,389,841
Net increase (decrease) in fair market value	26,531	10,276,820	1,721	10,305,072
Total investment income (loss)	45,220	15,813,337	165,208	16,023,765
Investment activity expense	(2,556)	(607,044)	(4,193)	(613,793)
Net income (loss) from investing activity	42,664	15,206,293	161,015	15,409,972
<u>Security lending activity</u>				
Security lending income	—	71,625	—	71,625
Security lending expense	—	(29,043)	—	(29,043)
Net income from security lending	—	42,582	—	42,582
Total net investment income (loss)	42,664	15,248,875	161,015	15,452,554
Other additions	3,706	15,134	—	18,840
Total additions	737,231	21,330,182	161,049	22,228,462
<b>DEDUCTIONS</b>				
Benefit payments	—	11,838,786	—	11,838,786
Insurance claims expense	862,891	7,189	—	870,080
Supplemental insurance payments	—	84,783	—	84,783
Flexible reimbursement payments	—	14,705	—	14,705
Life insurance premium payments	—	31,498	—	31,498
Remittances to annuity companies	—	195,287	—	195,287
Program contribution refunds	—	19,325	—	19,325
Interest expense	641	1	—	642
Student loan default payments	63,264	—	—	63,264
Payments to unclaimed property claimants	317,942	—	—	317,942
Distribution to State School Fund	148,644	—	—	148,644
Administrative expense	21,402	26,483	55	47,940
Property disposition gain (loss)	65	—	—	65
Transfers out to state funds	3,996	713,523	—	717,519
Other deductions	39,548	10	—	39,558
Total deductions	1,458,393	12,931,590	55	14,390,038
<u>Depositor activity</u>				
Deposits	27,125	—	20,075,016	20,102,141
Withdrawals	(57,188)	—	(19,564,388)	(19,621,576)
Excess (deficiency) of deposits over withdrawals	(30,063)	—	510,628	480,565
Change in net position	(751,225)	8,398,592	671,622	8,318,989
Net position - beginning, as restated (Note 1)	2,770,564	168,322,424	8,934,954	180,027,942
Net position - ending	\$ 2,019,339	\$ 176,721,016	\$ 9,606,576	\$ 188,346,931

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 265.

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STATEMENT OF NET POSITION  
COMPONENT UNITS  
JUNE 30, 2018  
(in thousands)

	Florida Housing Finance Corporation	University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/18
<b>ASSETS</b>					
Cash and cash equivalents	\$ 239,337	\$ 253,074	\$ 957,574	\$ 817,084	\$ 2,267,069
Pooled investments with State Treasury	1,012,509	1,175,324	—	1,669,046	3,856,879
Other investments	1,284,341	1,009,895	9,094,083	5,706,121	17,094,440
Receivables, net	158,899	661,288	142,027	1,203,202	2,165,416
Due from component units/primary	—	88,423	—	522,867	611,290
Inventories	—	43,281	—	45,361	88,642
Restricted cash and cash equivalents	—	41,077	8,243	599,783	649,103
Restricted pooled investments with State Treasury	—	114,933	—	623,318	738,251
Restricted investments	—	2,405,119	—	3,343,995	5,749,114
Other loans and notes receivable, net	2,069,033	33,143	—	101,927	2,204,103
Other assets	804	202,160	8,083	284,236	495,283
Capital assets, net	—	3,626,780	7,458	21,452,696	25,086,934
Total assets	4,764,923	9,654,497	10,217,468	36,369,636	61,006,524
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accum. decrease in fair value -hedging derivatives	—	35,073	—	1,313	36,386
Grants paid in advance	—	—	—	51	51
Amount deferred on refunding of debt	—	336	—	25,329	25,665
Pension-related items	—	350,526	—	1,405,841	1,756,367
Other postemployment benefits	—	18,652	—	46,345	64,997
Total deferred outflows of resources	—	404,587	—	1,478,879	1,883,466
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	102,837	571,392	1,251,799	1,068,816	2,994,844
Due to component units/primary	—	29,010	—	56,168	85,178
Long-term liabilities					
Due within one year	246,244	243,540	754,635	654,285	1,898,704
Due in more than one year	1,917,785	3,236,484	1,872,163	9,208,145	16,234,577
Total liabilities	2,266,866	4,080,426	3,878,597	10,987,414	21,213,303
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred service concession arrangement receipts	—	—	—	54,821	54,821
Accum. increase in fair value -hedging derivatives	—	2,862	—	—	2,862
Amount deferred on refunding of debt	—	2,528	—	261	2,789
Pension-related items	—	81,507	—	227,570	309,077
Other postemployment benefits	—	156,203	—	246,366	402,569
Irrevocable split-interest agreements	—	—	—	4,204	4,204
Total deferred inflows of resources	—	243,100	—	533,222	776,322
<b>NET POSITION</b>					
Net investment in capital assets	—	2,232,262	7,458	18,645,872	20,885,592
Restricted for					
Debt service	—	4,289	—	137,546	141,835
Other	2,344,289	524,058	8,243	4,260,019	7,136,609
Funds held for permanent endowment					
Expendable	—	428,133	—	517,605	945,738
Nonexpendable	—	1,399,174	—	2,587,410	3,986,584
Unrestricted	153,768	1,147,642	6,323,170	179,427	7,804,007
Total net position	\$ 2,498,057	\$ 5,735,558	\$ 6,338,871	\$ 26,327,879	\$ 40,900,365

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

**STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED June 30, 2018  
(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	\$ 151,553	\$ 186,113	\$ —	\$ —	\$ 34,560
University of Florida	5,639,500	3,698,010	1,025,146	115,596	—
Citizens Property Insurance Corporation	1,884,641	631,509	—	—	—
Nonmajor component units	12,685,469	3,714,923	3,771,092	843,399	—
<b>Total component units</b>	<b>\$ 20,361,163</b>	<b>\$ 8,230,555</b>	<b>\$ 4,796,238</b>	<b>\$ 958,995</b>	<b>34,560</b>

General revenues

Property taxes	—
Investment earnings (losses)	—
Gain (loss) on sale of capital assets	—
Payments from the State of Florida	—
Miscellaneous	172,357
Contributions to permanent funds	—
<b>Total general revenues and contributions</b>	<b>172,357</b>
Change in net position	206,917
Net position - beginning, as restated (Note 1)	2,291,140
Net position - ending	<b>\$ 2,498,057</b>

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 6/30/18
\$ —	\$ —	\$ —	\$ 34,560
(800,748)	—	—	(800,748)
—	(1,253,132)	—	(1,253,132)
—	—	(4,356,055)	(4,356,055)
<u>(800,748)</u>	<u>(1,253,132)</u>	<u>(4,356,055)</u>	<u>(6,375,375)</u>
—	—	483,557	483,557
243,812	283,692	476,566	1,004,070
7,670	—	(694)	6,976
781,153	—	3,998,370	4,779,523
75,035	—	518,594	765,986
59,692	—	30,865	90,557
<u>1,167,362</u>	<u>283,692</u>	<u>5,507,258</u>	<u>7,130,669</u>
366,614	(969,440)	1,151,203	755,294
5,368,944	7,308,311	25,176,676	40,145,071
<u>\$ 5,735,558</u>	<u>\$ 6,338,871</u>	<u>\$ 26,327,879</u>	<u>\$ 40,900,365</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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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 Department of Transportation Financing Corporation\*
- 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, 2018, are approximately \$1,519,096.

### **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, 2018. 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<sup>1</sup>

##### ***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

<sup>1</sup> Significant transactions occurring during the 2017-18 fiscal year between the University of Florida and the state totaled \$839 million. These funds represent state appropriated funds to the University of Florida.

**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. Significant transactions occurring during the 2017-18 fiscal year between the Florida Housing Finance Corporation and the state included revenues of state documentary stamp taxes totaling \$284.0 million and transfers to state agencies of \$116.9 million.

**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.

**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

**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 \$107 million and \$39 million, respectively. These amounts represent less than one percent of total aggregate component unit assets and revenues.

**Joint Ventures**

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

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

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

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

***Southern States Energy Compact.*** Section 377.711, F.S., enacted this compact into law joining the State of Florida and other states to recognize that 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.

***Interstate Commission of Nurse Licensure Compact Administrators.*** Section 464.0095, F.S., enacted this compact into law joining the State of Florida and other states with the general purpose to facilitate the states' responsibility to protect the public's health and safety with regards to nurse licensure and regulation. This compact is additionally purposed with facilitating the exchange of information among party states in the areas of nurse regulation, investigation, and adverse actions, promote compliance with the laws governing the practice of nursing, and decrease redundancies in the consideration and issuance of nurse licenses.

**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, aviation authorities and a financing corporation. 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.

**Natural Resources, Environment, and Growth Management** – 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. Prior to 6/30/2018, this fund was reported as the Environment, Recreation, and Conservation Fund.

**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 and other postemployment benefit (OPEB) 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, 2018, the government-wide statement of net position reported a restricted net position of \$29.6 billion, of which \$20.3 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, 2018 (in thousands).

	General Fund	Natural Resources, Environment, and Growth Management	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
<b>Fund balances:</b>							
<b>Nonspendable:</b>							
Inventory and Prepaid Items	\$ 11,680	\$ 769	\$ —	\$ 36,901	\$ 7,099	\$ 2,590	\$ 59,039
Long-term Receivables and Advances	4,462	—	—	—	—	—	4,462
Permanent Fund Principal	—	—	—	—	—	26,270	26,270
Total	16,142	769	—	36,901	7,099	28,860	89,771
<b>Restricted:</b>							
Grantors/Contributors	611	55,772	268	35,444	—	30,276	122,371
Enabling Legislation	—	9,744	104,456	4,568	50	301,048	419,866
Constitutional Provision	—	52,110	598,988	—	—	443	651,541
Creditors	9,598	15,313	759,892	3,108	—	1,186,249	1,974,160
Federal Government	29,475	2,359,533	15,886	101,282	—	99,843	2,606,019
Total	39,684	2,492,472	1,479,490	144,402	50	1,617,859	5,773,957
<b>Committed:</b>	1,239,072	1,055,577	436,842	1,727,822	1,693,749	1,202,780	7,355,842
<b>Unassigned:</b>	5,842,506	—	(888,359)	—	—	—	4,954,147
Total Fund Balances	\$ 7,137,404	\$ 3,548,818	\$ 1,027,973	\$ 1,909,125	\$ 1,700,898	\$ 2,849,499	\$ 18,173,717

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 2018 General Appropriations Act as being unappropriated June 30, 2018, cash balances that are to be transferred to and from the funds indicated during the 2018-19 fiscal year (in thousands).

	General Fund	Natural Resources, Environment, and Growth Management	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
Transfer to (from) Fund	\$ 154,673	\$ (61,000)	\$ —	\$ (19,000)	\$ —	\$ (74,673)	\$ —
Transfer from Non-Governmental Funds	234,341	—	—	—	—	—	234,341
Total	\$ 389,014	\$ (61,000)	\$ —	\$ (19,000)	\$ —	\$ (74,673)	\$ 234,341

**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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This statement establishes standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. The implementation of this standard required restatement of beginning equity and the recording of deferred outflows of resources and deferred inflows of resources related to OPEB in the financial statements. Additionally, implementation required changes to the notes to the financial statements and required supplemental information for OPEB plans.

The state implemented GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement establishes recognition and measurement requirements for irrevocable split-interest agreements created through trusts, or other legally enforceable agreements with characteristics that are equivalent to irrevocable split-interest agreements. The implementation of this standard required restatement of beginning equity and the recording of deferred inflows of resources related to irrevocable split-interest agreements in the financial statements.

The state implemented GASB Statement No. 85, *Omnibus 2017*. This Statement establishes accounting and financial reporting requirements for blended component units, goodwill, fair value measurement and application, and postemployment benefits (pension and OPEB). Adoption of this statement had no impact on the state's financial statements.

The state implemented GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This statement establishes standards of accounting and financial reporting for certain in-substance defeasance transactions and amends standards of accounting and financial reporting for prepaid insurance on debt that is extinguished. The implementation of this standard required restatement of beginning equity in the financial statements.

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

Fund balances and net position at June 30, 2017 have been adjusted as follows (in thousands):

	Governmental Funds		Business-type Activities			
	Governmental Activities	Transportation	Proprietary Funds			
			Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College
<b>Fund Balance/Net Position, June 30, 2017, as previously reported</b>	\$ 66,181,538	\$ 1,630,744	\$ 9,849,434	\$ 78,397	\$ 13,980,592	\$ 2,367,634
To decrease fund balance as a result of the implementation of GASB 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"	(6,111,608)			(24,615)	(327)	(411)
To increase net position for assets not capitalized in a prior fiscal year			290,469			
To decrease net position for revenue recorded but not yet earned in a prior fiscal year	(75,000)	(75,000)				
<b>Fund Balance/Net Position, June 30, 2017, as restated</b>	<u>\$ 59,994,930</u>	<u>\$ 1,555,744</u>	<u>\$ 10,139,903</u>	<u>\$ 53,782</u>	<u>\$ 13,980,265</u>	<u>\$ 2,367,223</u>
	Business-type Activities		Component Units		Fiduciary Funds	
	Proprietary Funds		University of Florida	Nonmajor Component Units	Private-Purpose Trust Fund	Pension and Other Employee Benefits Trust Funds
	Nonmajor Enterprise Funds	Internal Service Funds				
<b>Fund Balance/Net Position, June 30, 2017, as previously reported</b>	\$ 393,248	\$ 609,256	\$ 6,209,219	\$ 26,469,345	\$ 2,774,527	\$ 168,332,965
To decrease fund balance as a result of the implementation of GASB 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"	(133,570)	(70,418)	(840,275)	(1,297,187)	(3,963)	(10,541)
To decrease fund balance as a result of the implementation of GASB 81, "Irrevocable Split-Interest Agreements"				(435)		
To increase fund balance as a result of the implementation of GASB 86, "Certain Debt Extinguishment Issues"				4,953		
<b>Fund Balance/Net Position, June 30, 2017, as restated</b>	<u>\$ 259,678</u>	<u>\$ 538,838</u>	<u>\$ 5,368,944</u>	<u>\$ 25,176,676</u>	<u>\$ 2,770,564</u>	<u>\$ 168,322,424</u>

**K. Budget Stabilization Fund**

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

The Budget Stabilization Fund had \$1.42 billion in cash at June 30, 2018. During fiscal year 2017-18, the fund was authorized to transfer \$32.1 million from General Revenue Fund to the Budget Stabilization Fund. There were no disbursements made from the fund.

## NOTE 2 - DEPOSITS AND INVESTMENTS

### A. Deposits

At June 30, 2018, the state's deposits in financial institutions totaled approximately \$2.1 billion for primary government and \$2.6 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, 2018, 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, 2018

Custodial Credit Risk	Bank Statement Balance (in U.S. \$)	
	Primary Government	Component Units
(1)	\$ 732,244	\$ 449,801
(2)	43,546	323,697
(3)	—	12,255
Total deposits subject to custodial credit risk	\$ 775,790	\$ 785,753

#### 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 October 17, 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, 2018, as illustrated in the following schedule (in thousands):

**Schedule of Investments with State Board of Administration  
Foreign Currency Deposits Held  
As of June 30, 2018**

Currency	Bank Statement Balance (in U.S. \$)			
	FRS Pension Trust Fund	LCEF	Florida Prepaid Program and Investment Plan	Total
Australian dollar	\$ 6,004	\$ 77	\$ 13	\$ 6,094
Bangladesh taka	18	—	—	18
Brazilian real	269	13	—	282
British pound sterling	14,914	127	133	15,174
Canadian dollar	7,423	52	—	7,475
Chilean peso	421	—	—	421
Chinese yuan renminbi	685	10	—	695
Colombian peso	14	—	—	14
Czech koruna	2	—	—	2
Danish krone	502	—	—	502
Egyptian pound	27	1	—	28
Euro currency unit	8,817	15	231	9,063
Hong Kong dollar	7,353	125	129	7,607
Hungarian forint	38	5	—	43
Indian rupee	3,844	—	—	3,844
Indonesian rupiah	99	4	—	103
Israeli shekel	2,161	13	17	2,191
Japanese yen	24,999	133	248	25,380
Malaysian ringgit	454	36	—	490
Mexican peso	56	22	—	78
Moroccan dirham	8	—	—	8
New Zealand dollar	737	88	7	832
Nigerian naira	25	—	—	25
Norwegian krone	1,013	5	31	1,049
Pakistan rupee	92	—	—	92
Philippines peso	686	9	—	695
Polish zloty	401	—	—	401
Qatari riyal	36	—	—	36
Singapore dollar	3,279	—	—	3,279
South African rand	2,337	7	—	2,344
South Korean won	2,888	—	—	2,888
Swedish krona	559	—	8	567
Swiss franc	918	2	—	920
Taiwan new dollar	7,111	74	—	7,185
Thailand baht	91	7	—	98
Turkish lira	490	—	—	490
United Arab Emirate dirham	56	—	—	56
Vietnam dong	1,018	—	—	1,018
Other	1	—	—	1
Total deposits subject to foreign currency risk	<u>\$ 99,846</u>	<u>\$ 825</u>	<u>\$ 817</u>	<u>\$ 101,488</u>

**B. Investments**

At June 30, 2018, the state's investments reported in governmental and business-type activities and fiduciary funds totaled \$247.2 billion, consisting of pooled investments with the State Treasury in the amount of \$23.8 billion and other investments in the amount of \$223.4 billion. The State Treasury also had holdings at June 30, 2018, of \$4.4 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, excluding those investments held by SBA, totaled \$22.2 billion.

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

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

Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Council 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, 2018, was \$21.2 billion or 75% 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, 2018**

**ASSETS**

Current and Other Assets	\$ 29,071,122
Total Assets	<u>29,071,122</u>

**LIABILITIES**

Other Liabilities	<u>2,582,657</u>
Total Liabilities	<u>2,582,657</u>

**NET POSITION**

Net position held for Internal Pool Participants	25,828,328
Net position held for External Pool Participants	<u>660,137</u>
	<u>\$ 26,488,465</u>

**Condensed Statement of Changes of Fiduciary Net Position  
June 30, 2018**

**ADDITIONS**

Net income (loss) from investing activity	<u>\$ (281,655)</u>
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**DEDUCTIONS**

Distributions paid and payable	<u>281,655</u>
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**DEPOSITOR ACTIVITY**

Deposits	112,601,377
Withdrawals	(112,553,098)
Excess (deficiency) of deposits over withdrawals	<u>48,279</u>
Change in net position	48,279
Net position, beginning	<u>26,440,186</u>
Net position, ending	<u>\$ 26,488,465</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	\$ 292,095	\$ 291,851	1.862% - 2.040%	7/5/2018 - 9/26/2018
Money market funds	188,106	188,106	0.314% - 2.090%	N/A
Repurchase agreements	1,400,623	1,400,623	1.880% - 2.120%	7/2/2018 - 7/12/2018
U.S. guaranteed obligations	7,526,636	7,284,753	0.125% - 8.500%	7/15/2018 - 4/1/2065
Federal agencies	5,682,882	5,259,194	0.004% - 12.130%	7/5/2018 - 10/25/2057
Bonds and notes - domestic	6,534,984	6,249,845	0.002%-10.375%	7/1/2018 - 9/1/2117
Bonds and notes - international	1,165,282	1,155,513	1.125% - 9.625%	7/27/2018 - 12/6/2057
Federal agencies discounted securities	866,054	864,847	1.746% - 3.410%	7/2/2018 - 3/25/2042
U.S. guaranteed obligations discounted securities	857,645	836,865	1.388% - 3.020%	8/2/2018 - 5/15/2037
Commingled STIF	517,392	517,392	N/A	N/A
Unemployment compensation	3,852,368	3,852,368	N/A	N/A
Totals	<u>\$ 28,884,067</u>	<u>\$ 27,901,357</u>		

\* The coupon rate in effect at June 30, 2018, 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, 2018, as well as reconciliation to the basic financial statements (in thousands):

**Schedule of Pooled Investments with State Treasury  
As of June 30, 2018**

<u>Investment type</u>	<u>Fair Value</u>
Commercial paper	\$ 262,958
Money market funds	188,106
U.S. guaranteed obligations	8,121,618
Federal agencies	5,898,567
Bonds and notes - domestic	5,837,348
Bonds and notes - international	1,015,640
Repurchase agreements	400,000
Commingled STIF	517,392
Unemployment compensation funds pooled with U. S. Treasury	3,852,368
Total investments excluding security lending collateral**	<u>26,093,997</u>
Lending collateral investments:	
Commercial paper	28,893
Repurchase agreements	1,000,623
Federal agencies	225,474
Bonds and notes - domestic	412,497
Bonds and notes - international	139,873
Total lending collateral investments	<u>1,807,360</u>
Total investments	27,901,357
Cash on deposit	1,167,125
Total State Treasury holdings	<u>29,068,482</u>
Adjustments:	
Outstanding warrants	(491,316)
Deposits in transit	2,640
SPIA Revolving Account*	(7,104)
Unsettled securities liability	(276,673)
Reconciled balance, June 30, 2018	<u><u>\$ 28,296,029</u></u>
Reconciliation to the basic financial statements (in thousands):	
Pooled investments with State Treasury	
Governmental activities	\$ 16,021,471
Business-type activities	5,519,454
Fiduciary funds	2,267,345
Component units	3,856,879
Component units timing difference	(146,594)
Total pooled investments with State Treasury	<u>27,518,555</u>
Restricted pooled investments with State Treasury	
Business-type activities	39,223
Component units	738,251
Total restricted pooled investments with State Treasury	<u>777,474</u>
Total pooled investments with State Treasury	<u><u>\$ 28,296,029</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 73.9% of total other investments at June 30, 2018. Investments in the FRS Investment Plan Trust Fund (Defined Contribution Pension Fund) represents 4.8% of total other investment, while investments in the Florida Hurricane Catastrophe Fund and the Florida Prepaid College Trust Fund represented another 7.7% and 6.0%, 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, 2018, as well as reconciliation to the basic financial statements (in thousands):

**Schedule of Other Investments  
As of June 30, 2018**

Investment types	Fair Value*			
	FRS Pension Trust Fund	Other funds		Total
		Managed by SBA	Not managed by SBA	
Certificates of deposit	\$ 200,077	\$ 5,025,046	\$ 3,195	\$ 5,228,318
Commercial paper	4,182,322	5,888,789	—	10,071,111
Money market funds	35,981	2,442,463	532	2,478,976
Repurchase agreements	800,000	535,000	—	1,335,000
U.S. guaranteed obligations	12,308,170	16,680,794	4,008	28,992,972
Federal agencies	9,641,445	3,960,197	5,345	13,606,987
Domestic bonds and notes	7,005,685	3,708,833	1,787,216	12,501,734
Commingled domestic bonds and notes funds	—	1,817,415	—	1,817,415
International bonds and notes	2,197,600	1,363,036	596	3,561,232
Domestic stocks	47,062,304	2,583,559	47,746	49,693,609
Commingled domestic equity funds	—	3,878,934	—	3,878,934
International stocks	33,319,165	744,604	6,743	34,070,512
Commingled international equity funds	8,569,819	2,186,136	—	10,755,955
Commingled real asset funds	—	740,128	—	740,128
Alternative investments	26,432,707	—	—	26,432,707
Real estate investments (directly owned)	8,948,949	—	—	8,948,949
Commingled real estate investments funds	2,457,397	—	703	2,458,100
Self-Directed brokerage accounts	—	633,004	—	633,004
Futures (debt and equity)	(47,040)	—	—	(47,040)
Option contracts purchased	40,306	—	2,451	42,757
Swap contracts (debt related)	7,280	—	—	7,280
Mutual funds	—	—	2,530,812	2,530,812
Deferred compensation annuities	—	—	18,647	18,647
Total investments excluding lending collateral	<u>163,162,167</u>	<u>52,187,938</u>	<u>4,407,994</u>	<u>219,758,099</u>
Lending collateral investments:				
Certificates of deposit	—	625,097	—	625,097
Commercial paper	—	309,345	—	309,345
Money market funds	1,711,600	—	—	1,711,600
Repurchase agreements	863,630	972,370	—	1,836,000
Domestic bonds and notes	56,462	—	—	56,462
Total lending collateral investments	<u>2,631,692</u>	<u>1,906,812</u>	<u>—</u>	<u>4,538,504</u>
Total investments for all types - fair value	<u>\$ 165,793,859</u>	<u>\$ 54,094,750</u>	<u>\$ 4,407,994</u>	<u>\$ 224,296,603</u>
% 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 78 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	\$ 1,308,089	\$ 11,073,109	\$ —	\$ 632,694	\$ 13,013,892
Restricted investments	—	544,160	—		544,160
Long-term investments	135,478	19,658,134	188,063,517	—	207,857,129
Security lending collateral <sup>2</sup>	—	—	2,631,692	—	2,631,692
Timing and other differences <sup>3</sup>	(16,142)	(4,598)	(13,839)	284,309	249,730
<b>Total other investments</b>	<b>\$ 1,427,425</b>	<b>\$ 31,270,805</b>	<b>\$ 190,681,370</b>	<b>\$ 917,003</b>	<b>\$ 224,296,603</b>

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

<sup>2</sup> Other investments and Restricted investments for Governmental and Business-type activities include security lending collateral. Refer to Note 2 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, 2018.

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, 2018**

Investment Type	Fair Value
U.S. guaranteed obligations	\$ 101,326
Federal Agencies	1,606
<b>Total</b>	<b>\$ 102,932</b>

In addition, cash and foreign currency required to open futures and swap contracts (i.e. initial margin) in the FRS Pension Trust Fund may be 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, 2018, 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, 2018**

	Fair Value
Margin receivable from counterparties:	
Futures contracts	\$ 59,121
Swap contracts	1,759
<b>Total margin receivable</b>	<b>\$ 60,880</b>
Margin payable to counterparties:	
Futures contracts	6,401
Swap contracts	8,265
Foreign currency contracts	5,170
<b>Total margin payable</b>	<b>\$ 19,836</b>

The FRS Pension Trust Fund also held short positions in investments at June 30, 2018. 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, 2018, (in thousands):

**FRS Pension Trust Fund  
Short Investment Position  
As of June 30, 2018**

<u>Investment Type</u>	<u>Fair Value</u>
U.S. guaranteed obligations	\$ (71,843)
Federal agencies	(177,174)
Option contracts	(16,728)
Total	<u>\$ (265,745)</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, 2018. 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, 2018, 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, 2018, are excluded.

**Schedule of Other Investments  
For Discretely Presented Component Units  
As of June 30, 2018**

<u>Investment type</u>	<u>Fair Value</u>
Certificates of deposit	\$ 24,151
Commercial paper	36,472
Money market funds	312,981
U.S. guaranteed obligations	3,471,048
Federal agencies	1,591,154
Domestic bonds & notes	7,257,447
International bonds & notes	754,281
Domestic stocks	1,115,549
International stocks	870,087
Real estate investments	94,451
Mutual funds	2,460,611
Investment agreements	4,222,628
Total other investments for all types	<u>\$ 22,210,860</u>
Reconciliation of fair value to the basic financial statements:	
Other investments	\$ 17,094,440
Restricted investments	5,749,114
Less SBA Investments*	<u>(632,694)</u>
Total other investment for component units	<u>\$ 22,210,860</u>

\* Investment types for component units with investments held by SBA are disclosed on the Schedule of Other Investments on page 76.

At June 30, 2018, 62.10% 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, 2018, were rated by the nationally recognized statistical rating organizations (NRSRO) Standard and Poor's (S&P) and Moody's. S&P ratings were primarily used. If S&P did not rate a security, or if the Moody's rating was lower for a security, then Moody's ratings were used. The ratings are presented below using the applicable rating scale (in thousands):

**State Treasury  
Credit Quality Ratings  
As of June 30, 2018**

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	Money Market funds
AAA		\$ 188,106	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 188,106
AAA		1,067,351	—	18,686	859,379	189,286	—	—
AA		6,647,567	—	5,869,632	649,147	121,283	7,505	—
A		2,742,431	—	—	2,331,786	410,645	—	—
A-1		291,851	291,851	—	—	—	—	—
BBB		1,118,466	—	—	982,877	135,589	—	—
BB		3,934	—	—	3,934	—	—	—
B		782	—	—	782	—	—	—
Below B		11,628	—	—	11,628	—	—	—
	Aaa	758,081	—	—	683,334	74,747	—	—
	Aa	82,973	—	793	82,180	—	—	—
	A	385,024	—	—	273,249	111,775	—	—
	Baa	348,000	—	—	299,763	48,237	—	—
	Ba	52,125	—	—	45,995	6,130	—	—
	B	426	—	—	426	—	—	—
	Below B	21	—	—	21	—	—	—
Not Rated	Not Rated	1,149,232	—	234,930	25,344	57,821	831,137	—
		<u>14,847,998</u>	<u>\$ 291,851</u>	<u>\$ 6,124,041</u>	<u>\$ 6,249,845</u>	<u>\$ 1,155,513</u>	<u>\$ 838,642</u>	<u>\$ 188,106</u>
Not rated <sup>3</sup>	Not rated <sup>3</sup>	8,121,618	U.S. guaranteed obligations					
Not rated	Not rated	517,392	Commingled STIF					
Not rated <sup>3</sup>	Not rated <sup>3</sup>	561,981	Repurchase agreements					
		<u>\$ 24,048,989</u>	<sup>1</sup>					

<sup>1</sup> The remaining \$3,852,368 (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> 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, 2018, 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 8 percent, 11 percent, and 6 percent of the State Treasury's investments pool, respectively.

### ***Other Investments***

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

Generally, securities in other major portfolios, such as the Mortgage Index Portfolio, Intermediate Aggregate Less MBS Index Portfolio and the Core Portfolio, should be rated investment grade (S&P BBB-, Moody's Baa3, and Fitch BBB-) by at least one of the NRSROs at the time of purchase [allowing a very small allocation to below investment grade (down to BB-/Ba3) for the Core Portfolio]. Securities for a single issuer are generally limited to 5% of the fair value 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. Generally, securities in these portfolios should be rated investment grade by at least one NRSRO at the time of purchase allowing a very small allocation to below investment grade (down to BB-Ba3) for the core portfolio. Securities for a single issuer are generally limited to 5% of the fair value of the portfolio (excluding U.S. Treasuries and Agencies).

*Intermediate Aggregate Less MBS Index Portfolio and the Core Portfolio* – These portfolios allow U.S. Treasuries, U.S. Government agencies and corporates. The Core Portfolio allow mortgage and asset backed securities, foreign sovereign debt, and municipals as well.

*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, 2018. The schedule below discloses credit quality ratings on investments held in the FRS Pension Trust Fund at June 30, 2018 (in thousands):

**FRS Pension Trust Fund  
Credit Quality Ratings  
As of June 30, 2018**

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		\$ 5,736,226	\$ —	\$ 3,988,645	\$ 1,747,581	\$ —	\$ —	\$ —	\$ —
A-2		193,677	—	193,677	—	—	—	—	—
AAA		991,251	—	—	—	—	—	659,560	331,691
AA		1,121,050	—	—	—	68,732	507,801	345,177	199,340
A		2,089,634	—	—	—	—	—	1,459,874	629,760
BBB		3,498,207	—	—	—	—	—	2,842,235	655,972
BB		77,820	—	—	—	—	—	41,422	36,398
B		19,947	—	—	—	—	—	6,924	13,023
CCC		2,055	—	—	—	—	—	2,055	—
CC		15,954	—	—	—	—	—	15,954	—
D		1,864	—	—	—	—	—	1,864	—
Not rated	Aaa	635,968	—	—	—	—	—	586,026	49,942
Not rated	Aa	41,609	—	—	—	—	—	35,214	6,395
Not rated	A	209,059	—	—	—	—	—	165,538	43,521
Not rated	Baa	539,394	—	—	—	—	—	451,547	87,847
Not rated	Ba	191,593	—	—	—	—	—	144,477	47,116
Not rated	Caa	2,510	—	—	—	—	—	2,510	—
Not rated	Not rated	10,174,385	200,077	—	—	442,299	9,133,644	301,770	96,595
		<u>25,542,203</u>	<u>\$ 200,077</u>	<u>\$ 4,182,322</u>	<u>\$ 1,747,581</u>	<u>\$ 511,031</u>	<u>\$ 9,641,445</u>	<u>\$ 7,062,147</u>	<u>\$ 2,197,600</u>
Ratings not Applicable:									
	Repurchase agreements <sup>3</sup>	1,152,599							
	U.S. guaranteed obligations <sup>3</sup>	12,308,170							
	Domestic stocks	47,062,304							
	International stocks	33,319,165							
	Commingled international equity funds	8,569,819							
	Alternative investments	26,432,707							
	Real estate (directly owned)	11,406,346							
	Futures (debt and equity)	(47,040)							
	Options purchased	40,306							
	Swaps	7,280							
	Total investments	<u>\$ 165,793,859</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. guaranteed 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> 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, 2018, 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, 2018, are listed below (in thousands):

**FRS Pension Trust Fund  
Foreign Currency Exchange Contract Counterparty Credit Ratings  
As of June 30, 2018**

Counterparty Credit Rating (Long /Short) <sup>1</sup>		Receivable Fair Value	Payable Fair Value	Net Unrealized Gain (Loss)
S&P	Moody			
AA/A-1		\$ 207,605	\$ (203,162)	\$ 4,443
A/A-1		5,013,784	(5,006,163)	7,621
BBB/A-2		866	(866)	—
	A/P-1	262	(262)	—
	A/NR	26	(26)	—
	NR/P-1	41,337	(41,102)	235
NR/NR	NR/NR	25,863	(25,851)	12
	Total	<u>\$ 5,289,743</u>	<u>\$ (5,277,432)</u>	<u>\$ 12,311</u>

<sup>1</sup> S&P or Moody ratings indicative of the greatest degree of credit risk were reported. 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, 2018, (in thousands):

**All SBA Managed Funds (except FRS Pension Trust Fund)  
Credit Quality Ratings  
As of June 30, 2018**

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									
AAAm		\$ 1,538,715	\$ —	\$ —	\$ 1,538,715	\$ —	\$ —	\$ —	\$ —	\$ —
A-1		5,998,398	—	5,998,398	—	—	—	—	—	—
AAA		241,228	—	—	—	—	5,877	215,750	—	19,601
AA		3,567,131	—	—	—	185,224	1,740,608	1,056,703	—	584,596
A		1,497,335	—	—	—	—	—	1,055,419	—	441,916
BBB		782,967	—	—	—	—	—	671,821	—	111,146
BB		12,597	—	—	—	—	—	12,141	—	456
Not rated	p-1	199,736	—	199,736	—	—	—	—	—	—
Not rated	Aaa	511,801	—	—	—	15	294,910	216,876	—	—
Not rated	Aa	51,839	—	—	—	—	—	34,870	—	16,969
Not rated	A	467,729	24,008	—	—	—	—	288,061	—	155,660
Not rated	Baa	104,499	—	—	—	—	—	77,488	—	27,011
Not rated	Ba	59,856	—	—	—	—	—	54,306	—	5,550
Not rated	Not rated	10,522,089	5,626,135	—	903,748	230,460	1,918,802	25,398	1,817,415	131
		<u>25,555,920</u>	<u>\$ 5,650,143</u>	<u>\$ 6,198,134</u>	<u>\$ 2,442,463</u>	<u>\$ 415,699</u>	<u>\$ 3,960,197</u>	<u>\$ 3,708,833</u>	<u>\$ 1,817,415</u>	<u>\$ 1,363,036</u>
Ratings not applicable										
		Repurchase agreements <sup>3</sup>	1,091,671							
		U.S. guaranteed obligations <sup>3</sup>	16,680,794							
		Domestic stocks	2,583,559							
		Commingled domestic equity funds	3,878,934							
		International stocks	744,604							
		Commingled international equity funds	2,186,136							
		Commingled real asset funds	740,128							
		Self-directed brokerage accounts	633,004							
		<u>Total investments</u>	<u>\$ 54,094,750</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, "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. guaranteed obligations and repurchase agreements that are collateralized by securities explicitly guaranteed by the U.S. government do not require disclosure of credit quality.

The Florida Hurricane Catastrophe Fund held investments with Federal Farm Credit Banks (9.56%) 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 (5.55%) in excess of 5% of the Florida Prepaid College Program’s fair value.

The Florida Prepaid Investment Plan held investments with the FNMA (8.06%) 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, 2018**

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) *	\$ —	\$ 5,443	\$ —	\$ —	\$ —	\$ —	\$ 5,443	AAA-AA+
FHFC (continued)	—	26,040	—	—	—	—	26,040	AAA-AA-
FHFC (continued)	—	10,794	—	—	—	—	10,794	AAA-BBB+
FHFC (continued)	—	123,024	—	—	—	—	123,024	AAA-BBB-
FHFC (continued)	—	9,222	—	—	—	—	9,222	AAA-D
FHFC (continued)	74,817	—	—	—	—	—	74,817	AA+
FHFC (continued)	—	—	—	—	—	397	397	A 1
University of Florida (UF)*	2,036	7,929	16,279	45,970	—	—	72,214	AAA
UF (continued)	621	5,182	—	51,297	—	—	57,100	AA
UF (continued)	—	6,991	—	19,875	—	—	26,866	A
UF (continued)	—	47,066	50	18,205	—	—	65,321	Less than A
Citizens Property Insurance Corporation (CPIC)*	964,325	—	—	—	1,758,461	—	2,722,786	AA+
CPIC (continued)	—	6,351,379	—	—	—	—	6,351,379	A+
CPIC (continued)	—	—	—	—	—	19,918	19,918	A-1
	<u>\$ 1,041,799</u>	<u>\$ 6,593,070</u>	<u>\$ 16,329</u>	<u>\$ 135,347</u>	<u>\$ 1,758,461</u>	<u>\$ 20,315</u>	<u>\$ 9,565,321</u>	

\* The Florida State major Component Units do not have any investments subject to concentration of credit risk.

**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, 2018. 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):

**State Treasury  
Custodial Credit Risk  
As of June 30, 2018**

	Fair value
Invested security lending collateral:	
Commercial paper	\$ 28,893
Repurchase agreements	1,000,623
Federal agencies	225,474
Bonds and notes - domestic	412,497
Bonds and notes - international	139,873
Total	\$ 1,807,360

***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, 2018. 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):

**Other Investments with SBA  
Custodial Credit Risk  
As of June 30, 2018**

	FRS Pension Trust Fund	Other funds
Invested security lending collateral:		
Certificates of deposit	\$ —	\$ 625,097
Commercial paper	—	309,345
Repurchase agreements	18,630	972,370
Domestic bonds and notes	56,462	—
Total	\$ 75,092	\$ 1,906,812

**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, 2018**

Component unit / Investment type	Fair value
University of Florida	
Federal agencies	\$ 2,657
Bonds and notes	35,774
U.S. guaranteed obligations	2,867
Money market funds	10,798
Total	\$ 52,096

**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, 2018**

Investment type	Fair value	Effective weighted duration (in years)	Security Lending Market Value	Weighted average maturity (in days)
Commercial paper	\$ 262,958	0.01	\$ 28,893	64
Money market funds	188,106	—	—	N/A
Repurchase agreements	400,000	0.02	1,000,623	2
U.S. guaranteed obligations:				
U.S. Treasury bonds and notes	6,833,233	3.03	—	N/A
U.S. Treasury strips	489,382	1.22	—	N/A
U.S. Treasury bills	299,007	0.28	—	N/A
GNMA mortgage-backed pass-through	309,918	5.02	—	N/A
GNMA TBA pass-through	14,306	3.93	—	N/A
GNMA collateralized mortgage obligations (CMO's)	16,134	3.22	—	N/A
GNMA CMO's - interest only	11,406	4.94	—	N/A
NCUA - CMO's	3,222	0.10	—	N/A
SBA asset-backed	145,010	4.37	—	N/A
Federal agencies:				
Discount notes	854,194	0.06	—	N/A
Unsecured bonds & notes	2,642,854	1.04	225,474	18
Mortgage-backed pass-through	1,735,983	4.81	—	N/A
TBA mortgage-backed pass-through	229,374	4.22	—	N/A
Mortgage-backed CMO's	423,934	5.20	—	N/A
Mortgage-backed CMO's - principal only	109	4.19	—	N/A
Mortgage-backed CMO's - interest only	12,119	6.25	—	N/A
Bonds and notes - domestic:				
Corporate	4,024,739	5.03	412,497	48
Corporate asset-backed	785,988	1.21	—	N/A
Non-government backed CMO's & CMBS*	670,377	4.48	—	N/A
Non-government backed CMO's & CMBS* - interest only	8,211	2.20	—	N/A
Municipal/provincial	348,033	5.59	—	N/A
Bonds and notes - international:				
Government & Agency	72,027	4.35	—	N/A
Corporate	943,613	3.47	139,873	41
Commingled STIF	517,392	—	—	N/A
Futures contracts - long***	—	2.73	—	N/A
Futures contracts - short***	—	2.05	—	N/A
Total debt investments**	<u>\$ 22,241,629</u>		<u>\$ 1,807,360</u>	

\* Commercial Mortgage-Backed Securities (CMBS).

\*\* The remaining \$3,852,368 (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 Portfolio contains certain investments, known 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, 2018**

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	\$ —	N/A	\$ 200,077	14
Commercial paper	—	N/A	4,182,322	12
Money market funds	—	N/A	1,747,581	2
Repurchase agreements	—	N/A	1,663,630	4
U.S. guaranteed obligations:				
U.S. Treasury bills	1,117,717	0.35	—	N/A
U.S. Treasury bonds and notes	8,397,610	3.69	—	N/A
Index linked government bonds	322,918	3.18	—	N/A
U.S. government guaranteed bonds and notes	15,717	3.98	—	N/A
Asset-backed	337,180	5.18	—	N/A
GNMA mortgage-backed pass-through	1,566,906	4.34	—	N/A
GNMA TBA mortgage-backed pass-through	311,382	4.34	—	N/A
GNMA CMO's and CMBS <sup>1</sup>	238,740	6.30	—	N/A
Federal agencies:				
Discount notes	1,307,593	0.03	—	N/A
Unsecured bonds and notes	507,801	3.18	—	N/A
Agency strips	141,742	2.59	—	N/A
Mortgage-backed pass-through	4,202,301	5.13	—	N/A
FNMA, FHLMC TBA mortgage-backed pass-through	1,905,623	5.21	—	N/A
Mortgage-backed CMO's and CMBS <sup>1</sup>	1,576,385	4.59	—	N/A
Domestic bonds and notes:				
Corporate	5,145,926	4.44	—	N/A
Non-government asset and mortgage-backed	881,814	1.44	45,556	25
Non-government backed CMO's and CMBS <sup>1</sup>	970,987	4.29	1,540	25
Municipal/provincial	13,663	4.93	—	N/A
Real estate mortgage loans	2,661	1.47	—	N/A
International bonds and notes:				
Government and agency	721,524	3.29	—	N/A
Corporate	1,410,541	3.95	—	N/A
Non-government asset and mortgage-backed	28,218	0.65	—	N/A
Non-government backed CMO's and CMBS <sup>1</sup>	37,317	5.14	—	N/A
Futures contracts - long (debt) <sup>2</sup>	9,141	4.44	—	N/A
Futures contracts - short (debt) <sup>2</sup>	(6,450)	9.02	—	N/A
Credit default swaps <sup>2</sup>	6,343	0.07	—	N/A
Interest rate swap contracts <sup>2</sup>	937	(2.82)	—	N/A
Total debt investments	<u>\$ 31,172,237</u>		<u>\$ 7,840,706</u>	

<sup>1</sup>Includes investments in IO's, PO's, and INV's totaling \$53 million at June 30, 2018.

<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, 2018.

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, 2018**

Investment type	Fair value (duration)	Effective weighted duration (in years)
GNMA commitments to sell (TBAs)	\$ (71,843)	4.53
FNMA, FHLMC commitments to sell (TBAs)	(177,174)	4.70
Total debt investments sold short <sup>1</sup>	<u>\$ (249,017)</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, 2018 (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, 2018**

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	\$ 146,526	\$ 146,526	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
U.S. Treasury bonds, notes, and SLGS*	677,926	548,250	129,676	—	—	—	—	—
U.S. Treasury strips	291,306	21,713	41,797	39,445	92,260	58,979	19,690	17,422
Total debt investments	<u>\$ 1,115,758</u>	<u>\$ 716,489</u>	<u>\$ 171,473</u>	<u>\$ 39,445</u>	<u>\$ 92,260</u>	<u>\$ 58,979</u>	<u>\$ 19,690</u>	<u>\$ 17,422</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, 2018**

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	\$ —	N/A	\$ 5,650,143	29
Commercial paper	—	N/A	6,198,134	32
Money market funds	903,511	0.08	1,538,952	2
Repurchase agreements	—	N/A	1,507,370	3
U.S. guaranteed obligations:				
U.S. Treasury bills	—	N/A	4,538,922	117
U.S. Treasury bonds and notes	268,268	4.94	4,816,422	781
U.S. Treasury strips	5,542,480	9.51	—	N/A
Index linked government bonds	194,592	8.87	—	N/A
U.S. government guaranteed	547	3.66	—	N/A
U.S. guaranteed (SBA) asset-backed	66,387	4.04	—	N/A
GNMA mortgage-backed pass through	117,107	4.57	—	N/A
GNMA commitments to purchase (TBAs)	20,204	4.08	—	N/A
GNMA CMO's and CMBS	107	5.49	—	N/A
Federal agencies:				
Discount notes	—	N/A	109,563	2
Unsecured bonds and notes	35,908	10.61	1,881,011	87
Agency strips	1,008,804	6.57	—	N/A
Mortgage-backed (FNMA, FHLMC)	844,830	5.08	—	N/A
FNMA, FHLMC commitments to purchase (TBAs)	31,933	4.67	—	N/A
Mortgage-backed CMO's	48,148	5.87	—	N/A
Domestic bonds and notes:				
Corporate	1,278,295	7.59	2,035,208	558
Non-government asset and mortgage-backed	236,138	1.79	—	N/A
Non-government backed CMO's and CMBS <sup>1</sup>	138,938	5.55	—	N/A
Municipal/provincial	6,229	11.44	14,025	9
Commingled Domestic bonds and notes funds	1,817,415	5.84	—	N/A
International bonds and notes:				
Government and agency	22,517	8.44	144,547	128
Corporate	224,790	6.69	971,182	690
Total debt investments	<u>\$ 12,807,148</u>		<u>\$ 29,405,479</u>	

<sup>1</sup> Includes investments in IO's totaling \$16.1 million at June 30, 2018, 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, 2018**

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	\$ 4,991	\$ 349	\$ 2,848	\$ —	\$ 1,794
Federal agencies	2,657	621	2,036	—	—
Bonds & notes	67,167	34,317	10,112	22,738	—
Bond Mutual funds	135,349	3,772	34,208	97,369	—
<b>Total debt investments</b>	<b>\$ 210,164</b>	<b>\$ 39,059</b>	<b>\$ 49,204</b>	<b>\$ 120,107</b>	<b>\$ 1,794</b>

**Major Component Units  
Debt Investments  
That Use Duration or Weighted Average Maturity Method  
As of June 30, 2018**

Component unit / Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Florida Housing Finance Corporation				
U.S. guaranteed obligations	\$ 67,275	1.98	\$ —	N/A
Federal agencies	7,542	1.15	—	N/A
Bonds & notes	174,523	1.21	—	N/A
Commercial paper	397	N/A	—	N/A
Citizens Property Insurance Corporation				
Commercial paper	—	N/A	15,924	0.27
U.S. guaranteed obligations	—	N/A	1,758,461	4.28
Federal agencies	—	N/A	964,325	5.35
Bonds & notes	—	N/A	5,660,131	5.65
International bonds and notes	—	N/A	695,242	4.49
<b>Total debt investments</b>	<b>\$ 249,737</b>		<b>\$ 9,094,083</b>	

**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, 2018. These funds are managed primarily by the use of “asset classes”.

The FRS Pension Trust Fund investment policy, approved on October 17, 2017 (effective October 17, 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.\* Participatory notes (P-notes) 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 \$25.4 billion as of June 30, 2018.

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 outside of commingled funds 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.

\* Exchange - traded funds (ETFS) are investment funds that hold assets such as stocks or bonds and are traded on the stock exchanges.

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Presented below in U.S. dollars are the FRS Pension Trust Fund investments exposed to foreign currency risk as of June 30, 2018, 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, 2018**

Currency	Investment Type				
	Equity	Alternative Investments	Fixed Income	Equity, Options and Swaps	Foreign Currency Contracts, Net
Australian dollar	\$ 975,574	\$ —	\$ —	\$ (647)	\$ (121,659)
Bangladesh taka	17,719	—	—	—	—
Brazilian real	518,490	—	—	—	(802)
British pound sterling	3,881,481	63,391	871	1,070	(32,602)
Canadian dollar	1,451,843	—	—	14	(17,620)
Chilean peso	31,192	—	—	—	—
Chinese yuan renminbi	161,119	—	—	—	(13,000)
Colombian peso	9,260	—	—	—	5,654
Costa rican colon	3,051	—	—	—	—
Czech koruna	1,141	—	—	—	5,764
Danish krone	479,363	—	—	—	(1,484)
Egyptian pound	31,250	—	—	—	—
Euro currency unit	7,227,076	921,077	—	367	(35,628)
Ghanaian cedi	3,957	—	—	—	—
Hong Kong dollar	2,722,247	—	—	—	(17,216)
Hungarian forint	42,288	—	—	—	11,258
Indian rupee	859,735	—	—	—	62,698
Indonesian rupiah	148,011	—	—	—	50,631
Israeli shekel	102,803	—	—	—	(14,341)
Japanese yen	4,477,044	—	—	(109)	35,159
Kenyan shilling	26,513	—	—	—	—
Kuwaiti dinar	16,367	—	—	—	—
Malaysian ringgit	133,503	—	—	—	1,588
Mauritius rupee	2,667	—	—	—	—
Mexican peso	209,721	—	—	—	7,020
Moroccan dirham	5,318	—	—	—	—
New Zealand dollar	56,063	—	—	—	(46,009)
Nigerian naira	37,401	—	—	—	—
Norwegian krone	316,265	—	—	—	(25,886)
Omani rial	1,430	—	—	—	—
Pakistani rupee	15,080	—	—	—	—
Peruvian sol	—	—	—	—	6,700
Philippines peso	75,773	—	—	—	(18,389)
Polish zloty	85,600	—	—	—	31,248
Qatari riyal	25,257	—	—	—	—
Romanian new leu	19,225	—	—	—	6,138
Russian ruble	785	—	—	—	43,325
Singapore dollar	346,406	—	—	—	(25,753)
South African rand	423,989	—	—	—	21,332
South Korean won	1,191,859	—	—	—	(39,626)
Sri Lankan rupee	16,352	—	—	—	—
Swedish krona	547,351	—	—	—	9,837
Swiss franc	1,347,407	—	—	3,170	99,354
Taiwan new dollar	819,799	—	—	—	(2,756)
Thailand baht	217,421	—	—	—	5,283
Turkish lira	134,326	—	—	—	14,255
United Arab Emirates dirham	48,697	—	—	—	—
Vietnam dong	39,134	—	—	—	—
<b>Total foreign currency risk</b>	<b>29,304,353</b>	<b>984,468</b>	<b>871</b>	<b>3,865</b>	<b>4,473</b>
<b>Other investments with potential exposure to foreign currency risk:</b>					
Alternative investments	—	25,448,239	—	—	—
P-notes and ETFs	297,377	—	—	—	—
Commingled international equity funds	8,569,819	—	—	—	—
<b>Total investments subject to foreign currency risk</b>	<b>\$ 38,171,549</b>	<b>\$ 26,432,707</b>	<b>\$ 871</b>	<b>\$ 3,865</b>	<b>\$ 4,473</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 counterparty, in the 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 upon specified collateral and margin limits mutually agreed upon by the SBA and the third-party counterparty. The margin payments are exposed to foreign currency risk. The FRS Pension Trust Fund's futures contract positions at June 30, 2018, 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, 2018**

Currency	Number of Contracts	In Local Currency				Unrealized Gain/(Loss) (in U.S. \$)
		Notional Traded Exposure	Notional Market Exposure	Unrealized Gain/(Loss)	Unrealized Gain/(Loss)	
Stock Index Futures:						
GBP FT SE 100 Index	British pound sterling	53	4,034	4,029	(5)	\$ (7)
Canada S&P/T SE 60 Index	Canadian dollar	21	4,028	4,046	18	14
DJ Euro STOXX 50	Euro currency unit	279	9,622	9,460	(162)	(189)
TOPIX Index Future	Japanese yen	35	617,722	605,675	(12,047)	(109)
Mini MSCI EAFE <sup>1</sup>	U.S. Dollar	3,894	393,866	380,717	(13,149)	(13,149)

<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 also held positions in option contracts that are subject to foreign currency risk at June 30, 2018. 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.

**FRS Pension Trust Fund  
Options Exposed to Foreign Currency Risk  
As of June 30, 2018**

Currency	In Local Currency		(In U.S. \$)
	Notional Amount	Total Market Value	Total Market Value
Options purchased:			
Australian dollar	42,000	438	\$ 323
British pound sterling	75,600	815	1,077
Euro currency unit	151,200	667	779
Swiss franc	381,546	3,334	3,358
U.S. dollar <sup>1</sup>	3,371,099	34,769	34,769
Options sold:			
Australian dollar	(126,000)	(1,313)	(970)
Euro currency unit	(126,000)	(191)	(223)
Swiss franc	(107,289)	(186)	(188)
U.S. dollar <sup>1</sup>	(1,725,356)	(15,347)	(15,347)
<b>Total subject to foreign currency risk</b>			<b>\$ 23,578</b>

<sup>1</sup>Currency options on a currency pair, that are denominated in U.S. dollars, are dependent on the exchange rate of the given foreign currency relative to the U.S. dollar.

The FRS Pension Trust Fund did not hold any positions in swap contracts that were exposed to foreign currency risk at June 30, 2018.

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 may be used to mitigate currency risk for changes in value associated with foreign holdings, payables and/or receivables. In addition, such contracts may be used to seek additional value independent of underlying equity assets. 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, 2018, is presented on the next page, by currency (in thousands):

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**FRS Pension Trust Fund  
Foreign Currency Exchange Contracts  
As of June 30, 2018**

Currency	Forward Currency Contracts				Spot Currency Contracts			
	Receivable Fair Value	Payable Fair Value	Net Receivables/ Payables	Unrealized Gain/ (Loss)	Receivable Fair Value	Payable Fair Value	Net Receivables/ Payables	Unrealized Gain/ (Loss)
Australian dollar	\$ 63,110	\$ (201,988)	\$ (138,878)	\$ 1,209	\$ 31,194	\$ (13,975)	\$ 17,219	\$ 52
Brazilian real	26,952	(29,783)	(2,831)	489	3,552	(1,523)	2,029	9
British pound sterling	91,600	(106,161)	(14,561)	254	38,940	(56,981)	(18,041)	(67)
Canadian dollar	30,197	(63,454)	(33,257)	48	17,391	(1,754)	15,637	103
Chilean peso	—	(13,000)	(13,000)	436	—	—	—	—
Chinese yuan renminbi	5,654	—	5,654	(120)	—	—	—	—
Columbian peso	5,764	—	5,764	(141)	—	—	—	—
Czech koruna	—	—	—	—	747	(2,231)	(1,484)	2
Danish krone	517,086	(501,520)	15,566	6,447	169,556	(220,750)	(51,194)	(980)
Euro currency unit	7,358	(19,532)	(12,174)	14	9,135	(14,177)	(5,042)	(1)
Hong Kong dollar	11,258	—	11,258	(508)	—	—	—	—
Hungarian forint	69,856	(7,158)	62,698	(1,004)	—	—	—	—
Indian rupee	50,631	—	50,631	(1,615)	—	—	—	—
Indonesian rupiah	—	(14,341)	(14,341)	257	—	—	—	—
Israeli shekel	390,172	(462,767)	(72,595)	6,260	213,131	(105,377)	107,754	(284)
Japanese yen	—	—	—	—	2,349	(761)	1,588	—
Malaysian ringgit	23,027	(16,424)	6,603	263	448	(31)	417	—
Mexican peso	20,594	(63,804)	(43,210)	1,611	42,699	(45,498)	(2,799)	303
New Zealand dollar	47,637	(75,272)	(27,635)	(634)	1,749	—	1,749	3
Norwegian krone	6,700	—	6,700	(3)	—	—	—	—
Philippines peso	5,642	(24,208)	(18,566)	33	177	—	177	—
Polish zloty	57,505	(26,247)	31,258	(2,291)	—	(10)	(10)	—
Romanian new leu	5,741	—	5,741	(64)	436	(39)	397	3
Russian ruble	43,325	—	43,325	(394)	—	—	—	—
Singapore dollar	63,725	(99,804)	(36,079)	1,139	12,050	(1,724)	10,326	(3)
South African rand	24,854	(3,240)	21,614	(2,082)	42	(324)	(282)	—
South Korean won	2,223	(44,359)	(42,136)	1,622	4,919	(2,409)	2,510	(2)
Swedish krona	62,420	(57,209)	5,211	(2,516)	5,360	(734)	4,626	25
Swiss franc	151,580	(189,154)	(37,574)	791	351,306	(214,378)	136,928	832
Taiwan new dollar	5,703	(7,942)	(2,239)	55	—	(517)	(517)	—
Thailand baht	5,596	—	5,596	(231)	—	(313)	(313)	—
Turkish lira	17,547	(3,289)	14,258	175	—	(3)	(3)	—
U.S. dollar	1,984,256	(1,757,557)	226,699	—	586,849	(805,710)	(218,861)	2,816
<b>Total</b>	<b>\$ 3,797,713</b>	<b>\$(3,788,213)</b>	<b>\$ 9,500</b>	<b>\$ 9,500</b>	<b>\$ 1,492,030</b>	<b>\$(1,489,219)</b>	<b>\$ 2,811</b>	<b>\$ 2,811</b>

A schedule of the Lawton Chiles Endowment Fund and Florida Prepaid College Fund investments exposed to foreign currency risk as of June 30, 2018, 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, 2018**

Currency	LCEF Investment Type		Florida Prepaid Program and Investment Plan Investment type	
	Equity	Foreign Currency Contracts, Net	Equity	Foreign Currency Contracts, Net
Australian dollar	\$ 13,773	\$ —	\$ 30,252	\$ —
Brazilian real	3,575	(103)	—	—
British pound sterling	27,284	754	61,056	—
Canadian dollar	15,788	—	—	—
Chinese yuan renminbi	1,969	—	—	—
Czech koruna	220	—	—	—
Danish krone	1,498	—	14,019	—
Egyptian pound	292	—	—	—
Euro currency unit	55,137	(682)	126,736	(223)
Hong Kong dollar	21,536	—	12,004	(130)
Hungarian forint	542	—	—	—
Indonesian rupiah	2,172	(30)	—	—
Israeli shekel	1,022	72	1,607	—
Japanese yen	45,105	384	96,749	—
Malaysian ringgit	1,587	—	—	—
Mexican peso	3,111	—	—	—
New Zealand dollar	319	—	2,274	—
Norwegian krone	3,736	—	5,815	—
Philippines peso	986	—	—	—
Polish zloty	1,485	59	—	—
Singapore dollar	601	—	6,671	—
South African rand	3,607	261	—	—
South Korean won	11,696	161	—	—
Swedish krona	6,475	(177)	9,205	—
Swiss franc	11,675	(471)	27,260	—
Taiwan new dollar	6,531	(150)	—	—
Thailand baht	4,043	—	—	—
Turkish lira	1,221	33	—	—
<b>Total investments subject to foreign currency risk</b>	<b>\$ 246,986</b>	<b>\$ 111</b>	<b>\$ 393,648</b>	<b>\$ (353)</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, 2018, 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, 2018**

Currency	Spot Currency Contracts			
	Receivables	Payables	Net Receivables/ Payables	Net Unrealized Gain/(Loss)
<b>Lawton Chiles Endowment Fund:</b>				
Brazil real	\$ —	\$ (103)	\$ (103)	\$ (1)
British pound sterling	754	—	754	7
Euro currency unit	—	(682)	(682)	(6)
Indonesian rupia	—	(30)	(30)	—
Israeli shekel	72	—	72	—
Japanese yen	384	—	384	(1)
Polish Zloty	59	—	59	—
South African rand	261	—	261	3
South Korean won	190	(28)	162	—
Swedish krona	—	(177)	(177)	(1)
Swiss franc	—	(471)	(471)	(4)
Taiwan dollar	—	(150)	(150)	—
Turkish lira	33	—	33	—
U.S. dollar	824	(936)	(112)	—
Total Lawton Chiles Endowment Fund	<u>\$ 2,577</u>	<u>\$ (2,577)</u>	<u>\$ —</u>	<u>\$ (3)</u>
<b>Florida Prepaid Program:</b>				
Euro currency unit	\$ —	\$ (215)	\$ (215)	\$ (1)
Hong Kong dollar	—	(118)	(118)	—
U.S. dollar	333	—	333	—
Total Florida Prepaid Program	<u>\$ 333</u>	<u>\$ (333)</u>	<u>\$ —</u>	<u>\$ (1)</u>
<b>Florida Prepaid Investment Plan</b>				
Euro currency unit	\$ —	\$ (8)	\$ (8)	\$ —
Hong Kong dollar	—	(12)	(12)	—
U.S. dollar	20	—	20	—
Total Florida Prepaid Investment Plan	<u>\$ 20</u>	<u>\$ (20)</u>	<u>\$ —</u>	<u>\$ —</u>

**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, 2018. 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 \$ 1,807,563,555 cash collateral and \$1,559,480,572 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 \$1,760,901,891. Securities held with others under security lending agreements with non-cash collateral totaled \$1,559,394,898. 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, 2018, are as follows (in thousands):

**State Treasury Investments on Loan Under Security Lending Agreements  
As of June 30, 2018**

<b>Securities on Loan for Cash Collateral, by Security Type</b>	Fair Value of Securities on Loan*
U.S. guaranteed obligations	\$ 1,165,685
Federal agencies	123,230
Bonds and notes - domestic	409,166
Bonds and notes - international	62,821
<b>Total securities on loan for cash collateral</b>	<b>1,760,902</b>
<hr/>	
<b>Securities on Loan for Non-Cash Collateral, by Security Type</b>	
U.S. guaranteed obligations	1,554,332
Federal agencies	4,926
Bonds and notes - domestic	137
<b>Total securities on loan for non-cash collateral</b>	<b>1,559,395</b>
<b>Total securities on loan</b>	<b>\$ 3,320,297</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, 2018. 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 \$4,574,173,141 in cash and \$10,651,616,645 in U.S. government securities as collateral for the lending programs as of June 30, 2018. At June 30, 2018, the collateral held for the security lending transactions exceeded the fair value of the securities underlying the agreements (including accrued interest). Most security lending programs have indemnity clauses requiring the lending agent to assume borrower's risk from default. The FRS Pension Trust Fund also participated indirectly in security lending through investments in four commingled funds that do not offer borrower indemnification. The Fund receives a proportionate share of the security lending income generated from these activities. 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 11% to 28% 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, 2018, 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, 2018, 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, 2018 (in thousands):

**Schedule of Other Investments on Loan Under Security Lending Agreements  
As of June 30, 2018**

<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	\$ 60,950	\$ 1,654,368	\$ 1,715,318
Federal agencies	33,496	25,176	58,672
Domestic bonds and notes	39,945	69,791	109,736
International bonds and notes	81,584	13,558	95,142
Domestic stocks	144,785	103,200	247,985
International Stocks	2,165,492	9,799	2,175,291
<b>Total Securities on loan for cash collateral</b>	<b>2,526,252</b>	<b>1,875,892</b>	<b>4,402,144</b>
<b>Securities on Loan for Non-Cash Collateral, by Security type</b>			
U.S. guaranteed obligations	\$ 2,533,830	\$ 153,066	\$ 2,686,896
Federal agencies	5,346	—	5,346
Domestic bonds and notes	6,404	102,580	108,984
International bonds and notes	22,667	15,283	37,950
Domestic stocks	6,972,054	55,218	7,027,272
International stocks	544,372	8,124	552,496
<b>Total securities on loan for non-cash collateral</b>	<b>10,084,673</b>	<b>334,271</b>	<b>10,418,944</b>
<b>Total securities on loan</b>	<b>\$ 12,610,925</b>	<b>\$ 2,210,163</b>	<b>\$ 14,821,088</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:

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

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

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

Pursuant to the State Treasury’s established investment policy guidelines, interest rate futures are used as part of the investment strategy related to interest rate risk, duration adjustments, and yield curve strategies. Although put and call options on any security are permitted under the State Treasury’s investment guidelines, interest rate futures were the only type of derivative held as of June 30, 2018. The State Treasury did not utilize derivatives for hedging activities during the fiscal year ending June 30, 2018. All of the State Treasury investment derivatives were reported at fair value in the accompanying financial statements as of June 30, 2018.

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

	Notional (in U.S. \$)	Changes in Fair Value		Fair Value at June 30, 2018	
		Classification	Amount	Classification	Amount
<b>State Treasury</b>					
Investment derivative instruments:					
Futures	\$ (350,300)	Investment Income	\$ 4,386	Receivable/(Payable)	\$ (174)

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, 2018, all of the SBA investment derivatives were reported at fair value (in thousands).

	Notional (in U.S. \$)	Increase/(Decrease) in Fair Value		Fair Value at June 30, 2018	
		Classification	Amount (in U.S. \$)	Classification	Amount (in U.S. \$)
<b>Fiduciary funds (FRS Pension Trust Fund)</b>					
Investment derivative instruments:					
<b>Futures<sup>1</sup></b>					
Futures (debt)	\$ 1,570,100	Investment Income	\$ (42,343)	Investment	\$ 2,691
Futures (equity)	1,911,248	Investment Income	147,816	Investment	(49,731)
<b>Total futures</b>	<u>\$ 3,481,348</u>		<u>\$ 105,473</u>		<u>\$ (47,040)</u>
<b>Forward currency contracts, net<sup>2</sup></b>	<u>\$ 9,500</u>	Investment Income	<u>\$ (9,014)</u>	Receivable/ (Payable), net	<u>\$ 9,500</u>
<b>Options</b>					
Options purchased	\$ 4,062,730	Investment Income	\$ (97,127)	Investment <sup>3</sup>	\$ 40,306
Options sold	(2,073,613)	Investment Income	48,966	Liability <sup>3</sup>	(16,728)
<b>Total options</b>	<u>\$ 1,989,117</u>		<u>\$ (48,161)</u>		<u>\$ 23,578</u>
<b>Swaps</b>					
Interest rate swaps	\$ 30,260	Investment Income	\$ 9,354	Investment	\$ 937
Credit default swaps	496,000	Investment Income	(1,953)	Investment	6,343
<b>Total swaps</b>	<u>\$ 526,260</u>		<u>\$ 7,401</u>		<u>\$ 7,280</u>

<sup>1</sup>The total notional values of long and short fixed income (i.e., debt) futures positions were \$2,174,800,000 and \$(604,700,000), respectively. The total notional value of long equity futures positions was \$1,911,248,384.

<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 \$3,797,712,678 and \$(3,788,213,197) as of June 30, 2018, 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 \$13.4 billion as of June 30, 2018.

## 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, 2018, the State Treasury had the following recurring fair value measurements:

**Investments and Derivative Instruments Measured at Fair Value  
As of June 30, 2018**

<b>Investments by fair value level</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Commercial paper	\$ 262,958	\$ —	\$ 262,958	\$ —
U.S. guaranteed obligations	8,121,618	7,615,525	506,093	—
Federal agencies	5,898,567	—	5,898,567	—
Bonds and notes - domestic	5,837,348	—	5,837,348	—
Bonds and notes - international	1,015,640	3,097	1,012,543	—
Commingled STIF	517,392	—	—	517,392
Lending collateral investments:				
Commercial Paper	28,893	—	28,893	—
Federal agencies	225,474	—	225,474	—
Bonds and notes - domestic	412,497	—	412,497	—
Bonds and notes - international	139,873	—	139,873	—
Total investments by fair value level	<u>\$ 22,460,260</u>	<u>\$ 7,618,622</u>	<u>\$ 14,324,246</u>	<u>\$ 517,392</u>
<b>Investment derivative instruments</b>				
Futures contracts	\$ (174)	\$ (174)	\$ —	\$ —
Total investment derivative	<u>\$ (174)</u>	<u>\$ (174)</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, which utilize primary exchanges.

Debt securities classified in Level 2 are evaluated prices from the custodian bank’s 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 reported at fair value 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 78 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, 2018 (in thousand):

		Fair Value Measurement Using						
		Total Fair Value	Level 1	Level 2	Level 3			
<b>FRS Pension Trust Fund</b>								
<b>As of June 30, 2018</b>								
<b>Investments by fair value level</b>								
<b>Debt securities</b>								
Certificates of deposit	\$	200,077	\$	—	\$	200,077	\$	—
Commercial paper		4,182,322		—		4,182,322		—
U.S. guaranteed obligations		12,308,170		—		12,308,170		—
Federal agencies		9,641,445		—		9,641,445		—
Domestic bonds and notes		7,005,685		—		6,954,900		50,785
International bonds and notes		2,197,600		—		2,187,296		10,304
Total debt securities		35,535,299		—		35,474,210		61,089
<b>Equity securities</b>								
Domestic		47,062,304		47,062,088		7		209
International		33,319,165		33,271,646		—		47,519
Total equity securities		80,381,469		80,333,734		7		47,728
<b>Alternative Investments</b>								
Private equity fund		363,717		—		—		363,717
<b>Real Estate direct investments</b>								
		8,948,949		—		—		8,948,949
<b>Derivative Instruments<sup>2</sup></b>								
Futures (debt)		2,691		2,691		—		—
Futures (equity)		(49,731)		(49,731)		—		—
Option contracts purchased		40,306		40,306		—		—
Swap contracts (debt)		7,280		—		7,280		—
Forward currency contracts, net <sup>1</sup>		9,500		—		9,500		—
Total Investment derivative instruments		10,046		(6,734)		16,780		—
<b>Securities lending collateral investments</b>								
Domestic bonds and notes		56,462		—		47,096		9,366
Total investments by fair value level		125,295,942		\$ 80,327,000		\$ 35,538,093		\$ 9,430,849
<b>Investments Measured at the Net Asset Value (NAV)</b>								
Commingled international equity funds		8,569,819						
Commingled real estate investment funds		2,457,397						
Activist equity funds		897,773						
Hedge funds		4,373,986						
Insurance funds		118,209						
Private debt/credit opportunities funds		3,125,641						
Private equity funds		13,371,340						
Private real asset funds		4,182,041						
Total investments measured at the NAV		37,096,206						
<b>Total investments measured at fair value<sup>1</sup></b>		162,392,148						
<b>Other investments carried at amortized cost</b>								
Money market funds		35,981						
Money market funds - security lending collateral		1,711,600						
Repurchase agreements		800,000						
Repurchase agreements - security lending collateral		863,630						
Total investments carried at amortized cost		3,411,211						
<b>Total investments</b>	<b>\$</b>	<b>165,803,359</b>						
<b>Investments sold short (Liabilities) measured at fair value</b>								
U.S. guaranteed obligations	\$	(71,843)	\$	—	\$	(71,843)	\$	—
Federal agencies		(177,174)		—		(177,174)		—
Option contracts sold		(16,728)		(16,728)		—		—
Total investments sold short	\$	(265,745)	\$	(16,728)	\$	(249,017)	\$	—

<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 \$2.8 million, 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, 2018, is presented in the footnotes to the table below (in thousands):

<b>FRS Pension Trust Fund</b>					
<b>Additional GASB 72 Required Disclosures</b>					
	<b>Fair Value 6/30/2018</b>		<b>Unfunded Commitments</b>	<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>
<b>Investments Measured at the NAV:</b>					
Commingled international equity funds <sup>1</sup>	\$ 8,569,819	\$	—	Daily, Monthly	2 - 120 days
Commingled real estate investment funds <sup>2</sup>	2,457,397		—	Quarterly	15 - 90 days
Activist equity funds <sup>3</sup>	897,773		—	Monthly, Annually	65 - 90 days
<b>Hedge funds</b>					
Diversifying strategies (managed futures) <sup>4</sup>	1,058,404		—	Daily, Monthly	10 - 35 days
Equity long/short <sup>5</sup>	549,946		—	Monthly, Quarterly	30 - 125 days
Event driven <sup>6</sup>	352,438		—	Quarterly, Biennially, Annually	45 - 90 days
Global macro <sup>7</sup>	756,624		—	Monthly, Quarterly	15 - 60 days
Multi-strategy <sup>8</sup>	795,875		—	Quarterly, Biennially, Annually	60 - 90 days
Opportunistic debt <sup>9</sup>	525,827		—	Quarterly, Annually	60 - 90 days
Relative value <sup>10</sup>	334,872		—	Quarterly	45 - 90 days
Insurance funds <sup>11</sup>	118,209		184,865	Monthly, Biannually	30 - 90 days
Private debt/credit opportunity funds <sup>12</sup>	3,125,641		2,470,351		
Private equity funds <sup>13</sup>	13,371,340		7,878,568		
Private real asset funds <sup>14</sup>	4,182,041		2,721,631		
Total Investments Measured at the NAV	<u>\$ 37,096,206</u>	<u>\$</u>	<u>13,255,415</u>		

**Investments Measured at Level 3:**

Private equity funds <sup>13</sup>	\$ 363,717			
Real estate direct investment <sup>15</sup>	\$ 8,948,949	\$	168,929	

<sup>1</sup> *Commingled International Equity Funds.* The six funds in this group are primarily invested in publicly traded international equity securities. Three of these funds focus on emerging markets. Each are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Four funds within this strategy are redeemable daily and two funds are redeemable monthly.

<sup>2</sup> *Commingled Real Estate Investment Funds.* The eight funds in this group 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. All funds within this strategy are eligible for redemption quarterly.

<sup>3</sup> *Activist Equity Funds.* The three funds in 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 39% of this strategy) is currently eligible for redemption monthly. Another fund (approximately 35% of this strategy) is eligible for redemption in six months due to annual lock-up restrictions. The remaining fund (approximately 26% of this strategy) is subject to contractual lock-up restrictions and is not currently eligible for redemption.

<sup>4</sup> *Diversifying Strategies (Managed Futures) 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>5</sup> *Equity Long/Short Hedge Funds.* Consisting of five 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. Two funds (approximately 29% of the value of this strategy) are currently eligible for redemption monthly, while the remaining three funds (approximately 71% of this strategy) are redeemable in three months or less due to quarterly redemption restrictions.

<sup>6</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. Three funds in this strategy are no longer under contractual lockup, but due to exit restrictions, the redemption period ranges from three to eighteen months. The remaining fund has been fully redeemed with a portion of the capital balance retained for contingency reserves.

<sup>7</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 lock-up, and are redeemable in three months or less due to monthly and quarterly redemption restrictions.

<sup>8</sup> *Multi-Strategy Hedge Funds.* The three 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. One fund (approximately 40% of this strategy) is eligible for redemption in six months or less due to annual redemption restrictions. Another fund (approximately 38% of this strategy) is eligible for redemption biennially with the next redemption date in six months. The remaining fund (approximately 22% of this strategy) is eligible for redemption quarterly with the next redemption in three months.

<sup>9</sup> *Opportunistic Debt Hedge Funds.* Consisting of four 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 24% of this strategy) is eligible for redemption in six months and annually, thereafter. Two funds (approximately 45% of this strategy) are currently eligible for redemption in three months due to quarterly redemption restrictions. The remaining fund (approximately 31%) is currently in the redemption process and the final distribution is expected in four months.

<sup>10</sup>*Relative Value Hedge Funds.* Consisting of two 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. One fund (approximately 51% of this strategy) is eligible for redemption in three months, subject to exit restrictions. The other fund (approximately 49% of this strategy) is eligible for redemption in three months and quarterly thereafter.

<sup>11</sup>*Insurance funds.* The two funds in this group invest primarily in reinsurance contracts and insurance-linked securities. These investments are valued at NAV per share. One fund (approximately 43%) is eligible for redemption in six months, subject to exit restrictions. The other fund (approximately 57%) has varying restrictions due to underlying investment funds and redeemable within one to six months.

<sup>12</sup>*Private Debt/Credit Opportunity Funds.* There are 53 private debt/credit funds investing primarily in Distressed, Mezzanine and Loans with some exposure to Special Situations. The fair value of these funds has been determined using the NAV at June 30, 2018 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>*Private Equity funds.* There are 204 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 202 funds has been determined using the NAV at June 30, 2018, 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, 2018, 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>14</sup>*Private Real Asset Funds.* There are 66 real asset funds, 50 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 16 funds invest in infrastructure, timberland, transportation and commodities. The fair value of these funds has been determined using the NAV at June 30, 2018, 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>15</sup>*Direct Real Estate Investments.* There are 74 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, 2018, (in thousands):

**All SBA Managed Funds (except FRS Pension Trust Fund)  
As of June 30, 2018**

<u>Investments by fair value level</u>	Fair Value Measurement Using			
	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Debt securities</b>				
Certificates of deposit	\$ 2,009,603	\$ —	\$ 2,009,603	\$ —
Commercial paper	388,573	—	388,573	—
U.S. guaranteed obligations	16,086,665	—	16,086,665	—
Federal agencies	3,960,197	—	3,960,197	—
Domestic bonds and notes	3,647,017	—	3,646,861	156
International bonds and notes	1,356,751	—	1,356,751	—
Total debt securities	<u>27,448,806</u>	<u>—</u>	<u>27,448,650</u>	<u>156</u>
<b>Equity securities</b>				
Domestic	2,583,559	2,583,559	—	—
International	744,604	743,194	1,410	—
Total equity securities	<u>3,328,163</u>	<u>3,326,753</u>	<u>1,410</u>	<u>—</u>
<b>Other investments</b>				
Domestic bonds and notes mutual funds	2,332	2,332	—	—
Domestic equity mutual funds	549,123	549,123	—	—
International equity mutual funds	493,279	493,279	—	—
Self-directed brokerage account	633,004	—	633,004	—
Total other investments	<u>1,677,738</u>	<u>1,044,734</u>	<u>633,004</u>	<u>—</u>
<b>Securities lending collateral investments</b>				
Certificates of deposit	625,097	—	625,097	—
Commercial paper	309,345	—	309,345	—
International bonds and notes	—	—	—	—
Total securities lending collateral investments	<u>934,442</u>	<u>—</u>	<u>934,442</u>	<u>—</u>
Total investments by fair value level	<u>33,389,149</u>	<u>\$ 4,371,487</u>	<u>\$ 29,017,506</u>	<u>\$ 156</u>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Commingled domestic bonds and notes funds	1,815,083			
Commingled domestic equity funds	3,329,811			
Commingled international equity fund	1,692,857			
Commingled real asset fund	740,128			
Total investments measured at the NAV	<u>7,577,879</u>			
<b>Total investments measured at fair value</b>	<u>40,967,028</u>			
<b>Other investments carried at cost or amortized cost</b>				
Money market funds	2,442,471			
Certificates of deposit	3,014,780			
Commercial paper	5,500,129			
Repurchase agreements	535,000			
Repurchase agreements - security lending collateral	972,370			
U.S. guaranteed obligations	595,917			
Domestic bonds and notes	61,815			
International bonds and notes	6,286			
Total investments carried at cost or amortized cost	<u>13,128,768</u>			
<b>Total investments</b>	<u>\$ 54,095,796</u>			

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2018, is presented in the footnotes to the table below (in thousands):

**All SBA Managed Funds (except FRS Pension Trust Fund)  
Additional GASB 72 Disclosures**

	<u>6/30/2018</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
<b>Investments Measured at the NAV</b>				
Commingled domestic bonds and notes funds <sup>1</sup>	\$ 1,815,083	\$ —	Daily	2 - 15 Days
Commingled domestic equity funds <sup>2</sup>	3,329,811	—	Daily	1 - 5 Days
Commingled international equity fund <sup>3</sup>	1,692,857	—	Daily	2 Days
Commingled real asset funds <sup>4</sup>	<u>740,128</u>	—	Daily	1 - 15 Days
<b>Total investments measured at the NAV</b>	<u><u>\$ 7,577,879</u></u>			

<sup>1</sup>*Commingled Domestic Bonds and Notes Funds:* Two Treasury Inflation-Protected Securities (TIPS) funds and six domestic bonds and notes funds are considered to be commingled in nature. The TIPS funds seek long-term real total return and is designed to keep pace with inflation. The six domestic bonds and notes funds utilize various investment 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 the end of the period, 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:* Seven domestic equity funds 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. Each fund is valued at the NAV of units held at the end of the period, based upon the fair value of the underlying investments. There were no unfunded commitments related to this investment type.

<sup>3</sup>*Commingled International Equity Fund:* One international equity fund is considered to be commingled in nature. The 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. The fund is valued at the NAV of units held at the end of the period, based upon the fair value of the underlying investments. There were no unfunded commitments related to this investment type.

<sup>4</sup>*Commingled Real Asset Funds:* These two funds consist of various investments such as commodities, real estate, floating rate loans, energy industry Master Limited Partnerships, global infrastructure and agriculture. These funds are valued at the NAV of units held at the end of the period, 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, money market funds, 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, 2018, (in thousands):

**Major Component Units  
As of June 30, 2018**

	Fair Value Measurement Using			
	Total Fair Value	Level 1	Level 2	Level 3
<b>Investment by fair value level</b>				
<b>Florida Housing Finance Corporation (FHFC)</b>				
<u>Debt securities</u>				
Commercial paper	\$ 939	\$ —	\$ 939	\$ —
U.S. guaranteed obligations	1,057,641	—	1,057,641	—
Federal agencies	5,713	—	5,713	—
Domestic bonds and notes	215,954	—	215,954	—
Total debt securities	1,280,247	—	1,280,247	—
Other investments	1,049	—	1,049	—
Total FHFC investments by fair value level	\$ 1,281,296	\$ —	\$ 1,281,296	\$ —
<b>Citizens Property Insurance Corporation (CPIC)</b>				
<u>Debt securities</u>				
Commercial paper	\$ 15,924	\$ 15,924	\$ —	\$ —
U.S. guaranteed obligations	1,758,461	1,758,461	—	—
Federal agencies	964,325	—	964,325	—
Domestic bonds and notes	5,660,131	—	5,660,131	—
International bonds and notes	695,242	3,994	691,248	—
Total CPIC investments by fair value level	\$ 9,094,083	\$ 1,778,379	\$ 7,315,704	\$ —
<b>University of Florida (UF)</b>				
<u>Debt securities</u>				
Certificates of deposit	\$ 500	\$ 500	\$ —	\$ —
Commercial paper	10,250	10,250	—	—
U.S. guaranteed obligations	5,370	2,125	3,245	—
Federal agencies	2,657	—	2,657	—
Domestic bonds and notes	63,192	31,394	31,798	—
International bonds and notes	4,081	—	4,081	—
Total debt securities	86,050	44,269	41,781	—
<u>Equity securities</u>				
Domestic	1,598	1,598	—	—
International	137	137	—	—
Total equity securities	1,735	1,735	—	—
Swap contracts (debt)	1,747	—	—	1,747
Mutual funds	291,792	188,191	103,601	—
Investments agreements	23,429	1,722	21,707	—
Total UF investments by fair value level	404,753	\$ 235,917	\$ 167,089	\$ 1,747
<b>Investments Measured at the Net Asset Value (NAV)</b>				
<b>University of Florida</b>				
International equity commingled funds <sup>1</sup>	74		Illiquid	N/A
Hedge funds - Multi-strategy <sup>2</sup>	5,860		Quarterly	45 Days
Private equity funds <sup>3</sup>	2,956,174	\$ 262,248	Monthly	30 - 45 days
Total investments measured at the NAV	2,962,108			
<b>Total investments measured at fair value</b>	<b>\$ 3,366,861</b>			

<sup>1</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, 2018.

<sup>2</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>3</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	Natural Resources, Environment, and Growth Management	Public Education	Health and Family Services	Transportation
Accounts receivable	\$ 121,008	\$ 10,027	\$ 822	\$ 1,106,815	\$ 13,528
Contracts & grants receivable	154	32	—	—	74,986
Due from Federal government	5,734	27,112	6,344	877,344	105,059
Due from other governmental units	37	3,447	—	5,850	62,316
Interest & dividends receivable	28,227	2,331	1,982	294	5,931
Loans & notes receivable	93,066	140,698	69	—	30
Fees receivable	117,004	11	—	—	—
Taxes receivable	3,295,797	35,443	53,443	—	262,182
Allowance for uncollectibles	(1,740,516)	(14,670)	(92)	(40,398)	(25,653)
<b>Receivables, net</b>	<b>\$ 1,920,511</b>	<b>\$ 204,431</b>	<b>\$ 62,568</b>	<b>\$ 1,949,905</b>	<b>\$ 498,379</b>
Loans & notes receivable from other governments	\$ —	\$ 1,347,490	\$ —	\$ —	\$ 600,709
Long-term interest receivable	—	—	—	—	390
Other loans & notes receivable	5,615	—	2,892	365,618	58,625
Allowance for uncollectibles	(61)	—	(2,053)	(332,771)	(35,902)
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 5,554</b>	<b>\$ 1,347,490</b>	<b>\$ 839</b>	<b>\$ 32,847</b>	<b>\$ 623,822</b>

(Continued below)

	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts receivable	\$ 365,396	\$ 1,617,596	\$ 32,397	\$ 96,918	\$ 1,746,911
Contracts & grants receivable	41,726	116,898	—	—	116,898
Due from Federal government	89,282	1,110,875	—	—	1,110,875
Due from other governmental units	35,943	107,593	5,101	—	112,694
Interest & dividends receivable	3,312	42,077	1,060	—	43,137
Loans & notes receivable	130,594	364,457	—	—	364,457
Fees receivable	248	117,263	—	—	117,263
Taxes receivable	820	3,647,685	—	—	3,647,685
Allowance for uncollectibles	(165,432)	(1,986,761)	(1,047)	—	(1,987,808)
<b>Receivables, net</b>	<b>\$ 501,889</b>	<b>\$ 5,137,683</b>	<b>\$ 37,511</b>	<b>\$ 96,918</b>	<b>\$ 5,272,112</b>
Loans & notes receivable from other governments	\$ 754,475	\$ 2,702,674	\$ —	\$ —	\$ 2,702,674
Long-term interest receivable	—	390	—	—	390
Other loans & notes receivable	103,452	536,202	—	—	536,202
Allowance for uncollectibles	(30,124)	(400,911)	—	—	(400,911)
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 827,803</b>	<b>\$ 2,838,355</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,838,355</b>

**BUSINESS-TYPE ACTIVITIES**

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance
Accounts receivable	\$ 8,247	\$ 53,784	\$ 1,135,306	\$ 132,621	\$ 226,020
Due from Federal government	—	—	—	—	178
Due from other governmental units	113	—	—	—	657
Interest & dividends receivable	2,625	509	44,095	27,527	52,676
Loans & notes receivable	—	—	—	341,092	—
Fees receivable	14	—	—	—	1,170
Taxes receivable	—	—	—	—	158,097
Allowance for uncollectibles	—	(3,090)	—	—	(326,401)
<b>Receivables, net</b>	<b>\$ 10,999</b>	<b>\$ 51,203</b>	<b>\$ 1,179,401</b>	<b>\$ 501,240</b>	<b>\$ 112,397</b>
Loans & notes receivable	\$ 78,611	\$ —	\$ —	\$ 1,837,435	\$ —
Allowance for uncollectibles	(1,295)	—	—	—	—
Future contract premiums and other receivables	—	—	—	—	—
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 77,316</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,837,435</b>	<b>\$ —</b>

(Continued below)

	Nonmajor Enterprise Funds	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts receivable	\$ 64,588	\$ 1,620,566	\$ 146,891	\$ 1,767,457
Due from Federal government	—	178	—	178
Due from other governmental units	20,389	21,159	—	21,159
Interest & dividends receivable	1,136	128,568	—	128,568
Loans & notes receivable	3,133	344,225	—	344,225
Fees receivable	112	1,296	—	1,296
Taxes receivable	—	158,097	—	158,097
Allowance for uncollectibles	(65,413)	(394,904)	—	(394,904)
<b>Receivables, net</b>	<b>\$ 23,945</b>	<b>\$ 1,879,185</b>	<b>\$ 146,891</b>	<b>\$ 2,026,076</b>
Loans & notes receivable	\$ 2,720	\$ 1,918,766	\$ —	\$ 1,918,766
Allowance for uncollectibles	(515)	(1,810)	—	(1,810)
Future contract premiums and other receivables	21	21	—	21
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 2,226</b>	<b>\$ 1,916,977</b>	<b>\$ —</b>	<b>\$ 1,916,977</b>

**COMPONENT UNITS**

Accounts receivable	\$ 1,770,044
Contracts & grants receivable	198,642
Due from Federal government	25,878
Due from other governmental units	335,719
Interest & dividends receivable	98,883
Loans & notes receivable	151,550
Allowance for uncollectibles	(415,300)
<b>Receivables, net</b>	<b>\$ 2,165,416</b>
Other loans & notes receivable	\$ 2,431,203
Allowance for uncollectibles	(227,100)
<b>Other loans &amp; notes receivable, net</b>	<b>\$ 2,204,103</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	Natural Resources, Environment, and Growth Management	Public Education	Health and Family Services	Transportation
Accounts payable	\$ 392,126	\$ 52,111	\$ 6,201	\$ 197,286	\$ 450,924
Accrued salaries & wages	81,287	3,099	52	50,333	17,476
Claims payable	—	—	—	—	—
Construction contracts	—	—	—	—	217,399
Deposits payable	189	736	—	12	14,601
Due to Federal government	—	—	—	220,568	7
Due to other governmental units	56,696	6,432	1	9,488	8,124
Other payables	—	—	—	—	—
<b>Accounts payable and accrued liabilities</b>	<b>\$ 530,298</b>	<b>\$ 62,378</b>	<b>\$ 6,254</b>	<b>\$ 477,687</b>	<b>\$ 708,531</b>

*(Continued below)*

	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Government-wide Reconciling Balances	Total Governmental Activities
Accounts payable	\$ 115,940	\$ 1,214,588	\$ 23,032	\$ 181,417	\$ 1,419,037
Accrued salaries & wages	14,505	166,752	3,238	—	169,990
Claims payable	—	—	149,378	—	149,378
Construction contracts	1,136	218,535	—	—	218,535
Deposits payable	129	15,667	—	—	15,667
Due to Federal government	1,344	221,919	—	—	221,919
Due to other governmental units	50,801	131,542	—	—	131,542
Other payables	—	—	12,630	—	12,630
<b>Accounts payable and accrued liabilities</b>	<b>\$ 183,855</b>	<b>\$ 1,969,003</b>	<b>\$ 188,278</b>	<b>\$ 181,417</b>	<b>\$ 2,338,698</b>

**BUSINESS-TYPE ACTIVITIES**

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance
Accounts payable	\$ 4,867	\$ 8,514	\$ 1,065,181	\$ 191,030	\$ 14,863
Accrued interest payable	—	—	34,764	—	—
Accrued salaries & wages	—	80	—	—	—
Construction contracts	67,814	—	—	—	—
Deposits payable	248	2,087	—	—	—
Due to Federal government	—	—	—	—	2,308
<b>Accounts payable and accrued liabilities</b>	<b>\$ 72,929</b>	<b>\$ 10,681</b>	<b>\$ 1,099,945</b>	<b>\$ 191,030</b>	<b>\$ 17,171</b>

(Continued below)

	Nonmajor Enterprise Funds	Total Enterprise Funds	Government-wide Reconciling Balances	Total Business-type Activities
Accounts payable	\$ 33,943	\$ 1,318,398	\$ 145	\$ 1,318,543
Accrued interest payable	—	34,764	—	34,764
Accrued salaries & wages	4,414	4,494	—	4,494
Construction contracts	—	67,814	—	67,814
Deposits payable	18,128	20,463	—	20,463
Due to Federal government	—	2,308	—	2,308
<b>Accounts payable and accrued liabilities</b>	<b>\$ 56,485</b>	<b>\$ 1,448,241</b>	<b>\$ 145</b>	<b>\$ 1,448,386</b>

**COMPONENT UNITS**

Accounts payable	\$ 926,114
Accrued interest payable	24,705
Accrued salaries & wages	378,332
Claims payable	1,269,383
Construction contracts	59,882
Deposits payable	295,123
Due to other governmental units	13,916
Vouchers payable	27,389
<b>Accounts payable and accrued liabilities</b>	<b>\$ 2,994,844</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	Natural Resources, Environment, and Growth Management	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
Sales and use tax	\$ 26,796,840	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 26,796,840
Fuel taxes:							
Motor fuel tax	—	—	—	—	2,774,772	—	2,774,772
Pollutant Tax	—	274,886	—	—	—	—	274,886
Aviation fuel tax	—	—	—	—	24,838	—	24,838
Solid minerals severance tax	—	34,677	—	—	—	—	34,677
Oil and gas production tax	2,417	—	—	—	—	—	2,417
Total fuel taxes	2,417	309,563	—	—	2,799,610	—	3,111,590
Corporate income tax	2,412,220	—	—	—	—	—	2,412,220
Documentary stamp tax	2,517,733	—	—	—	—	—	2,517,733
Intangible personal property tax	376,744	—	—	—	—	—	376,744
Communications service tax	663,826	—	367,462	—	—	—	1,031,288
Estate tax	1,927	—	—	—	—	—	1,927
Gross receipts utilities tax	—	6,557	787,252	—	—	—	793,809
Beverage and tobacco taxes:							
Alcoholic beverage tax	279,240	—	—	—	—	13,858	293,098
Cigarette tax	1,136,201	—	—	—	—	—	1,136,201
Smokeless tobacco tax	36,291	—	—	—	—	—	36,291
Total beverage and tobacco taxes	1,451,732	—	—	—	—	13,858	1,465,590
Other taxes:							
Insurance premium tax	1,051,025	—	—	—	—	33,847	1,084,872
Hospital public assistance tax	—	—	—	660,405	—	—	660,405
Citrus excise tax	—	—	—	—	—	4,640	4,640
Pari-mutuel wagering tax	8,352	—	—	—	—	207,460	215,812
Total other taxes	1,059,377	—	—	660,405	—	245,947	1,965,729
Total	\$ 35,282,816	\$ 316,120	\$ 1,154,714	\$ 660,405	\$ 2,799,610	\$ 259,805	\$ 40,473,470

	Sales and Use Tax
Governmental fund statements	\$ 26,796,840
Government-wide accruals	(15,659)
Government-wide statements	\$ 26,781,181

**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, 2018, 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)	\$21,123	\$15,113

Tax abatement programs, continued:

Program Name	Florida Renew Tech Credit	Florida Tax Credit Scholarship Program
Program Purpose	To encourage investments in the production, storage and distribution of biodiesel, ethanol, and other renewable fuel in the state.	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	Sales and Use Tax; Corporate Income Tax; Severance Taxes; Insurance Premium Tax
Authority under which abatements are entered into	Sections 220.192, F.S.	Section 1002.395, F.S.
Criteria to be eligible to receive abatements and commitment of the taxpayer	A taxpayer must provide the capital costs, operation and maintenance costs, and research and development costs incurred in connection with an investment in the production, storage and distribution of renewable fuels for transportation in 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	Tax Credit
How amount of abatement is determined	Eligible costs must be incurred between July 1, 2012, and June 30, 2016. This program allows \$1 million per state fiscal year for each taxpayer with a limit of \$10 million per state fiscal 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)	\$6,162	\$149,727



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)	\$9,310	\$46,109

Tax abatement programs, continued:

Program Name	Contaminated Site Rehabilitation Tax Credit	Building Materials in Redevelopment Projects
Program Purpose	To encourage voluntarily rehabilitation of brownfield sites or sites contaminated with dry-cleaning solvent.	To promote property redevelopment for the purpose of low-income housing in certain area.
Taxes being abated	Corporate Income Tax	Sales and Use Tax
Authority under which abatements are entered into	Sections 220.1845 and 376.30781, F.S.	Section 212.08(5)(o), 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 a refund of sales tax paid on materials used in new or existing construction of a housing project or mixed-use project in an urban high-crime area, an enterprise zone, an empowerment zone, a Front Porch Florida Community, brownfield area, or an urban infill area.
How taxes are reduced	Tax Credit	Tax Refund
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.	Applicant must redevelop real property by converting existing manufacturing or industrial building(s) into low income housing, or by construction of new low income housing in a brownfield area.
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)	\$8,818	\$5,774

Tax abatement programs, continued:

Program Name	Qualified Target Industry Tax Refund Program	Florida Renew Production Credit
Program Purpose	To encourage the growth of higher-wage jobs and a diverse economic base by providing state tax refunds to qualified target industry businesses that originate or expand in the state or that relocate to the state.	To encourage the production of renewable energy in the state.
Taxes being abated	Sales and Use Tax; Corporate Income Tax; Intangible Personal Property Tax; Excise Tax; Ad Valorem Tax; Insurance Premium Tax; Communication Service Tax	Corporate Income Tax
Authority under which abatements are entered into	Section 288.106, F.S.	Section 220.193, F.S.
Criteria to be eligible to receive abatements and commitment of the taxpayer	Applicants must be a new or expanding business in Florida, create a minimum number of new full-time jobs within one or more of Florida's designated targeted industries and meet minimum wage requirements.	The credit equals to \$0.01 per kilowatt-hour (kWh) of electricity produced and sold by the taxpayer to an unrelated party during a given tax year. The credit may be claimed for electricity produced and sold on or after January 1, 2013, through June 30, 2016. The combined total amount of tax credits which may be granted for all taxpayers under this section is limited to \$5 million in state fiscal year 2012-2013 and \$10 million per state fiscal year in state fiscal years 2013-2014 through 2016-2017.
How taxes are reduced	Tax Refund	Tax Credit
How amount of abatement is determined	Demonstrate minimum Florida job creation, maintenance and wages paid.	The Florida Renewable Energy Production Credit, which provided \$5 million for the first fiscal year of the program and \$10 million for subsequent years for an annual corporate tax credit equal to \$0.01/kWh of renewable electricity produced and sold.
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)	\$17,805	\$5,277

Tax abatement programs, continued:

Program Name	Community Contribution Tax Credit 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.
Taxes being abated	Corporate Income Tax; Insurance Premium Tax; Sales and Use Tax
Authority under which abatements are entered into	Sections 212.08(5)(p); 220.183; and 624.5105, 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.
How taxes are reduced	Tax Credit or Refund
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. Annual limit of entire program is 24.9 million.
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)	\$24,900

The State had additional tax abatement programs, each amounting to less than \$5 million in revenue and estimated to be reduced in fiscal year 2017-18. In total, these programs resulted in \$14.2 million in estimated tax abatements. These include the Research and Development Tax Credit, Rural Job Tax Credit Program, Urban High-Crime Area Job Tax Credit Program, Brownfield Redevelopment Bonus Tax Refund, Qualified Defense and Space Contractor Tax Refund Program, Semi-Conductor Defense and Space Technology Tax Exemption, Enterprise Zone Job Credits, Enterprise Zone Business Property Credits, Enterprise Zone Building Material Credit, Enterprise Zone Property Credit, and New and Expanding Business tax refund.

## 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, 2018, is as follows (in thousands):

General Government	\$ 96,318
Education	11,342
Human Services	27,460
Criminal Justice & Corrections	116,591
Natural Resources & Environment	57,783
Transportation	39,973
Judicial Branch	3,535
<b>Total depreciation expense (governmental activities)</b>	<b>\$ 353,002</b>

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Primary government capital asset activities for the fiscal year ended June 30, 2018, are as follows (in thousands):

GOVERNMENTAL ACTIVITIES				
	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
<b>Capital assets, not being depreciated:</b>				
Land and other nondepreciable assets	\$ 19,144,027	\$ 567,691	\$ 110,355	\$ 19,601,363
Infrastructure and infrastructure improvements - nondepreciable	48,429,257	2,132,179	618,521	49,942,915
Construction work in progress	3,134,133	1,866,809	1,965,443	3,035,499
<b>Total capital assets, not being depreciated</b>	<b>70,707,417</b>	<b>4,566,679</b>	<b>2,694,319</b>	<b>72,579,777</b>
<b>Capital assets, being depreciated:</b>				
Buildings and building improvements	5,536,435	213,448	157,367	5,592,516
Infrastructure and infrastructure improvements	790,410	26,050	2,430	814,030
Leasehold improvements	4,188	7,624	5,073	6,739
Property under capital lease	174,924	—	115	174,809
Furniture and equipment	1,795,168	228,712	224,110	1,799,770
Works of art and historical treasures	1,928	—	9	1,919
Library resources	25,611	311	23	25,899
Other	74,574	2,817	421	76,970
<b>Total capital assets, being depreciated</b>	<b>8,403,238</b>	<b>478,962</b>	<b>389,548</b>	<b>8,492,652</b>
<b>Less accumulated depreciation for:</b>				
Buildings and building improvements	2,842,827	149,326	9,689	2,982,464
Infrastructure and infrastructure improvements	478,491	30,269	379	508,381
Leasehold improvements	1,149	2,083	401	2,831
Property under capital lease	95,918	10,483	104	106,297
Furniture and equipment	1,341,742	154,998	140,386	1,356,354
Works of art and historical treasures	1,117	65	9	1,173
Library resources	16,336	1,585	883	17,038
Other	58,017	4,193	1,442	60,768
<b>Total accumulated depreciation</b>	<b>4,835,597</b>	<b>353,002</b>	<b>153,293</b>	<b>5,035,306</b>
<b>Total capital assets, being depreciated, net</b>	<b>3,567,641</b>	<b>125,960</b>	<b>236,255</b>	<b>3,457,346</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 74,275,058</b>	<b>\$ 4,692,639</b>	<b>\$ 2,930,574</b>	<b>\$ 76,037,123</b>

BUSINESS-TYPE ACTIVITIES				
	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
<b>Capital assets, not being depreciated:</b>				
Land and other nondepreciable assets	\$ 1,160,746	\$ 954,523	\$ 952,545	\$ 1,162,724
Infrastructure and infrastructure improvements - nondepreciable	8,918,407	18,670,362	17,973,825	9,614,944
Construction work in progress	1,238,605	17,973,754	17,405,572	1,806,787
<b>Total capital assets, not being depreciated</b>	<b>11,317,758</b>	<b>37,598,639</b>	<b>36,331,942</b>	<b>12,584,455</b>
<b>Capital assets, being depreciated:</b>				
Buildings and building improvements	486,449	174,860	161,705	499,604
Infrastructure and infrastructure improvements	15,689	291,415	389	306,715
Leasehold improvements	96	—	30	66
Furniture and equipment	365,595	56,158	41,634	380,119
Library resources	10	2	—	12
Other	144,625	42,323	64	186,884
<b>Total capital assets, being depreciated</b>	<b>1,012,464</b>	<b>564,758</b>	<b>203,822</b>	<b>1,373,400</b>
<b>Less accumulated depreciation for:</b>				
Buildings and building improvements	170,286	25,234	18,300	177,220
Infrastructure and infrastructure improvements	1,013	781	10	1,784
Leasehold improvements	12	18	—	30
Furniture and equipment	179,250	32,355	2,626	208,979
Library resources	6	1	—	7
Other	70,004	6,767	66	76,705
<b>Total accumulated depreciation</b>	<b>420,571</b>	<b>65,156</b>	<b>21,002</b>	<b>464,725</b>
<b>Total capital assets, being depreciated, net</b>	<b>591,893</b>	<b>499,602</b>	<b>182,820</b>	<b>908,675</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 11,909,651</b>	<b>\$ 38,098,241</b>	<b>\$ 36,514,762</b>	<b>\$ 13,493,130</b>

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Component units' capital asset activities for the fiscal year ended June 30, 2018, are as follows (in thousands):

	COMPONENT UNITS			
	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
<b>Capital assets, not being depreciated:</b>				
Land and other non-depreciable assets	\$ 6,685,340	\$ 174,383	\$ 22,093	\$ 6,837,630
Construction work in progress	1,814,641	1,242,573	1,492,806	1,564,408
<b>Total capital assets, not being depreciated</b>	<b>8,499,981</b>	<b>1,416,956</b>	<b>1,514,899</b>	<b>8,402,038</b>
<b>Capital assets, being depreciated:</b>				
Buildings and building improvements	19,314,653	1,121,749	73,583	20,362,819
Infrastructure and infrastructure improvements	3,156,030	587,098	90,902	3,652,226
Leasehold improvements	447,722	10,365	123	457,964
Property under capital lease	134,824	8,892	1,786	141,930
Furniture and equipment	3,683,484	438,182	299,511	3,822,155
Works of art and historical treasures	3,785	—	—	3,785
Library resources	971,270	40,997	8,720	1,003,547
Other	451,147	38,276	16,143	473,280
<b>Total capital assets, being depreciated</b>	<b>28,162,915</b>	<b>2,245,559</b>	<b>490,768</b>	<b>29,917,706</b>
<b>Less accumulated depreciation for:</b>				
Buildings and building improvements	7,150,638	522,989	21,803	7,651,824
Infrastructure and infrastructure improvements	1,244,745	206,535	870	1,450,410
Leasehold improvements	151,517	16,132	39	167,610
Property under capital lease	54,144	7,551	1,737	59,958
Furniture and equipment	2,666,709	263,432	206,020	2,724,121
Works of art and historical treasures	1,859	172	—	2,031
Library resources	806,243	36,166	5,197	837,212
Other	320,320	26,879	7,555	339,644
<b>Total accumulated depreciation</b>	<b>12,396,175</b>	<b>1,079,856</b>	<b>243,221</b>	<b>13,232,810</b>
<b>Total capital assets, being depreciated, net</b>	<b>15,766,740</b>	<b>1,165,703</b>	<b>247,547</b>	<b>16,684,896</b>
<b>Component units capital assets, net</b>	<b>\$ 24,266,721</b>	<b>\$ 2,582,659</b>	<b>\$ 1,762,446</b>	<b>\$ 25,086,934</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, 2018, 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, 2018, the FRS Trust Fund held in trust \$2,432,971,600 in accumulated benefits and interest for 36,001 DROP participants. Of these 36,001 DROP participants, 34,173 were active in the DROP with balances totaling \$2,185,360,679. The remaining participants were no longer active in the DROP and had balances totaling \$247,610,920 to be processed after June 30, 2018.

***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, 2018, was \$161,196,880,609. 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, 2017, 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 Recommended by Actuarial Valuation as of July 1, 2016 for Fiscal Year 2017-2018	July 1, 2017 Statutory Rates (Ch. 121, F.S.)
Regular	6.20%	6.20%
Senior Management Service	20.99%	20.99%
Special Risk	21.55%	21.55%
Special Risk Administrative Support	32.91%	32.91%
Elected Officers - Judges	37.92%	37.92%
Elected Officers - Legislators/Attorneys/Cabinet	49.14%	49.14%
Elected Officers - County	43.78%	43.78%
DROP - applicable to members from all of the above classes or plans	11.60%	11.60%

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 contribution requirements and 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, 2018, 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, 2018, 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 50% of the federal military pay table for the highest rank held while in the Florida National Guard less the benefit received from the Federal Government for 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	11,436
Retirees	768
Terminated Vested Members	309
Total	<u><u>12,513</u></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, 2018, the State reported a total liability of \$7,483,189,069 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, 2017, and the fiduciary net position of the National Guard Benefit as of the measurement date of June 30, 2018:

	<u>FRS Pension Plan</u>	<u>HIS</u>	<u>National Guard Benefit</u>	<u>Total</u>
Plan total pension liability (A)	\$ 183,632,592,000	\$ 10,870,772,218	\$ 732,441,066	
Plan fiduciary net position (B)	(154,053,262,968)	(178,310,841)	—	
Plan net pension liability (A-B)	<u>29,579,329,032</u>	<u>10,692,461,377</u>	<u>732,441,066</u>	
State's proportion	<u>17.591496280%</u>	<u>14.470956524%</u>	<u>100.00%</u>	
State's proportionate share	<u><u>\$ 5,203,446,566</u></u>	<u><u>\$ 1,547,301,437</u></u>	<u><u>\$ 732,441,066</u></u>	<u><u>\$ 7,483,189,069</u></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:

	<u>FRS</u>	<u>HIS</u>
State's proportion at prior measurement date, June 30, 2016	18.150587866%	14.878355474%
State's proportion at measurement date, June 30, 2017	<u>17.591496280%</u>	<u>14.470956524%</u>
Increase / (decrease) in proportion	-0.559091586%	-0.407398950%

The table below shows the changes in National Guard Benefit net pension liability for the fiscal year ended June 30, 2018:

*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, 2017	\$ 586,288,494	\$ —	\$ 586,288,494
Changes for the year:			
Service Cost	9,925,133	—	9,925,133
Interest on total pension liability	21,080,128	—	21,080,128
Effect of economic/demographic gains or losses	39,056,346	—	39,056,346
Effect of assumptions changes or inputs	90,988,437	—	90,988,437
Benefit payments	(14,897,472)	(14,897,472)	—
Employer contributions	—	14,904,972	(14,904,972)
Administrative expenses	—	(7,500)	7,500
Balances as of June 30, 2018	\$ 732,441,066	\$ —	\$ 732,441,066

***Actuarial Methods and Assumptions***

The FRS Actuarial Assumption Conference is responsible for setting the assumptions used in the funding valuations of the defined benefit pension plan pursuant to section 216.136(10), Florida Statutes. The Department determines the assumptions in the valuations for GASB Statement No. 67 reporting purposes. The FRS Pension Plan's GASB Statement No. 67 valuation is performed annually. The HIS program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

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, 2017, 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 7.10%. 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 3.58% 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 to the measurement date that affected the total pension liability. One change was the addition of in-line-of-duty death benefits for surviving spouses or dependent children of members in classes other than the Special Risk Class if the members' death occurred on or after July 1, 2002, for benefit payable on or after July 1, 2017. Also, eligibility was extended retroactively for the existing in-line-of-duty death benefits for Special Risk Class members from July 1, 2013 to July 1, 2002, for eligible survivors of Pension Plan or Investment Plan members. 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 2017:

- FRS Pension Plan: The long-term expected rate of return was reduced from 7.60% to 7.10%.
- HIS: The municipal rate used to determine total pension liability increased from 2.85% to 3.58%.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.0%	3.0%
Fixed income	18.0%	4.5%
Global equity	53.0%	7.8%
Real estate (property)	10.0%	6.6%
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, 2018, 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 2.60%.

Because the National Guard Benefit uses a pay-as-you-go funding structure, a municipal bond rate of 3.87% 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 2018 for the National Guard Benefit:

- The municipal bond rate used to determine total pension liability increased from 3.58% to 3.87%.
- The annual cost-of-living-adjustment used to determine total pension liability increased from 1.50% to 2.60%.

***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.

<i>FRS Pension Plan</i>			<i>HIS</i>		
<b>1% Decrease 6.10%</b>	<b>Current Discount Rate 7.10%</b>	<b>1% Increase 8.10%</b>	<b>1% Decrease 2.58%</b>	<b>Current Discount Rate 3.58%</b>	<b>1% Increase 4.58%</b>
\$9,417,924,010	\$5,203,446,566	\$1,704,464,708	\$1,765,675,843	\$1,547,301,437	\$1,365,407,620

<i>National Guard Benefit</i>		
<b>1% Decrease 2.87%</b>	<b>Current Discount Rate 3.87%</b>	<b>1% Increase 4.87%</b>
\$909,917,363	\$732,441,066	\$599,639,979

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

In accordance with GASB Statement No. 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).
- Changes in proportion and differences between contributions and proportionate share of contributions - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employee).
- 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, 2017, was 6.4 years for FRS Pension Plan and 7.2 years for HIS.

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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, 2017, are presented below for each plan.

**FRS Pension Plan**

	<b>Recognized in Expense Reporting Period Ending June 30, 2018</b>	<b>Recognition Period</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Service cost	\$ 364,804,320	Current	\$ —	\$ —
Interest cost	2,196,151,809	Current	—	—
Effect of plan changes	16,216,721	Current	—	—
Effect of economic/demographic gains or losses (difference between expected and actual experience)	98,493,219	6.4 years	477,551,176	(28,824,422)
Effect of assumptions changes or inputs	349,218,525	6.4 years	1,748,725,408	—
Member contributions	(131,028,397)	Current	—	—
Projected investment earnings	(1,852,695,828)	Current	—	—
Changes in proportion and differences between contributions and proportionate share of contributions	23,108,027	6.4 years	344,582,319	(320,722,437)
Net difference between projected and actual investment earnings	(177,719,840)	5 years	—	(128,954,410)
Contributions subsequent to the measurement date	—	1 year	505,400,346	—
Administrative expenses	3,226,326	Current	—	—
<i>Total</i>	\$ 889,774,882		\$ 3,076,259,249	\$ (478,501,269)

**Health Insurance Subsidy**

	<b>Recognized in Expense Reporting Period Ending June 30, 2018</b>	<b>Recognition Period</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Service cost	\$ 44,069,374	Current	\$ —	\$ —
Interest cost	48,837,511	Current	—	—
Effect of plan changes	—	Current	—	—
Effect of economic/demographic gains or losses (difference between expected and actual experience)	(619,564)	7.2 years	—	(3,221,731)
Effect of assumptions changes or inputs	25,581,932	7.2 years	217,497,380	(133,796,795)
Member contributions	—	Current	—	—
Projected investment earnings	(598,727)	Current	—	—
Changes in proportion and differences between contributions and proportionate share of contributions	(13,638,539)	7.2 years	92,394,098	(161,466,492)
Net difference between projected and actual investment earnings	393,662	5 years	858,093	—
Contributions subsequent to the measurement date	—	1 year	79,398,665	—
Administrative expenses	25,633	Current	—	—
<i>Total</i>	\$ 104,051,282		\$ 390,148,236	\$ (298,485,018)

The average expected remaining service life of all employees provided with pensions through the National Guard defined benefit single-employer plan at June 30, 2018, was 11.6 years. The State's pension expense and deferred outflows and deferred inflows of resources reported for the fiscal year ended June 30, 2018, are presented below for the plan.

**National Guard Benefit**

	<b>Recognized in Expense Reporting Period Ending June 30, 2018</b>	<b>Recognition Period</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Service cost	\$ 9,925,133	Current	\$ —	\$ —
Interest cost	21,080,128	Current	—	—
Effect of economic/demographic gains or losses (difference between expected and actual experience)	5,754,902	11.6 years	55,987,221	—
Effect of assumptions changes or inputs	16,110,134	11.6 years	217,286,431	(78,961,698)
Administrative expenses	7,500	Current	—	—
<i>Total</i>	\$ 52,877,797		\$ 273,273,652	\$ (78,961,698)

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, 2018. 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>2019</b>	\$ 293,099,931	\$ 11,717,492	\$ 21,865,036
<b>2020</b>	740,727,237	11,555,114	21,865,036
<b>2021</b>	504,890,546	11,477,173	21,865,036
<b>2022</b>	94,325,425	7,448,979	21,865,036
<b>2023</b>	334,873,702	(1,970,943)	21,865,036
<b>Thereafter</b>	124,440,793	(27,963,261)	84,986,774
<i>Total</i>	\$ 2,092,357,634	\$ 12,264,554	\$ 194,311,954

***Payables to the Pension Plans***

The State reported payables of \$7.4 million to the FRS Pension Plan, and \$1.7 million to the HIS Program as of June 30, 2018, 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 contribution requirements and 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 (non-duty or line of duty); 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. Survivor benefit coverage is provided to the surviving spouse or dependent children of members who die in line of duty; the employer pays an employer contribution to fund the survivor benefit which is deposited in the FRS Trust Fund. The member's account balance must be transferred to the FRS Pension Plan when approved for survivor benefits to receive guaranteed lifetime monthly benefits under the FRS Pension Plan for the surviving spouse or on behalf of the dependent children until the youngest unmarried dependent child reaches age 18, or up to age 25 if unmarried and enrolled as a fulltime student.

### 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 contribution requirements and 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 2017, through June 2018. 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. SUSORP members are not eligible to receive HIS Payments from the HIS Trust Fund. There is a HIS component included in the employer's contribution deposited in the members' accounts. 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 2017-18 was 3.30%.

### 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 and amends the contribution requirements and 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 2017 through June 2018. 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 or deduction 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 2017-18 was 16.70%.

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

As of June 30, 2018, the State reported the following pension amounts related to the defined contribution plans:

<b>Reporting Period Ended June 30, 2018</b>	<b>FRS Investment Plan</b>	<b>Optional Retirement Plan</b>	<b>Optional Annuity Program</b>
<i>Pension Expense</i> <sup>1,2</sup> \$	\$ 65,789,583	\$ 98,128,312	\$ 103,144
<i>Forfeitures</i>	5,832,857	—	—
<i>Pension Liability</i>	2,289,469	—	—

<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 Division of State Group Insurance (DSGI) within the Department is responsible for administering the State Employees' Group Health Insurance Program. The program covers retired employees and is considered an other postemployment benefits plan.

**Plan Description**

The DSGI Other Postemployment Benefits Plan (OPEB Plan) is a multiple-employer defined benefit plan which provides healthcare benefits to retired state and university employees in accordance with Section 110.123, Florida Statutes (F.S.). Pursuant to the provisions of Section 112.0801, Florida Statutes, all public employers that offer benefits through a group insurance plan shall allow their retirees and their eligible dependents the option to continue participation in the plan during retirement. As a part of normal retirement, a retiree has 60 days after separation to elect post-retirement health coverage. After 60 days, they are no longer entitled to benefits. A retiree is defined as any officer or employee who retires under a State retirement system or State optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any officer or employee who retires under the Florida Retirement System Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting. 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. As a result, the state implicitly subsidizes the premium rates paid by retirees 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.

There are six participating employers including, the primary government of the state and 14 discretely presented component units which are reported as one employer in the valuation, along with five other governmental entities. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Benefit provisions as described by Section 110.123, F.S., and contributions, can be amended by the Florida Legislature. 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.

**Benefits Provided**

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All non-OPS employees of the State are eligible to receive postemployment health care benefits. Four types of health plans are offered to eligible participants:

- Standard statewide Preferred Provider Organization (PPO) Plan.
- High Deductible PPO Plan.
- Standard Health Maintenance Organization (HMO) Plan.
- 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.

**Employees covered by benefit terms**

At July 1, 2017, there were 190,666 employees covered by the OPEB Plan, as shown in the following table:

Active members	137,962
No Coverage Active Members	15,658
Retired and Inactive Members	<u>37,046</u>
Total employees	<u><u>190,666</u></u>

There are currently zero inactive plan members entitled to but not yet receiving benefits because the OPEB Plan does not provide a vested termination benefit.

**Contributions**

Retirees participating in the group insurance plans offered by the State of Florida are required to contribute 100% of the premiums. The State of Florida implicitly subsidizes the healthcare premium rates paid by retirees by allowing them to participate in the same health plan offered to active employees. Retirees under age 65 pay the same premium amounts as applicable to the 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 Medicare is the primary payer. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

Note that the projected post-65 employee contributions for the fully-insured HMO plan are assumed to cover the entire cost of the program.

**Total OPEB Liability**

As of June 30, 2018, the State reported a total OPEB liability of \$10,811,085 of which the State (primary government) and its component units reported \$7,999,457,000 and \$2,811,628,000, respectively, for its proportionate share the total OPEB liability measured as of June 30, 2017. The table below presents the State and its component units proportion change in proportion since the prior measurement date:

	<u>State</u>	<u>Component Units</u>
Proportion at prior measurement date, June 30, 2016	74.23 %	25.77%
Proportion at measurement date, June 30, 2017	73.99 %	26.01%
Increase / (Decrease) in proportion	<u>(0.24)%</u>	<u>0.24%</u>

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	July 1, 2017
Measurement date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	The recognition period for the changes in assumption and proportionate share is 8 years
Actuarial value of assets	N/A
Inflation	2.60%
Salary Increases	Varies by FRS Class
Discount rate	3.58%
Healthcare Cost trend rates	7.8% and 5.2% for PPO and HMO respectfully for 2018, increasing to 10.6% and 8.0% by 2022, then decreasing by 0.1% and 0.4% per year to an ultimate rate of 3.8% for 2075 and later years
Retirees' share of benefit-related costs	100% of projected health insurance premiums for retirees
Medical Aging Factors	4% per year prior to age 65 3% per year between ages 65 and 75 2% per year between ages 75 and 85 0% per year thereafter
Marital Status	80% assumed married, with male spouses 3 years older than female spouses
Health care participation (HMO)	50% participation assumed, with 25% electing spouse coverage. Members who elected no coverage as actives are assumed to elect coverage in the same proportion as active members with coverage
Health care participation (PPO)	50% participation assumed, with 35% electing spouse coverage. Members who elected no coverage as actives are assumed to elect coverage in the same proportion as active members with coverage

The discount rate of 3.58% was based on the Bond Buyer General Obligation 20-year Municipal Bond Index. The discount rate changed from 2.85% for the opening balance as of June 30, 2016 to 3.58% as of June 30, 2017 actually resulting in an overall decrease in total OPEB liability.

Mortality rates were based on the Generational RP-2000 with Projected Improvement Scale BB. Disabled mortality has not adjusted for mortality improvements.

The demographic actuarial assumptions for retirement, disability, withdrawal and salary merit scales used in the June 30, 2017 OPEB valuation were based on the results of an actuarial experience study for the period January 1, 2010, through December 31, 2014, adopted by the Florida Retirement System July 1, 2016 Actuarial Valuation. Comparing with the previous valuation as of July 1, 2015, all the demographic assumptions remain unchanged except active mortality which was based on the Generational RP-2000 with Projected Improvement Scale BB and updated using the rates mandated by Chapter 2015-17, Florida Statutes for pension plans. The overall effect of the mortality change was an increase in the actuarial liability and normal cost.

The healthcare trend rates for the first five years used in this valuation were consistent with the Report on the Financial Outlook for the Fiscal Years Ending June 30, 2017 through June 30, 2023 as presented on August 3, 2017 at the Self-Insurance Estimating Conference. For out years, the long-term healthcare trends were generated by the Getzen Model, but no longer reflect the potential impact of the excise tax due to its uncertainty. The actuarial liability increased, and normal cost decreased slightly due to the changes in healthcare trend rate assumptions.

Retirees participating in the group insurance plans offered by the State of Florida are required to contribute 100% of the premiums. Retiree contributions were not as high as expected based on the expected increases from July 1, 2015 to July 1, 2017. As such, the net implicit subsidy gap further widened and costs increased.

**Changes in Total OPEB Liability**

See chart below for details.

<b>Changes in Total OPEB Liability</b>	<b>State</b>	<b>Component Units</b>	<b>Total</b>
Reporting Period ending June 30, 2017	\$ 8,767,466	\$ 3,044,370	\$ 11,811,836
Changes for the Year:			
Service cost	413,075	145,209	558,284
Interest	259,134	91,094	350,228
Changes of benefit terms	—	—	—
Difference between expected and actual experience	—	—	—
Changes of assumptions or other inputs	(1,292,133)	(454,228)	(1,746,361)
Benefit payments	(126,193)	(36,709)	(162,902)
Changes of proportionate shares to the total OPEB liability and difference between the actual benefit payments and expected benefit payments	(21,892)	21,892	—
Other Changes	—	—	—
Net changes	(768,009)	(232,742)	(1,000,751)
Reporting Period ending June 30, 2018	\$ 7,999,457	\$ 2,811,628	\$ 10,811,085

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following table demonstrates 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 total OPEB liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate (expressed in thousands):

	<b>1% Decrease 2.58%</b>	<b>Current Discount Rate 3.58%</b>	<b>1% Increase 4.58%</b>
<b>State</b>	\$ 9,830,773	\$ 7,999,457	\$ 6,592,763
<b>Component Units</b>	3,464,570	2,811,628	2,310,116
<b>Total</b>	\$ 13,295,343	\$ 10,811,085	\$ 8,902,879

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following table demonstrates the sensitivity of the net pension liability to changes in the healthcare cost trend rates. The sensitivity analysis shows the impact to the state's proportionate share of the total OPEB liability if the healthcare cost trend rates were 1.00% higher or 1.00% lower than the current healthcare cost trend rate (expressed in thousands):

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase 4.58%</b>
<b>State</b>	\$ 6,497,464	\$ 7,999,457	\$ 10,012,415
<b>Component Units</b>	2,271,747	2,811,628	3,537,841
<b>Total</b>	\$ 8,769,211	\$ 10,811,085	\$ 13,550,256

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2018, the State of Florida recognized OPEB expense of \$513,360,000 and \$180,463,000 for primary government and the component units respectively. At June 30, 2018, the State of Florida reported deferred outflows of resources and deferred inflows of resources related to OPEB for state primary governments and component units from the following sources (expressed in thousands):

	State		Component Units	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Changes of assumptions or other inputs	\$ —	\$ 1,130,616	\$ —	\$ 397,450
Changes of proportionate shares to the total OPEB liability and difference between the actual benefit payments and expected benefit payments	—	19,155	19,155	—
Transaction subsequent to the measurement date	140,871	—	42,661	—
<b>Total</b>	<b>\$ 140,871</b>	<b>\$ 1,149,771</b>	<b>\$ 61,816</b>	<b>\$ 397,450</b>

Amounts reported as deferred outflows of resources related to OPEB resulting from transactions subsequent to the measurement date as shown in the table above will be recognized as a reduction of the total OPEB liability in the reporting period ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

Year Ending June 30:	State	Components Units	Total
2019	\$ (164,253)	\$ (54,042)	\$ (218,295)
2020	(164,253)	(54,042)	(218,295)
2021	(164,253)	(54,042)	(218,295)
2022	(164,253)	(54,042)	(218,295)
2023	(164,253)	(54,042)	(218,295)
Thereafter	(328,504)	(108,087)	(436,591)
<b>Total</b>	<b>\$ (1,149,769)</b>	<b>\$ (378,297)</b>	<b>\$ (1,528,066)</b>

## 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, 2018, the Department had available approximately \$14.4 billion in budget authority committed on executed contracts arising from both current and prior year projects. Other major construction commitments of the State of Florida at June 30, 2018, totaled \$453 million. Refer to Note 5 for additional disclosures relating to construction in progress. Construction commitments for component units totaled \$3.3 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 \$611,127,440 for the fiscal year ended June 30, 2018. The table below represents the Florida Ports Financing Commission revenue bonds outstanding as of June 30, 2018:

Series	Amount
2011A	\$ 7,095,000
2011B	94,545,000
2011A (Intermodal)	52,515,000
2011B (Intermodal)	37,080,000
<b>Total</b>	<b>\$ 191,235,000</b>

## 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 \$138.8 million, \$14.7 million, and \$78.1 million, respectively, for the year ended June 30, 2018. The following is a schedule of future non-cancelable operating lease payments for the primary government and component units at June 30, 2018 (in thousands):

	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2019	\$ 141,815	\$ 8,867	\$ 69,954
2020	130,565	7,733	53,307
2021	120,487	7,041	47,098
2022	108,344	6,904	37,294
2023	91,738	6,335	29,397
2024-2028	110,407	26,058	101,284
2029-2033	36,534	3,703	37,918
2034-2038	20,188	342	14,446
2039-2043	15,950	—	4,053
2044-2048	772	—	7,256
2049-2053	80	—	635
2054-2058	—	—	438
2059-2063	—	—	142
2064-2068	—	—	142
2069-2073	—	—	142
2074-2078	—	—	142
2079-2083	—	—	142
2084-2088	—	—	85
<b>Total</b>	<b>\$ 776,880</b>	<b>\$ 66,983</b>	<b>\$ 403,875</b>

**D. Encumbrances**

As of June 30, 2018, encumbrances for major and nonmajor governmental funds were (in thousands):

	General Fund	Natural Resources, Environment, and Growth Management	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
<b>Encumbrances:</b>	<u>\$ 213,146</u>	<u>\$ 13,955</u>	<u>\$ 76,935</u>	<u>\$ 93,293</u>	<u>\$ 35,777</u>	<u>\$ 301,504</u>	<u>\$ 734,610</u>



## NOTE 8 - BONDS PAYABLE AND CERTIFICATES OF PARTICIPATION

## A. Bonds Payable

## 1. Outstanding Bonds

Bonds payable at June 30, 2018, are as follows (in thousands):

Bond Type	Original Amount	Amount Outstanding	Interest Rates	Annual Maturity To
<b>Governmental Activities:</b>				
Road and Bridge Bonds	\$ 2,128,005	\$ 1,777,970	2.500%-5.000%	2047
SBE Capital Outlay Bonds	350,345	122,525	2.000%-5.000%	2030
Lottery Education Bonds	1,960,165	1,195,750	3.000%-6.584%	2032
Public Education Bonds	10,556,200	7,792,120	2.250%-6.000%	2047
State University System Bonds	158,775	106,805	3.000%-5.000%	2033
University Auxiliary Bonds	1,018,137	773,925	2.120%-7.500%	2043
Inland Protection Bonds	60,615	46,805	4.700%-5.400%	2024
Florida Forever Bonds	1,239,635	810,040	2.000%-7.045%	2029
Water Pollution Control Bonds	564,775	304,605	3.500%-5.250%	2031
Florida Facilities Pool Bonds	190,835	190,835	3.000%-5.000%	2039
State Infrastructure Bank Bonds	123,615	24,165	4.250%-5.000%	2027
Seaport Investment Bonds	138,145	122,705	4.000%-5.000%	2043
Everglades Restoration Bonds	266,535	202,285	1.500%-6.450%	2035
	<u>18,755,782</u>	<u>13,470,535</u>		
Unamortized premiums (discounts) on bonds payable		873,565		
Total Bonds Payable	<u>\$ 18,755,782</u>	<u>\$ 14,344,100</u>		
<b>Business-type Activities:</b>				
Toll Facilities Bonds	\$ 3,585,665	\$ 2,474,485	2.500%-6.800%	2045
Florida Hurricane Catastrophe Fund Bonds	3,200,000	2,700,000	2.107%-2.995%	2022
	<u>6,785,665</u>	<u>5,174,485</u>		
Unamortized premiums (discounts) on bonds payable		123,107		
Total Bonds Payable	<u>\$ 6,785,665</u>	<u>\$ 5,297,592</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 mature serially and are secured by a pledge of a portion of the state-assessed motor vehicle license tax and by a pledge of the full faith and credit of the state.

**Lottery Education Bonds** are issued to finance all or a portion of the costs of various local school district educational facilities. The bonds, 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)	\$ 1,063,729	\$ 225,002	\$ 838,727	\$ 140,640	\$ 115,874	\$ 256,514	3.27	2045	3,658,287	78.85%
Florida Forever/Everglades <sup>1</sup>	2,510,000	—	2,510,000	112,810	51,784	164,594	15.25	2035	1,277,999	100.00%
Lottery Education <sup>1,2</sup>	1,758,329	—	1,758,329	244,688	71,054	315,742	5.57	2032	1,472,821	100.00%
Alligator Alley (Toll Facility)	33,003	9,973	23,030	1,765	1,097	2,862	8.05	2027	25,157	69.78%
State Infrastructure Bank	43,041	—	43,041	8,160	1,576	9,736	4.42	2027	27,462	100.00%
Florida Hurricane Catastrophe	1,308,382	19,610	1,288,772	—	69,529	69,529	18.53	2021	2,858,000	98.50%
State University System Bonds	58,324	—	58,324	9,525	5,765	15,290	3.81	2033	134,838	100.00%
University Auxiliary Bonds										
Parking System Revenue Bonds										
Florida International University	15,275	5,600	9,675	3,280	3,047	6,327	1.53	2043	108,603	63.34%
University of South Florida	14,701	8,526	6,175	2,495	441	2,936	2.10	2026	19,093	42.01%
Florida Agricultural & Mechanical University	1,922	1,597	325	220	12	232	1.40	2018	—	16.89%
University of Florida	14,694	9,551	5,143	980	537	1,517	3.39	2028	15,199	35.00%
Florida Atlantic University	7,230	2,977	4,253	1,460	616	2,076	2.05	2032	17,872	58.83%
University of Central Florida	22,597	3,890	18,707	3,280	1,081	4,361	4.29	2032	30,132	82.79%
Florida State University	12,241	3,248	8,993	3,389	1,351	4,740	1.90	2031	36,727	73.47%
Housing System Revenue Bonds										
Florida Agricultural & Mechanical University	16,219	8,031	8,188	3,266	2,658	5,924	1.38	2032	70,752	50.48%
Florida International University	31,280	17,720	13,560	3,915	3,503	7,418	1.83	2041	120,848	43.35%
University of Florida	56,893	37,070	19,823	5,045	2,779	7,824	2.53	2033	82,319	34.84%
Florida Atlantic University	18,072	7,676	10,396	2,935	2,452	5,387	1.93	2036	68,333	57.53%
University of Central Florida	30,085	16,417	13,668	4,795	3,987	8,782	1.56	2042	119,136	45.43%
Florida State University	49,798	24,695	25,103	7,605	7,691	15,296	1.64	2040	236,698	50.41%
Student Health and Wellness Center Revenue Bonds										
University of Central Florida	17,519	—	17,519	445	172	617	28.40	2024	3,709	100.00%
Florida State University	15,026	—	15,026	1,360	1,019	2,379	6.32	2030	28,561	100.00%
University of North Florida	4,281	—	4,281	475	572	1,047	4.09	2036	21,661	100.00%
Student Services Center Revenue Bonds										
University of Florida	28,504	—	28,504	1,555	1,680	3,235	8.81	2033	48,494	100.00%
Water Pollution Control Bonds	75,944	—	75,944	28,770	16,077	44,847	1.69	2031	392,745	100.00%
Inland Protection Bonds	222,671	—	222,671	7,000	1,802	8,802	25.30	2024	55,473	100.00%
Seaport Investment Program	200,000	—	200,000	2,485	6,098	8,583	23.30	2043	214,559	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 2017-18, the ratio remained below 6%.

5. Debt Service Requirements

Annual debt service requirements to amortize bonds at June 30, 2018, are as follows (in thousands):

Year Ending June 30	Primary Government					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 1,036,040	\$ 618,607	\$ 1,654,647	\$ 642,935	\$ 178,944	\$ 821,879
2020	1,036,537	566,769	1,603,306	682,375	160,583	842,958
2021	1,057,069	515,576	1,572,645	1,139,060	132,958	1,272,018
2022	1,069,566	463,633	1,533,199	777,490	102,357	879,847
2023	1,038,190	412,104	1,450,294	125,385	87,352	212,737
2024-2028	3,915,969	1,388,901	5,304,870	624,710	345,356	970,066
2029-2033	2,420,464	670,729	3,091,193	522,270	222,244	744,514
2034-2038	1,424,070	259,421	1,683,491	428,425	108,201	536,626
2039-2043	351,720	55,919	407,639	206,380	27,562	233,942
2044-2048	120,910	10,697	131,607	25,455	1,404	26,859
Bonds payable and interest	13,470,535	4,962,356	18,432,891	5,174,485	1,366,961	6,541,446
Unamortized premiums (discounts)	873,565	—	873,565	123,107	—	123,107
Total bonds payable and interest	\$ 14,344,100	\$ 4,962,356	\$ 19,306,456	\$ 5,297,592	\$ 1,366,961	\$ 6,664,553

Year Ending June 30	Component Units		
	Principal	Interest	Total
2019	\$ 544,770	\$ 356,252	\$ 901,022
2020	1,174,564	184,047	1,358,611
2021	302,498	167,021	469,519
2022	542,111	144,528	686,639
2023	135,156	131,792	266,948
2024-2028	1,044,575	529,415	1,573,990
2029-2033	741,292	377,738	1,119,030
2034-2038	629,272	240,120	869,392
2039-2043	590,084	132,115	722,199
2044-2048	283,437	19,065	302,502
2049-2053	12,523	1,584	14,107
2054-2058	3,240	185	3,425
2059-2063	—	—	—
Bonds payable and interest	6,003,522	2,283,862	8,287,384
Unamortized premiums (discounts)	143,554	—	143,554
Total bonds payable and interest	\$ 6,147,076	\$ 2,283,862	\$ 8,430,938

Annual debt service requirements for university capital improvement debt payable at June 30, 2018, are as follows (in thousands):

Year Ending June 30	Universities		
	Principal	Interest	Total
2019	\$ 51,573	\$ 33,764	\$ 85,337
2020	52,041	31,560	83,601
2021	53,687	29,283	82,970
2022	53,144	27,013	80,157
2023	52,352	24,700	77,052
2024-2028	244,436	91,331	335,767
2029-2033	189,273	43,179	232,452
2034-2038	63,915	14,668	78,583
2039-2043	30,786	3,235	34,021
Total capital improvement debt payable and interest	791,207	298,733	1,089,940
Unamortized premiums (discounts)	18,118	—	18,118
Total capital improvement debt payable and interest	<u>\$ 809,325</u>	<u>\$ 298,733</u>	<u>\$ 1,108,058</u>

**6. Advance Refundings and Current Refundings**

During the fiscal year ended June 30, 2018, 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 into irrevocable trusts and invested in direct obligations of the Federal government, obligations guaranteed by the Federal government, or Special Purpose Investment Accounts with the State Treasury. The funds deposited along with the interest to be earned will be sufficient to meet the future principal and interest payments on the refunded bonds as they become due.

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

**Advance Refundings**

**Governmental Activities**

State of Florida, Department of Environmental Protection Florida Forever Revenue Refunding Bonds, Series 2017A in the amount of \$75,125,000 along with additional funds of \$14,966,284 were used to advance refund \$98,805,000 of the State of Florida, Department of Environmental Protection Florida Forever Revenue Bonds, Series 2008B maturing in the years 2019 through 2028. The refunding resulted in debt savings of \$18,671,205 an economic gain of \$15,377,311, and a deferred loss on refunding of \$665,056.

State of Florida, Department of Management Services Florida Facilities Pool Revenue Refunding Bonds, Series 2017A in the amount of \$190,835,000 along with additional funds of \$4,227,293 were used to advance refund \$31,570,000 of the State of Florida, Department of Management Services Florida Facilities Pool Revenue Bonds, Series 2008A maturing in the years 2017 through 2038. The refunding resulted in debt savings of \$10,010,959, an economic gain of \$7,243,332, and a deferred loss on refunding of \$1,338,865.

State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series 2017A in the amount of \$239,705,000 along with additional funds of \$48,215,011 were used to advance refund \$124,035,000 of the State of Florida, State Board of Education Lottery Revenue Bonds, Series 2008B maturing in the years 2019 through 2028 and \$191,269,000 of the State of Florida, State Board of Education Lottery Revenue Bonds, Series 2009A maturing in the years 2019 through 2026. The refunding resulted in debt savings of \$63,697,603, an economic gain of \$52,949,793, and a deferred loss on refunding of \$3,899,479.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2017 Series B in the amount of \$261,635,000 along with additional funds of \$4,542,343 were used to advance refund \$123,060,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2008 Series A maturing in the years 2019 through 2038 and the \$162,610,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2008 Series B maturing in the years 2019 through 2038. The refunding resulted in debt savings of \$78,569,205, an economic gain of \$59,071,609, and a deferred loss on refunding of \$3,153,009.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2017 Series C in the amount of \$272,905,000 along with additional funds of \$1,199,576 were used to advance refund \$159,670,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2007 Series E maturing in the years 2020 through 2038 and the \$127,325,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2010 Series B maturing in the years 2021 through 2040. The refunding resulted in debt savings of \$66,190,059, an economic gain of \$48,743,004, and a deferred loss on refunding of \$15,825,724.

State of Florida, Board of Governors University System Improvement Revenue Refunding Bonds, Series 2017B in the amount of \$38,450,000 along with additional funds of \$6,168,588 were used to advance refund \$45,385,000 of the State of Florida, Board of Governors University System Improvement Revenue Bonds, Series 2008A maturing in the years 2019 through 2033. The refunding resulted in debt savings of \$15,127,265, an economic gain of \$11,218,823, and a deferred loss on refunding of \$764,602.

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 along with additional funds of \$483,421 were used to advance refund \$29,840,000 of the State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Bonds, 2008 Series A maturing in the years 2019 through 2028. The refunding resulted in debt savings of \$4,451,385, an economic gain of \$3,926,457, and a deferred loss on refunding of \$29,040.

#### **Business-type Activities**

State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2017A in the amount of \$131,885,000 along with additional funds of \$2,252,375 were used to advance refund \$90,095,000 of the State of Florida, Department of Transportation, Turnpike Revenue Refunding Bonds, Series 2010A maturing in the years 2020 through 2030. The refunding resulted in debt savings of \$8,620,799, an economic gain of \$7,858,459, and a deferred loss on refunding of \$3,143,608

#### **Current Refundings**

#### **Governmental Activities**

State of Florida, Board of Governors University of Central Florida Dormitory Revenue Refunding Bonds, Series 2018A in the amount of \$23,255,000 along with additional funds of \$667,467 were used to refund \$2,435,000 of the State of Florida, Florida Board of Education University of Central Florida Housing Revenue Refunding Bonds, Series 2002, maturing in the years 2019 and 2020 and \$23,630,000 of the State of Florida, Board of Governors University of Central Florida Dormitory Revenue Refunding Bonds, Series 2007A, maturing in the years 2019 through 2029. The refunding resulting in debt savings of \$3,977,202, an economic gain of \$3,439,521, and a deferred loss on refunding of \$315,909.

State of Florida, Board of Governors University of Central Florida Parking Facility Revenue Refunding Bonds, Series 2018A in the amount of \$4,790,000 along with additional funds of \$105,936 were used to refund \$5,220,000 of the State of Florida, Florida Education System University of Central Florida Parking Facility Revenue Bonds, Series 2004A, maturing in the years 2019 through 2024. The refunding resulted in debt savings \$323,112, an economic gain of \$295,881, and a deferred loss on refunding of \$12,158.

State of Florida, Department of Management Services Florida Facilities Pool Revenue Refunding Bonds, Series 2017A in the amount of \$190,835,000 along with additional funds of \$20,233,910 were used to refund \$6,375,000 of the State of Florida, Department of Management Services Florida Facilities Pool Revenue Bonds, Series 1998A maturing in the years 2017 through 2027, \$26,205,000 of the State of Florida, Department of Management Services Florida Facilities Pool Revenue Bonds, Series 1998B maturing in the years 2017 through 2028, \$11,035,000 of the State of Florida, Department of Management Services Florida Facilities Pool Revenue Bonds, Series 1999A maturing in the years 2017 through 2028, \$20,345,000 of the State of Florida, Department of Management Services Florida Facilities Pool Revenue Refunding Bonds, Series 2002A maturing in the years 2017 through 2023, \$61,640,000 of the State of Florida, Department of Management Services Florida Facilities Pool Revenue Refunding Bonds, Series 2005A maturing in the years 2017 through 2029, and \$75,415,000 of the State of Florida Department of Management

Services Florida Facilities Pool Revenue Bonds, Series 2007A maturing in the years 2017 through 2036. The refunding resulted in debt savings of \$33,124,152, an economic gain of \$27,927,842, and a deferred gain on refunding of \$3,626,084.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2017 Series A in the amount of \$148,555,000 along with additional funds of \$2,197,012 were used to refund \$162,065,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2007 Series B maturing in the years 2018 through 2037. The refunding resulted in debt savings of \$38,258,376, an economic gain of \$29,406,279, and a deferred loss on refunding of \$353,344.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2018 Series A in the amount of \$146,465,000 along with additional funds of \$3,525,767 were used to refund \$161,965,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2006 Series E maturing in the years 2019 through 2038. The refunding resulted in debt savings of \$35,516,289, an economic gain of \$26,255,794, and a deferred gain on refunding of \$175,510.

**Business-type Activities**

State of Florida, Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2017A in the amount of \$21,635,000 along with additional funds of \$1,315,718 were used to refund \$26,640,000 State of Florida, Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2007A maturing in the years 2018 through 2027. The refunding resulted in debt savings of \$5,229,591, an economic gain of \$4,629,845, and a deferred gain on refunding of \$438,787.

State of Florida, Department of Transportation, Turnpike Revenue Refunding Bonds, Series 2017A in the amount of \$131,885,000 along with additional funds of \$20,511,002 were used to refund \$70,325,000 of the State of Florida, Department of Transportation, Turnpike Revenue Bonds, Series 2008A maturing in the years 2019 through 2021. The refunding resulted in debt savings of \$5,871,649, an economic gain of \$4,733,638, and a deferred loss on refunding of \$257,200.

**Cash In-substance Defeasance**

**Governmental Activities**

The State of Florida, Department of Management Services Florida Facilities Pool Revenue Refunding Bonds, Series 2003A, in the amount of \$3,515,000, was in-substance defeased on August 24, 2017, when a cash deposit of \$3,607,287 was made to an irrevocable escrow account to make the final payment on the series 2003A Bonds on September 1, 2017. These funds were not subsequently invested.

**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
	6/30/2018
	<hr/>
<u>Governmental Activities</u>	
University Auxiliary Bonds	<u><u>\$ 614</u></u>

**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, 2018, 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	\$ 5,159
Lottery Education Bonds	52,648
Public Education Bonds	291,104
State University System Bonds	5,715
University Auxiliary Bonds	30,585
Total Education	<u>385,211</u>
Natural Resources and Environment:	
Inland Protection Bonds	2,677
Everglades Restoration Bonds	5,870
Water Pollution Control Bonds	13,420
Florida Forever Bonds	31,598
Total Natural Resources and Environment	<u>53,565</u>
Transportation:	
Road and Bridge Bonds (Right of Way)	58,420
State Infrastructure Bank Bonds	1,461
Seaport Investment Bonds	5,138
Total Transportation	<u>65,019</u>
Total Direct Interest	<u><u>\$ 503,795</u></u>

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

Governmental activities reflect a negative unrestricted net position balance of \$17.7 billion at June 30, 2018. 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, 2018, of \$9.9 billion. The state has an additional \$0.9 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 \$6.9 billion.



**B. Certificates of Participation**

**1. Primary Government**

The state has issued certificates of participation (original amount of \$704,095,000) to finance privately operated detention and mental health facilities. The certificates of participation’s interest rates range from 4.000% - 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, 2018 (in thousands):

Year Ending June 30	Principal	Interest	Total
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	42,380	18,081	60,461
2024-2028	217,345	52,438	269,783
2029-2033	71,855	4,649	76,504
Total	481,395	168,106	649,501
Unamortized premiums (discounts)	10,646	—	10,646
Total certificates of participation payable	<u>\$ 492,041</u>	<u>\$ 168,106</u>	<u>\$ 660,147</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 2.310% 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, 2018 (in thousands):

Year Ending June 30	Principal	Interest	Total
2019	\$ 26,179	\$ 34,219	\$ 60,398
2020	40,282	50,308	90,590
2021	29,199	30,953	60,152
2022	30,519	29,640	60,159
2023	31,763	29,276	61,039
2024-2028	176,652	123,884	300,536
2029-2033	217,164	80,006	297,170
2034-2038	196,320	27,043	223,363
2039-2043	3,420	449	3,869
Total	751,498	405,778	1,157,276
Unamortized premiums (discounts)	66,757	—	66,757
Total certificates of participation payable	<u>\$ 818,255</u>	<u>\$ 405,778</u>	<u>\$ 1,224,033</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, 2018, 52% of the state's installment purchase contracts for primary governmental activities were for furniture and equipment, and the remaining 48% 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, 2018 (in thousands):

Year Ending June 30	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
2019	\$ 9,802	\$ 20,748	\$ 2,813
2020	7,564	8,728	1,396
2021	4,975	—	773
2022	3,116	—	39
2023	2,263	—	—
2024-2028	6,312	—	—
2029-2033	—	—	—
Total	34,032	29,476	5,021
Less: Interest	(3,403)	(779)	(103)
Present value of future minimum payments	\$ 30,629	\$ 28,697	\$ 4,918

### 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, 2018, 17% of the state's capital leases for governmental activities were for buildings, and the remaining 83% were for furniture and equipment. Capital leases for component units consisted of 34% for buildings, 64% for furniture and equipment, and the remaining 2% for land. The following is a schedule of future minimum capital lease payments for the primary government and component units at June 30, 2018 (in thousands):

Year Ending June 30	Primary Government	
	Governmental Activities	Component Units
2019	\$ 4,456	\$ 11,519
2020	2,749	10,382
2021	710	9,271
2022	707	8,207
2023	710	6,513
2024-2028	1,967	26,903
2029-2033	—	14,529
2034-2038	—	7,402
2039-2043	—	2,283
2044-2048	—	2,283
2049-2053	—	2,282
2054-2058	—	2,282
2059-2063	—	2,282
2064-2068	—	2,282
2069-2073	—	2,282
2074-2078	—	456
Total	11,299	111,158
Less: Interest	(1,496)	(33,344)
Present value of future minimum payments	\$ 9,803	\$ 77,814

### 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, 2018, 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 following is a schedule of future maximum payments for the primary government at June 30, 2018 (in thousands):

Year Ending June 30	Primary Government	
	Governmental Activities	Business-type Activities
2019	\$ 339,625	\$ 17,007
2020	228,696	16,332
2021	227,363	16,612
2022	264,403	11,207
2023	109,809	16,889
2024-2028	587,058	91,860
2029-2033	637,557	100,053
2034-2038	722,965	119,706
2039-2043	782,094	129,571
2044-2048	218,106	10,442
2049-2053	120,166	—
2054-2058	35,359	—
Total	4,273,201	529,679
Less: Interest	(1,816,576)	(311,997)
Present value of future maximum payments	\$ 2,456,625	\$ 217,682

## NOTE 10 - CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for governmental activities during the fiscal year ended June 30, 2018, are as follows (in thousands):

	Balance July 1, 2017	Restatement	Additions	Deletions	Balance June 30, 2018	Due Within One Year (Current)
<b>Governmental Activities</b>						
Bonds payable:						
Road and Bridge Bonds	\$ 1,469,980	\$ —	\$ 388,695	\$ 80,705	\$ 1,777,970	\$ 86,500
SBE Capital Outlay Bonds	195,505	—	—	72,980	122,525	19,950
Lottery Education Bonds	1,516,037	—	239,705	559,992	1,195,750	199,770
Public Education Bonds	8,318,510	—	829,560	1,355,950	7,792,120	494,245
State University System Bonds	123,265	—	38,450	54,910	106,805	9,945
University Auxiliary Bonds	826,082	—	28,045	80,202	773,925	50,120
Inland Protection Bonds	53,805	—	—	7,000	46,805	7,205
Florida Forever Bonds	931,465	—	75,125	196,550	810,040	100,580
Water Pollution Control Bonds	333,375	—	—	28,770	304,605	28,030
State Infrastructure Bank Bonds	32,325	—	—	8,160	24,165	7,200
Seaport Investment Bonds	125,190	—	—	2,485	122,705	2,605
Everglades Restoration Bonds	217,350	—	—	15,065	202,285	15,725
Florida Facilities Pool Bonds	236,100	—	190,835	236,100	190,835	14,165
	14,378,989	—	1,790,415	2,698,869	13,470,535	1,036,040
Unamortized bond premiums (discounts)	863,175	—	215,620	205,230	873,565	—
Total bonds payable	15,242,164	—	2,006,035	2,904,099	14,344,100	1,036,040
Certificates of participation payable	532,825	—	—	40,784	492,041	35,595
Deposits	697,637	—	935,482	752,700	880,419	863,364
Compensated absences	733,159	—	453,599	428,581	758,177	190,764
Claims payable	3,125,415	—	1,756,081	2,089,019	2,792,477	1,441,503
Installment purchases/capital leases	55,550	—	1,467	16,585	40,432	13,009
Public-private partnership agreements	2,395,801	—	450,340	389,516	2,456,625	272,477
Advances - Due to Unclaimed Prop. TF	907,026	—	29,847	—	936,873	—
Due to other governments	417,330	—	3,671	23,935	397,066	—
Other postemployment benefits <sup>1</sup>	2,293,676	6,111,608	—	623,170	7,782,114	133,472
Pension liability	6,772,993	—	575,076	441	7,347,628	58,311
Other liabilities	16,175	—	817	4,525	12,467	—
<b>Total Governmental Activities</b>	<b>\$ 33,189,751</b>	<b>\$ 6,111,608</b>	<b>\$ 6,212,415</b>	<b>\$ 7,273,355</b>	<b>\$ 38,240,419</b>	<b>\$ 4,044,535</b>

<sup>1</sup>Restatement to Beginning Balance due to the implementation of GASB Statement No. 75.

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, 2018, are as follows (in thousands):

	Balance July 1, 2017	Restatement	Additions	Deletions	Balance June 30, 2018	Due Within One Year (Current)
<b>Business-type Activities</b>						
Bonds payable:						
Toll Facility Bonds	\$ 2,650,430	\$ —	\$ 153,520	\$ 329,465	\$ 2,474,485	\$ 142,935
Florida Hurricane Catastrophe Fund Bonds	2,700,000	—	—	—	2,700,000	500,000
	<u>5,350,430</u>	<u>—</u>	<u>153,520</u>	<u>329,465</u>	<u>5,174,485</u>	<u>642,935</u>
Unamortized bond premiums (discounts)	137,350	—	19,966	34,209	123,107	—
Total bonds payable	<u>5,487,780</u>	<u>—</u>	<u>173,486</u>	<u>363,674</u>	<u>5,297,592</u>	<u>642,935</u>
Accrued prize liability	398,758	—	6,097,699	6,075,846	420,611	178,788
Deposits	160,853	—	112,494	149,744	123,603	66,457
Compensated absences	23,276	—	13,527	13,134	23,669	6,491
Tuition and housing benefits payable	11,126,100	—	129,035	522,540	10,732,595	644,106
Installment purchases/capital leases	16,430	—	17,501	5,234	28,697	20,096
Claims payable	1,000	—	2,418,427	522,764	1,896,663	1,896,663
Public-private partnership agreements <sup>1</sup>	262,027	—	—	44,345	217,682	2,462
Other postemployment benefits	54,860	229,341	—	85,025	199,176	3,453
Pension liability	129,370	—	6,901	747	135,524	1,184
Other liabilities	622	—	275	—	897	—
<b>Total Business-type Activities</b>	<b><u>\$ 17,661,076</u></b>	<b><u>\$ 229,341</u></b>	<b><u>\$ 8,969,345</u></b>	<b><u>\$ 7,783,053</u></b>	<b><u>\$ 19,076,709</u></b>	<b><u>\$ 3,462,635</u></b>
<b>Component Units</b>						
Bonds payable	\$ 7,672,635	\$ —	\$ 131,863	\$ 1,657,421	\$ 6,147,076	\$ 544,770
Deposits	1,178,754	—	878,214	907,649	1,149,319	914,763
Compensated absences	697,650	—	96,578	74,752	719,477	89,688
Installment purchases/capital leases	73,046	—	22,116	12,430	82,732	12,264
Claims payable	1,144,347	—	40,797	20,766	1,164,378	32,175
Certificates of participation payable	853,623	—	71	35,439	818,255	26,179
Due to other governments/primary	862,435	—	28,044	79,154	811,325	51,573
Other postemployment benefits <sup>2</sup>	—	2,137,460	826,266	—	2,963,726	44,192
Pension liability	3,197,727	—	1,594,037	1,302,189	3,489,575	23,943
Other liabilities	1,720,565	—	702,888	1,636,035	787,418	159,157
<b>Total Component Units</b>	<b><u>\$ 17,400,782</u></b>	<b><u>\$ 2,137,460</u></b>	<b><u>\$ 4,320,874</u></b>	<b><u>\$ 5,725,835</u></b>	<b><u>\$ 18,133,281</u></b>	<b><u>\$ 1,898,704</u></b>

<sup>1</sup>Public-private partnerships are included in the Installment purchases/capital leases lines of the Proprietary Funds Statement of Net Position.

<sup>2</sup>Restatement to Beginning Balance due to the implementation of GASB Statement No. 75.

NOTE 11 - INTERFUND BALANCES AND TRANSFERS

At June 30, 2018, 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, 2018, consist of the following (in thousands):

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)				
	Governmental Activities				
	General Fund	Natural Resources, Environment, and Growth Management	Public Education	Health and Family Services	Transportation
<b>Governmental Activities</b>					
General Fund	\$ —	\$ 17,699	\$ 268	\$ 73,169	\$ 7,929
Natural Resources, Environment, and Growth Management	7,354	—	—	737	16,963
Public Education	147	—	—	2,194	—
Health and Family Services	74,842	4	8	—	—
Transportation	6,876	2,017	—	72	—
Nonmajor Governmental Funds	63,668	4,423	21,179	1,490	61,368
Internal Service Funds	774	16	—	8	80
<b>Business-type Activities</b>					
Transportation	144	—	—	—	113,119
Lottery	33	—	68,329	—	—
Hurricane Catastrophe Fund	—	—	—	—	—
Prepaid College Program	—	—	—	—	—
Reemployment Assistance	144	—	—	—	—
Nonmajor Enterprise Funds	7,032	—	—	326	—
<b>Fiduciary Funds</b>					
Private-purpose Trust Funds	153	—	738	—	—
Pension and Other Employee Benefits Trust Funds	4	—	—	—	—
Agency Funds	76,275	—	5,155	2,750	9,748
Investment Trust Funds	—	—	—	—	—
<b>Total</b>	<b>\$ 237,446</b>	<b>\$ 24,159</b>	<b>\$ 95,677</b>	<b>\$ 80,746</b>	<b>\$ 209,207</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	\$ 72,431	\$ 6,937
Natural Resources, Environment, and Growth Management	9	798
Public Education	526	102
Health and Family Services	13,077	4,070
Transportation	24,219	10,268
Nonmajor Governmental Funds	6,254	2,290
Internal Service Funds	98	191
<b>Business-type Activities</b>		
Transportation	—	—
Lottery	8	35
Hurricane Catastrophe Fund	—	—
Prepaid College Program	—	—
Reemployment Assistance	1,072	—
Nonmajor Enterprise Funds	839	456
<b>Fiduciary Funds</b>		
Private-purpose Trust Funds	—	2
Pension and Other Employee Benefits Trust Funds	—	61
Agency Funds	2,032	—
Investment Trust Funds	—	—
<b>Total</b>	<b>\$ 120,565</b>	<b>\$ 25,210</b>

(Continued next page)

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Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Business-type Activities			
	Transportation	Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds
<b>Governmental Activities</b>				
General Fund	\$ —	\$ —	\$ 404	\$ 3,262
Natural Resources, Environment, and Growth Management	—	—	1	—
Public Education	—	—	2	—
Health and Family Services	—	—	144	28
Transportation	447	—	8	—
Nonmajor Governmental Funds	—	—	61	21
Internal Service Funds	—	—	3	6
<b>Business-type Activities</b>				
Transportation	—	—	—	—
Lottery	—	—	—	3
Hurricane Catastrophe Fund	—	—	—	311
Prepaid College Program	—	—	—	7
Reemployment Assistance	—	—	—	—
Nonmajor Enterprise Funds	—	—	21	—
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	—	6	—	1
Pension and Other Employee Benefits Trust Funds	—	—	1	7,910
Agency Funds	138,884	—	3	11
Investment Trust Funds	—	—	—	75
<b>Total</b>	<b>\$ 139,331</b>	<b>\$ 6</b>	<b>\$ 648</b>	<b>\$ 11,635</b>

*(Continued below)*

Due to Other Funds (in thousands)	Due from Other Funds (in thousands)			
	Fiduciary Funds			
	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Agency Funds	Total
<b>Governmental Activities</b>				
General Fund	\$ 2,166	\$ 73	\$ 98,906	\$ 283,244
Natural Resources, Environment, and Growth Management	—	—	—	25,862
Public Education	—	—	—	2,971
Health and Family Services	—	—	25	92,198
Transportation	—	2	9,160	53,069
Nonmajor Governmental Funds	—	—	202	160,956
Internal Service Funds	—	2,690	23,911	27,777
<b>Business-type Activities</b>				
Transportation	—	—	—	113,263
Lottery	—	—	—	68,408
Hurricane Catastrophe Fund	—	—	—	311
Prepaid College Program	45	5	—	57
Reemployment Assistance	—	—	95	1,311
Nonmajor Enterprise Funds	—	—	—	8,674
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	2	—	—	902
Pension and Other Employee Benefits Trust Funds	—	52,954	—	60,930
Agency Funds	—	—	—	234,858
Investment Trust Funds	—	—	—	75
<b>Total</b>	<b>\$ 2,213</b>	<b>\$ 55,724</b>	<b>\$ 132,299</b>	<b>\$ 1,134,866</b>

Advances to Other Funds  
(in thousands)

Governmental Activities

Advances from Other Funds (in thousands)	General Fund	Transportation
<b>Governmental Activities</b>		
Public Education	\$ —	\$ —
Nonmajor Governmental Funds	625	108
Internal Service Funds	1,978	—
<b>Business-type Activities</b>		
Transportation	—	72,368
<b>Total</b>	<b>\$ 2,603</b>	<b>\$ 72,476</b>

(Continued below)

Advances to Other Funds  
(in thousands)

Fiduciary Funds

Advances from Other Funds (in thousands)	Private-purpose Trust Funds	Total
<b>Governmental Activities</b>		
Public Education	\$ 936,873	\$ 936,873
Nonmajor	—	733
Internal Service Funds	—	1,978
<b>Business-type Activities</b>		
Transportation	—	72,368
<b>Total</b>	<b>\$ 936,873</b>	<b>\$ 1,011,952</b>



**2018 STATE OF FLORIDA CAFR**

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	Natural Resources, Environment, and Growth Management	Public Education	Health and Family Services	Transportation
<b>Governmental Activities</b>					
General Fund	\$ —	\$ 870,055	\$ —	\$ 1,567,530	\$ 297,616
Natural Resources, Environment, and Growth Management	163,708	—	—	4,577	—
Public Education	986	—	—	12,709	—
Health and Family Services	71,108	—	208,909	—	—
Transportation	58,253	23,141	—	276	—
Nonmajor Governmental Funds	250,613	64,354	330,448	18,228	1,269,044
Internal Service Funds	8,927	175	—	23	492
<b>Business-type Activities</b>					
Transportation	—	—	—	—	97,662
Lottery	—	—	1,758,329	—	—
Hurricane Catastrophe Fund	—	—	—	—	—
Reemployment Assistance	—	—	—	—	—
Nonmajor Enterprise Funds	127,943	—	—	5,041	—
<b>Fiduciary Funds</b>					
Private-purpose Trust Funds	28	—	14	524	—
Pension and Other Employee Benefits Trust Funds	3,111	—	—	—	—
<b>Total</b>	<b>\$ 684,677</b>	<b>\$ 957,725</b>	<b>\$ 2,297,700</b>	<b>\$ 1,608,908</b>	<b>\$ 1,664,814</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	\$ 588,795	\$ 450
Natural Resources, Environment, and Growth Management	182,844	—
Public Education	1,305,887	—
Health and Family Services	156,796	—
Transportation	487,133	—
Nonmajor Governmental Funds	187,385	824
Internal Service Funds	8,086	—
<b>Business-type Activities</b>		
Transportation	—	—
Lottery	139	—
Hurricane Catastrophe Fund	10,000	—
Reemployment Assistance	12,792	—
Nonmajor Enterprise Funds	19,726	—
<b>Fiduciary Funds</b>		
Private-purpose Trust Funds	3,426	—
Pension and Other Employee Benefits Trust Funds	75	24,600
<b>Total</b>	<b>\$ 2,963,084</b>	<b>\$ 25,874</b>

*(Continued next page)*

**2018 STATE OF FLORIDA CAFR**

Transfers to Other Funds (in thousands)	Transfers from Other Funds (in thousands)			
	Business-type Activities			
	Transportation	Lottery	Reemployment Assistance	Nonmajor Enterprise Funds
<b>Governmental Activities</b>				
General Fund	\$ —	\$ 3	\$ 1,479	\$ 2,610
Natural Resources, Environment, and Growth Management	—	—	37	—
Public Education	—	—	11	—
Health and Family Services	—	—	561	1,404
Transportation	148,357	—	59	—
Nonmajor Governmental Funds	—	—	369	2,854
Internal Service Funds	—	—	21	10
<b>Business-type Activities</b>				
Transportation	—	—	—	—
Lottery	—	—	1	—
Hurricane Catastrophe Fund	—	—	—	—
Reemployment Assistance	—	—	—	—
Nonmajor Enterprise Funds	—	—	66	—
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	—	—	4	—
Pension and Other Employee Benefits Trust Funds	—	—	11	18,119
<b>Total</b>	<b>\$ 148,357</b>	<b>\$ 3</b>	<b>\$ 2,619</b>	<b>\$ 24,997</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	\$ 2,167	\$ 14,908	\$ —	\$ 3,345,613
Natural Resources, Environment, and Growth Management	—	—	—	351,166
Public Education	—	—	—	1,319,593
Health and Family Services	—	—	—	438,778
Transportation	—	—	—	717,219
Nonmajor Governmental Funds	—	—	—	2,124,119
Internal Service Funds	—	2,630	—	20,364
<b>Business-type Activities</b>				
Transportation	—	—	—	97,662
Lottery	—	—	—	1,758,469
Hurricane Catastrophe Fund	—	—	—	10,000
Reemployment Assistance	—	—	—	12,792
Nonmajor Enterprise Funds	—	—	—	152,776
<b>Fiduciary Funds</b>				
Private-purpose Trust Funds	—	—	—	3,996
Pension and Other Employee Benefits Trust Funds	—	667,607	—	713,523
<b>Total</b>	<b>\$ 2,167</b>	<b>\$ 685,145</b>	<b>\$ —</b>	<b>\$ 11,066,070</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 \$78 million per occurrence for named windstorm and flood losses through February 15, 2019, 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 years ended June 30, 2015, and June 30, 2016, paid property claim losses resulting from an unnamed wind event totaled \$2,070,280, exceeding the self-insured retention of \$2 million per occurrence. Claim payments reported for 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, 2017, and June 30, 2018, 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, 2017	\$ 443	\$ 2,171	\$ (1,379)	\$ 1,235
June 30, 2018	\$ 1,235	\$ 785	\$ (940)	\$ 1,080

The amounts reported above for Current Year Claims and Changes in Estimate and Claim Payments for the fiscal year ended June 30, 2017, have been restated from the prior year. The estimated liability for unpaid property insurance claims for the fiscal year ended June 30, 2018, does not include outstanding property claim loss payments resulting from Hurricane Irma that struck Florida in September of 2017 or property claim loss payments resulting from Hurricane Michael that struck Florida in October of 2018. Estimated unpaid loss payments for Hurricane Irma total \$13.5 million. Preliminary estimates of Hurricane Michael losses total \$45 million. If paid losses from Hurricane Michael exceed the self-insured retention of \$2 million per occurrence and the additional annual aggregate self-insured retention of \$40 million, the Fund would expect to receive recoveries from commercial reinsurance for paid losses exceeding \$42 million.

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, 2018, 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 \$259 million, discounted using a 4 percent annual percentage rate per Section 625.091, Florida Statutes. The undiscounted workers' compensation indemnity claims liability is \$361.4 million.

Changes in the Fund's casualty insurance claims liability for the fiscal years ended June 30, 2017, and June 30, 2018, 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, 2017	\$ 1,161,500	\$ 113,811	\$ (135,707)	\$ 1,139,604
June 30, 2018	\$ 1,139,604	\$ 138,379	\$ (134,532)	\$ 1,143,451

Actual current year claims and changes in estimate for casualty lines of coverage for the fiscal year ended June 30, 2018, increased by \$24.4 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, 2017, and June 30, 2018, 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, 2017	\$ 162,763	\$ 1,865,679	\$ (1,857,432)	\$ 171,010
June 30, 2018	\$ 171,010	\$ 1,946,441	\$ (1,950,153)	\$ 167,298

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, 2018, were transferred from the State Employees Group Health Insurance Trust Fund and reported in Other Agency Funds in accordance with the requirements of GASB Codification Section P53, *Reporting Assets Accumulated for Defined Postemployment Benefits Other Than Pensions not Provided Through Trusts that Meet Specified Criteria*.

**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 actuarial present value of future contract benefits reflects the present value of estimates contract benefits and expenses that will be paid in future years and is adjusted for the effects of projected tuition and fees and dormitory housing fees increases and termination of contracts. Additional information as of June 30, 2018, is as follows:

Actuarial present value of future contract benefits and expenses payable	\$ 10,732,595,356
Net position available (net of outstanding refund payments and unrealized gain/loss on securities lending portfolio)	\$ 13,717,000,000
Net position as a percentage of future contract benefits and expenses obligation	127.8%

## 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, 2018, the industry retention for determining each insurer's retention was \$7.029 billion per hurricane for the two hurricanes with the largest losses and \$2.343 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 is required to contract with each insurer writing covered policies in the state to reimburse the insurer for a specified percentage of losses from covered events in excess of the insurer's retention. The total obligation of the SBA with respect to all contracts covering a particular contract year is statutorily capped at the "actual claims-paying capacity" of the FHCF, defined by law as the sum of the balance of the fund as of December 31 of the contract year, plus any reinsurance purchased by the fund, plus the amount the SBA is able to raise through the issuance of post-event revenue bonds. This amount is determined by the FHCF based on reports of its financial advisors and bond underwriters and is reviewed by the FHCF Advisory Council. The FHCF has a fiscal year end of June 30 and its reimbursement contracts expire on May 31. As of June 30, 2018, the FHCF had a net position of \$12.70 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, 2018, 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 10, 2017, Hurricane Irma made landfall in the Florida Keys as a Category 4 hurricane and made a second Florida landfall as a Category 3 hurricane at Marco Island later that day. Irma's path through Florida was largely inland along the western side of the peninsula. As of June 30, 2018, the estimated ultimate loss to the FHCF for this hurricane is \$2.50 billion. On October 7, 2017, Hurricane Nate made landfall in southeast Louisiana, near the Florida Panhandle, as a Category 1 hurricane. As of June 30, 2018, the FHCF has received no loss reimbursement requests related to this hurricane.

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 \$10.5 billion of losses, effective June 1, 2018 through May 31, 2019; and \$1.0 billion of losses in excess of \$11.5 billion of losses, effective June 1, 2017 through May 31, 2018.

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

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 (the Office). Likewise, Citizens is not subject to Risk-Based Capital (RBC) 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), under Section 627.351(6), F.S., 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 (collectively, the Accounts). 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.

In November 2012, Citizens received notice of an assessment from the FIGA totaling \$27.8 million. Amounts recouped from policyholders relating to this assessment were \$1.1 million and \$2.4 million during 2017 and 2016, respectively. As of December 31, 2017, Citizens reported an over-collection in the amount of \$152,000 other current liabilities on the statements of net position. Citizens discontinued collections effective March 1, 2018 and plans to settle the net over-collection with FIGA pursuant to Section 631.57(3)(f), F.S. and will file a final reconciliation with the Office.

Effective March 5, 2015, the 2005 Emergency Assessment was terminated for all policies with effective dates on or after July 1, 2015. The 2005 Emergency Assessment was anticipated to be collected over a ten-year period commencing July 1, 2007. As of December 31, 2017, and 2016, collections in excess of the Emergency Assessment were \$143.6 million and \$143.9 million, respectively. These balances are reported as the reserve for future assessments on the accompanying statements of net position



until such time as the Board approves a change to direct these excess collections to be used for any lawful purpose available within the Plan.

**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, 2018, 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, 2018, approximately \$520 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). At this time, the State is in the briefing stage of this proceeding. A decision is expected to be issued a few months after briefing has been completed. If AHCA is ultimately unsuccessful in its challenges, it may be required to return \$97,570,183, plus interest, 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. At this time, the State is in the briefing stage of this proceeding. A decision is expected to be issued a few months after briefing has been completed. 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 amount is estimated at \$49 million.

**Disability Rights Florida Inc. v. Julie Jones, Secretary, Florida Department of Corrections, Case No. 3:18-cv-179-J-25JRK (U.S. District Court, Middle District of Florida)** - Plaintiffs alleged that the Florida Department of Corrections (DOC) denied mental health care to mentally ill inmates confined in the inpatient mental health units, in violation of the Eighth Amendment of the U.S. Constitution, Title II of the Americans with Disabilities Act, and the Rehabilitation Act. In February 2018, the Court approved a consent decree under which DOC agreed to implement widespread changes to its psychiatric treatment system. Potential costs to implement this agreement exceed \$115 million.

**Inpatient/Outpatient hospital rate challenges** - Approximately 60 petitioner hospitals challenged Notice of Agency Action letters issued by the AHCA in February 2015 regarding inpatient and outpatient hospital rates. The hospitals filed petitions with the Agency Clerk, which were forwarded to the Division of Administrative Hearings. By mutual agreement between AHCA and the petitioners, the cases were relinquished back to AHCA in March 2015 for settlement negotiations, which continue. An adjustment to inpatient and outpatient reimbursement rates could result in a net fiscal impact exceeding \$25 million.

## NOTE 16 - LITIGATION

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

- A. In re Citrus Canker Litigation, Case No. 00-18394 (08CACE) (17<sup>th</sup> Cir. Broward County); Mendez v. Florida Department of Agriculture and Consumer Services, Case No. 02-13717AJ (15<sup>th</sup> Cir. Palm Beach County); Dellaselva v. Florida Department of Agriculture and Consumer Services, Case No. 03-CA-1947 (20<sup>th</sup> Cir. Lee County); Ayers v. Florida Department of Agriculture and Consumer Services, Case No. 05-CA-4120 (9<sup>th</sup> Cir. Orange County); In re Citrus Canker Litigation, Case No. 03-8255CA13 (11<sup>th</sup> Cir. Miami-Dade County)**

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

*In re Citrus Canker Litigation*, Case No. 00-18394 (08CACE), concerns homeowners in Broward County. Plaintiffs were awarded judgments for compensation, attorneys' fees, and costs. The 2018 Florida Legislature appropriated \$22,049,046 to pay the judgments and interest. The DACS received a satisfaction of judgment and the funds were paid to class counsel for distribution in July 2018. This case is closed.

*Mendez*, Case No. 02-13717AJ, concerns homeowners in Palm Beach County. Plaintiffs were awarded judgments for compensation, attorneys' fees, and costs. The 2018 Florida Legislature appropriated \$30,045,125 to pay the judgments and interest. The DACS received a satisfaction of judgment and the funds were paid to the class counsel for distribution in July 2018. This case is closed.

*Dellaselva*, Case No. 03-CA-1947, concerns homeowners in Lee County. Plaintiffs were awarded judgments of \$13,625,249 for compensation and \$892,886 in attorneys' fees and costs, plus interest. The 2017 Florida Legislature appropriated \$16,475,800 for these judgments, but the Governor vetoed the appropriation and no such appropriation was made by the 2018 Legislature. The Court issued a peremptory writ of mandamus ordering the DACS to pay the judgments, with accrued interest, which is stayed pending appeal. These judgments remain unpaid, while accruing post-judgment interest.

*Ayers*, Case No. 05-CA-4120, concerns homeowners in Orange County. Plaintiffs were awarded judgments of \$31,534,722 for compensation, and \$770,813 for attorneys' fees and costs, plus interest. These judgments remain unpaid, while accruing post-judgment interest.

*In re Citrus Canker Litigation*, Case No. 03-8255CA13, concerns homeowners in Miami-Dade County. The Court found no liability on behalf of the DACS. Plaintiffs' appeal is pending.

- B. 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 claimed that the funding of K-12 education by the State of Florida is inadequate. The State prevailed in Circuit Court and the First District Court of Appeal affirmed in December 2017. Plaintiffs have petitioned for discretionary review by the Florida Supreme Court, which has accepted jurisdiction, and on January 4, 2019, the Florida Supreme Court ruled in favor of the State. This case is closed.

- C. 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 U. S. 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 continues. Potential costs exceed \$3.5 billion.

**D. 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 of the U.S. Constitution, Title II of the Americans with Disabilities Act, and the Rehabilitation Act. In November 2017, the Court certified the class and in December 2017 issued the initial preliminary injunction ordering DOC to provide certain treatment. The claim potentially represents future costs exceeding \$82 million for testing, treatment and staffing.

**E. 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 State of Florida Governor, Chief Financial Officer (CFO), Board of Governors, Board of Education, Department of Education, and Commissioner of Education are liable for failure to match private donations to public colleges, universities, and their students pursuant to four statutory programs. Plaintiffs allege breach and impairment of contract, and seek declaratory relief, damages of over \$1 billion, and mandamus relief against the CFO to pay damages. Motions to dismiss are currently pending.

**F. Florida Education Association, et al., v. Department of Education, et al., Case No. 4-17-cv-414-RH/CAS (U.S. District Court, Northern District of Florida)**

Plaintiffs, including the Florida Education Association and seven individual teachers seek to maintain a class action against the Department of Education (DOE), all 67 school districts, the university charter lab schools, and the Florida School of the Deaf and Blind. Plaintiffs allege violations of Title VII of the Civil Rights Act and the Florida Civil Rights Act based on claims of racial and age discrimination related to the application of the Best and Brightest Teacher Scholarship Program and seek unspecified damages and injunctive and declaratory relief.

In January 2019, the Court certified three classes and ruled the Title VII applied to the DOE. The Court also ruled that the DOE was not immune to liability under the Eleventh Amendment. These rulings potentially subject the DOE to significant liability. The case is stayed pending the outcome of the DOE's appeal of the Court's ruling on immunity. The DOE has also appealed the Court's ruling on class certification.

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

The *Public Education Fund* has a deficit unassigned fund balance of approximately \$888.4 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 \$50.7 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 \$14.4 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 \$85.0 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* and *Other State Universities*, have deficit unrestricted net positions of approximately \$272.0 million and \$287.6 million, respectively. Those deficits are 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 and certificates of participation for governmental activities and business-type activities of the primary government were issued or sold subsequent to June 30, 2018:

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	2018B	\$ 245,280,000	07/01/2019-07/01/2048	4.000% - 5.000%
Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds	2018 Series B	\$ 116,070,000	06/01/2019-06/01/2048	4.000% - 5.000%
Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds	2018 Series C	\$ 149,120,000	06/01/2019-06/01/2038	2.000% - 5.000%
Department of Management Services Refunding Certificates of Participation	2018A	\$ 251,945,000	11/01/2019-1/01/2029	5.000% - 5.000%
Department of Transportation Financing Corporation Revenue Bonds	2018	\$ 164,005,000	07/01/2019-07/01/2033	4.000% - 5.000%
Board of Governors University of Florida Parking Facility Revenue Bonds	2018A	\$ 39,070,000	08/01/2019-08/01/2038	4.000% - 5.000%
Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds	2019 Series A	\$ 8,560,000	01/01/2020-01/01/2029	5.000% - 5.000%
Department of Environmental Protection Florida Forever Revenue Refunding Bonds	2018A	\$ 119,305,000	07/01/2020-07/01/2029	5.000% - 5.000%
<b>Business-type Activities:</b>				
Department of Transportation Turnpike Revenues Bonds	2018A	\$ 299,975,000	07/01/2019-07/01/2048	4.000% - 5.000%

**B. Hurricanes**

- Hurricane Michael, a Category 4 hurricane, passed through Florida's panhandle in October 2018 causing damage to the region. The preliminary cost of damage from this storm is estimated at \$10.9 billion, including losses to homes, business, 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 may be required to match federal funding with state and local funds.
- Hurricane Irma passed through the state in September 2017, causing damage in almost every county. As of June 30, 2018, the Florida Hurricane Catastrophe Fund's loss reserve for the damage was estimated at \$1.8 billion. As of September 30, 2018, the Fund increased the estimate for the loss reserves by an additional \$700 million. This increase is not reflected in the financial statements as of June 30, 2018.

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**OTHER REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**2018 STATE OF FLORIDA CAFR**

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 4,207,520	\$ 4,207,520	\$ 4,207,520	\$ —
Reversions	57,367	57,367	57,367	—
Fund Balances, July 1, 2017, restated	4,264,887	4,264,887	4,264,887	—
<b>REVENUES</b>				
Fees and charges	1,241,805	1,257,305	1,292,491	35,186
Licenses	683,179	850,079	605,753	(244,326)
Taxes	34,691,600	34,686,020	35,374,971	688,951
Miscellaneous	1,474	1,474	3,746	2,272
Interest	190,416	177,416	130,939	(46,477)
Grants	24,890	24,890	23,743	(1,147)
Refunds	8,665	8,665	360,315	351,650
Transfers and distributions	3,198,399	3,154,199	3,035,092	(119,107)
Other	346,111	582,011	331,370	(250,641)
Total Revenues	40,386,539	40,742,059	41,158,420	416,361
Total Available Resources	44,651,426	45,006,946	45,423,307	416,361
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	3,676,354	3,909,761	3,856,156	53,605
Other personal services	58,806	72,763	68,784	3,979
Expenses	357,512	388,362	379,952	8,410
Grants and aids	15,109,337	15,135,318	15,133,287	2,031
Operating capital outlay	14,069	17,305	16,014	1,291
Food products	68,405	67,480	67,280	200
Fixed capital outlay	125,339	125,339	125,339	—
Lump sum	405,649	16,238	16,238	—
Special categories	11,529,219	12,203,603	11,990,395	213,208
Financial assistance payments	353,115	352,260	351,060	1,200
Continuing Appropriations	—	326,894	326,894	—
Grants/aids to local governments	145,527	145,527	145,527	—
Data processing services	43,502	48,852	48,453	399
Pensions and benefits	2,497	2,497	1,122	1,375
Claim bills and relief acts	—	8,477	8,477	—
Total Operating Expenditures	31,889,331	32,820,676	32,534,978	285,698
Nonoperating expenditures:				
Transfers	5,628,750	5,628,750	5,628,750	—
Refunds	377,131	377,131	377,131	—
Other	2,437,759	2,437,759	2,437,759	—
Total Nonoperating Expenditures	8,443,640	8,443,640	8,443,640	—
Total Expenditures	40,332,971	41,264,316	40,978,618	285,698
Fund Balances, June 30, 2018	\$ 4,318,455	\$ 3,742,630	\$ 4,444,689	\$ 702,059

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

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Natural Resources, Environment, and Growth Management			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 2,055,437	\$ 2,055,437	\$ 2,055,437	\$ —
Reversions	4,687	4,687	4,687	—
Fund Balances, July 1, 2017, restated	2,060,124	2,060,124	2,060,124	—
<b>REVENUES</b>				
Fees and charges	125,312	230,746	168,884	(61,862)
Licenses	42,325	55,259	51,035	(4,224)
Taxes	5,330	310,600	315,011	4,411
Miscellaneous	227	445	374	(71)
Interest	23,589	51,397	26,837	(24,560)
Grants	234,039	174,014	163,981	(10,033)
Refunds	2,679	6,406	8,111	1,705
Bond proceeds	170	—	—	—
Transfers and distributions	1,548,462	1,533,403	1,603,098	69,695
Other	114,334	26,849	136,707	109,858
Total Revenues	2,096,467	2,389,119	2,474,038	84,919
Total Available Resources	4,156,591	4,449,243	4,534,162	84,919
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	333,868	346,103	330,525	15,578
Other personal services	24,152	24,417	21,754	2,663
Expenses	61,206	61,047	57,596	3,451
Grants and aids	14,493	14,493	14,433	60
Operating capital outlay	3,855	4,335	4,064	271
Fixed capital outlay	511,994	511,994	511,994	—
Lump sum	500	—	—	—
Special categories	290,260	313,788	278,732	35,056
Grants/aids to local governments	380,110	380,110	380,110	—
Data processing services	911	910	907	3
Total Operating Expenditures	1,621,349	1,657,197	1,600,115	57,082
Nonoperating expenditures:				
Transfers	484,241	484,241	484,241	—
Refunds	20,759	20,759	20,759	—
Other	350,786	350,786	350,786	—
Total Nonoperating Expenditures	855,786	855,786	855,786	—
Total Expenditures	2,477,135	2,512,983	2,455,901	57,082
Fund Balances, June 30, 2018	\$ 1,679,456	\$ 1,936,260	\$ 2,078,261	\$ 142,001

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

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Public Education			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 1,043,223	\$ 1,043,223	\$ 1,043,223	\$ —
Reversions	11,856	11,856	11,856	—
Fund Balances, July 1, 2017, restated	1,055,079	1,055,079	1,055,079	—
<b>REVENUES</b>				
Fees and charges	72,923	61,340	60,440	(900)
Licenses	958	920	931	11
Taxes	780,416	638,399	640,666	2,267
Miscellaneous	679	78	78	—
Interest	27,046	37,364	35,464	(1,900)
Grants	2,167,300	2,272,175	2,266,318	(5,857)
Refunds	2,125	4,190	4,226	36
Bond proceeds	127,805	—	—	—
Transfers and distributions	2,962,108	3,125,702	3,125,702	—
Other	131,967	158,785	188,496	29,711
Total Revenues	6,273,327	6,298,953	6,322,321	23,368
Total Available Resources	7,328,406	7,354,032	7,377,400	23,368
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	38,541	39,230	34,106	5,124
Other personal services	1,088	1,088	270	818
Expenses	8,250	8,215	4,668	3,547
Grants and aids	3,155,720	3,259,620	3,244,675	14,945
Operating capital outlay	701	701	137	564
Fixed capital outlay	1,749,646	1,749,646	1,749,646	—
Special categories	963,271	952,891	952,891	—
Financial assistance payments	59,838	59,838	59,770	68
Payments to U.S. Treasury	970	69	69	—
Data processing services	10,316	10,352	9,058	1,294
Total Operating Expenditures	5,988,341	6,081,650	6,055,290	26,360
Nonoperating expenditures:				
Transfers	328,282	328,282	328,282	—
Refunds	78	78	78	—
Other	9,519	9,519	9,519	—
Total Nonoperating Expenditures	337,879	337,879	337,879	—
Total Expenditures	6,326,220	6,419,529	6,393,169	26,360
Fund Balances, June 30, 2018	\$ 1,002,186	\$ 934,503	\$ 984,231	\$ 49,728

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

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Health and Family Services			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2017	\$ 1,828,525	\$ 1,828,525	\$ 1,828,525	\$ —
Reversions	521,259	521,259	521,259	—
Fund Balances, July 1, 2017, restated	2,349,784	2,349,784	2,349,784	—
<b>REVENUES</b>				
Fees and charges	1,666,077	1,787,422	1,342,324	(445,098)
Licenses	21,797	21,873	23,933	2,060
Taxes	627,406	627,406	632,134	4,728
Interest	3,835	2,992	2,633	(359)
Grants	20,006,614	20,250,617	18,788,993	(1,461,624)
Refunds	2,068,943	2,100,683	2,192,468	91,785
Bond proceeds	—	65,377	—	(65,377)
Transfers and distributions	2,570,502	2,622,400	2,465,165	(157,235)
Other	36,751	39,513	71,689	32,176
Total Revenues	27,001,925	27,518,283	25,519,339	(1,998,944)
Total Available Resources	29,351,709	29,868,067	27,869,123	(1,998,944)
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	1,273,645	1,299,004	1,222,529	76,475
Other personal services	119,216	121,581	97,234	24,347
Expenses	288,671	288,160	234,208	53,952
Grants and aids	46,374	61,643	48,776	12,867
Operating capital outlay	17,082	17,002	10,896	6,106
Food products	1,110	1,110	940	170
Fixed capital outlay	5,701	5,701	5,701	—
Lump sum	11,612	—	—	—
Special categories	23,240,264	23,059,846	22,789,725	270,121
Financial assistance payments	65,691	65,691	28,781	36,910
Grants/aids to local governments	2,081	2,081	2,081	—
Data processing services	22,090	22,715	22,161	554
Claim bills and relief acts	4,525	4,525	4,525	—
Total Operating Expenditures	25,098,062	24,949,059	24,467,557	481,502
Nonoperating expenditures:				
Continuing Appropriations	39,640	39,640	39,640	—
Transfers	1,271,668	1,271,668	1,271,668	—
Refunds	14,509	14,509	14,509	—
Other	299,877	299,877	299,877	—
Total Nonoperating Expenditures	1,625,694	1,625,694	1,625,694	—
Total Expenditures	26,723,756	26,574,753	26,093,251	481,502
Fund Balances, June 30, 2018	\$ 2,627,953	\$ 3,293,314	\$ 1,775,872	\$ (1,517,442)

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

**BUDGETARY COMPARISON SCHEDULES  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Transportation			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Fund Balances, July 1, 2017	\$ 301,678	\$ 301,678	\$ 301,678	\$ —
Reversions	1,943	1,943	1,943	—
Fund Balances, July 1, 2017, restated	303,621	303,621	303,621	—
<b>REVENUES</b>				
Fees and charges	173,976	175,000	173,976	(1,024)
Taxes	2,852,297	3,113,000	2,852,297	(260,703)
Miscellaneous	207,550	—	—	—
Interest	1,442	1,442	1,393	(49)
Grants	—	—	1	1
Refunds	15,904	15,904	15,904	—
Bond proceeds	302,000	302,000	409,900	107,900
Transfers and distributions	443,078	427,174	387,051	(40,123)
Other	19,800	19,047	19,047	—
Total Revenues	4,016,047	4,053,567	3,859,569	(193,998)
Total Available Resources	4,319,668	4,357,188	4,163,190	(193,998)
<b>EXPENDITURES</b>				
Operating expenditures:				
Salaries and benefits	4,101	4,058	3,651	407
Other personal services	18	18	9	9
Expenses	771	771	695	76
Operating capital outlay	5	5	5	—
Fixed capital outlay	329,449	329,449	329,449	—
Special categories	80,455	56,712	55,717	995
Total Operating Expenditures	414,799	391,013	389,526	1,487
Nonoperating expenditures:				
Transfers	368,039	368,039	368,039	—
Refunds	71,935	71,935	71,935	—
Other	2,967,999	2,967,999	2,967,999	—
Total Nonoperating Expenditures	3,407,973	3,407,973	3,407,973	—
Total Expenditures	3,822,772	3,798,986	3,797,499	1,487
Fund Balances, June 30, 2018	\$ 496,896	\$ 558,202	\$ 365,691	\$ (192,511)

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

**BUDGET TO GAAP RECONCILIATION  
GENERAL AND MAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	General Fund	Natural Resources, Environment, and Growth Management	Public Education	Health and Family Services	Transportation
Budgetary basis fund balances	\$ 4,444,689	\$ 2,078,261	\$ 984,231	\$ 1,775,872	\$ 365,691
Items not included in budgetary basis fund balances:					
Security lending investments within the State Treasury	1,132,027	116,934	83,624	6,185	132,217
Fair value adjustments to investments within the State Treasury	(129,735)	(19,360)	(13,845)	(1,024)	(21,891)
Special investments within the State Treasury	26,544	—	—	28,737	—
Non-State Treasury cash and investments	1,027,606	2,400	36	26,265	1,159,525
Adjustment for State Transportation Trust Fund elimination	—	—	—	—	418,670
Adjusted budgetary basis fund balances	6,501,131	2,178,235	1,054,046	1,836,035	2,054,212
Adjustments (basis differences):					
Net receivables/(payables) not carried forward	571,467	1,356,978	(103,008)	810,761	22,847
Net deferred outflows/(inflows) of resources	(160,020)	(1,119)	—	(867,865)	(419,037)
Inventories, prepaid items and deferred charges	11,680	769	—	36,901	7,099
Encumbrances	213,146	13,955	76,935	93,293	35,777
GAAP basis fund balances	\$ 7,137,404	\$ 3,548,818	\$ 1,027,973	\$ 1,909,125	\$ 1,700,898

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. For the fiscal year ended June 30, 2018, State Transportation Trust fund revenues and expenditures totaled \$2.87 billion and \$7.08 billion, respectively.

**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	2017
Proportion of the net pension liability	17.802202632%	17.961696240%	18.150587866%	17.591496280%
Proportionate share of the net pension liability	\$ 1,086,196	\$ 2,319,994	\$ 4,583,038	\$ 5,203,447
Covered-employee payroll	\$ 4,538,946	\$ 4,591,628	\$ 4,596,099	\$ 4,621,442
Proportionate share of the net pension liability as percentage of covered payroll	23.93%	50.53%	99.72%	112.59%
Plan fiduciary net position as a percentage of the total pension liability	96.09%	92.00%	84.88%	83.89%

Notes to Schedule:

Changes in actuarial assumptions: The long-term expected rate of return was decreased from 7.60% to 7.10%.

\* 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	2018
Statutorily required contributions	\$ 437,921	\$ 442,631	\$ 457,950	\$ 505,400
Contributions recognized by the plan	437,921	442,631	457,950	505,400
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 4,591,628	\$ 4,596,099	\$ 4,621,442	\$ 4,791,286
Contributions recognized by the plan as a percentage of covered payroll	9.54%	9.63%	9.91%	10.55%

\* 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	2017
Proportion of the net pension liability	15.286183318%	15.144426318%	14.878355474%	14.470956524%
Proportionate share of the net pension liability	\$ 1,429,295	\$ 1,544,493	\$ 1,734,011	\$ 1,547,301
Covered-employee payroll	\$ 4,534,435	\$ 4,588,003	\$ 4,593,175	\$ 4,619,123
Proportionate share of the net pension liability as percentage of covered payroll	31.52%	33.66%	37.75%	33.50%
Plan fiduciary net position as a percentage of the total pension liability	0.99%	0.50%	0.97%	1.64%

Notes to Schedule:

Changes in actuarial assumptions: The municipal rate used to determine total pension liability was 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  
RETIREE HEALTH INSURANCE SUBSIDY PROGRAM  
LAST 10 FISCAL YEARS\*  
(in thousands)**

	2015	2016	2017	2018
Statutorily required contributions	\$ 57,891	\$ 76,261	\$ 76,584	\$ 79,399
Contributions recognized by the plan	57,891	76,261	76,584	79,399
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 4,588,003	\$ 4,593,175	\$ 4,619,123	\$ 4,789,207
Contributions recognized by the plan as a percentage of covered payroll	1.26%	1.66%	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	2018
<u>Total Pension liability</u>					
Service cost	\$ 5,979	\$ 7,161	\$ 9,044	\$ 12,904	\$ 9,925
Interest on total pension liability	18,852	19,164	19,259	19,100	21,080
Effect of plan changes	—	—	—	—	—
Effect of economic/demographic (gains) or losses	—	—	27,462	—	39,056
Effects of assumption changes or inputs	27,926	46,330	118,280	(95,586)	90,989
Benefit payments	(14,366)	(14,423)	(14,413)	(14,677)	(14,897)
Net changes in total pension liability	38,391	58,232	159,632	(78,259)	146,153
Total pension liability, beginning	408,292	446,683	504,915	664,547	586,288
Total pension liability, ending	<u>\$ 446,683</u>	<u>\$ 504,915</u>	<u>\$ 664,547</u>	<u>\$ 586,288</u>	<u>\$ 732,441</u>
<u>Fiduciary Net Position</u>					
Employer contributions	\$ 14,366	\$ 14,495	\$ 14,423	\$ 14,720	\$ 14,905
Member contributions	—	—	—	—	—
Investment income net of investment expenses	—	—	—	—	—
Benefit payments	(14,366)	(14,423)	(14,413)	(14,677)	(14,897)
Administrative expenses	—	(72)	(10)	(43)	(8)
Net change in fiduciary position	—	—	—	—	—
Fiduciary net position-beginning	—	—	—	—	—
Fiduciary net position-ending	<u>\$ —</u>	<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>	<u>\$ 732,441</u>
Fiduciary net position as a % of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 466,939	\$ 476,278	\$ 477,549	\$ 487,100	\$ 485,666
Net pension liability as a % of covered-payroll	95.66%	106.01%	139.16%	120.36%	150.81%

Notes to Schedule:

Changes of assumptions or input: The municipal bond rate used to determine total pension liability increased from 3.58% to 3.87%. The annual cost-of-living adjustment used to determine total pension liability increased from 1.5% to 2.6%.

\* 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	2018
Statutorily required State contribution	\$ 14,366	\$ 14,495	\$ 14,423	\$ 14,720	\$ 14,905
Contributions recognized by the plan	14,366	14,495	14,423	14,720	14,905
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$ 466,939	\$ 476,278	\$ 477,549	\$ 487,100	\$ 485,666
Contributions as a percentage of covered-employee payroll	3.08%	3.04%	3.02%	3.02%	3.07%

\* 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 OTHER POSTEMPLOYMENT BENEFITS LIABILITY

LAST 10 FISCAL YEARS\*

(in thousands)

	2017
<u>Total OPEB Liability</u>	
Service cost	\$ 558,284
Interest	350,228
Changes of benefit terms	—
Difference between expected and actual experience	—
Changes of assumptions or other inputs	(1,746,361)
Benefit payments	(162,902)
Other changes	—
Net Changes in Total OPEB Liability	(1,000,751)
Total OPEB Liability - Beginning	11,811,836
Total OPEB Liability - Ending	<u>\$ 10,811,085</u>
Covered-employee payroll	\$ 7,847,743
Total OPEB liability as a percentage of covered-employee payroll	137.76%

\*Fiscal Year 2018 was the first year of GASB Statement No. 75 implementation; therefore, information was not available for a full 10-year presentation.

**Note to Required Supplementary Information**

The Division of State Group Insurance's Other Postemployment Benefits Plan (OPEB) does not have assets accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 to pay related benefits.

Potential factors that may significantly decrease/increase State's total OPEB liability reported as of June 30, 2018 include discount rate, inflation rate, salary increases, payroll growth, healthcare inflation, retiree contribution increase rate, medical aging factors, healthcare participation, healthcare cost trends, mortality rates, and other demographic assumptions.

The discount rate changed from 2.85% for the opening balance as of June 30, 2016 to the discount rate of 3.58% as of June 30, 2017. This change resulted in a decrease in total OPEB liability.

## 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 12,106 centerline miles of roads and 6,979 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>2018</u>	<u>2017</u>	<u>2016</u>
91%	92%	92%

Percentage of bridges meeting FDOT standards

<u>2018</u>	<u>2017</u>	<u>2016</u>
95%	96%	96%

**Maintenance Rating**

<u>2018</u>	<u>2017</u>	<u>2016</u>
85	86	86

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

Resurfacing Program

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Needed \$	590.4	\$ 530.8	\$ 619.5	\$ 571.6	\$ 467.6
Actual	522.6	541.5	610.1	570.6	455.6

Bridge Repair/Replacement Program

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Needed \$	239.6	\$ 642.5	\$ 191.4	\$ 110.4	\$ 239.4
Actual	240.3	567.2	199.3	111.6	182.6

Routine Maintenance Program

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Needed \$	655.0	\$ 661.3	\$ 627.4	\$ 599.9	\$ 592.2
Actual	756.1	741.7	723.3	694.6	641.2

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

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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 197.

### **CAPITAL PROJECTS FUNDS**

Individual fund descriptions and financial statements begin on page 225.

### **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, 2018**  
**(in thousands)**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/18
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$ 26,119	\$ —	\$ 4,072	\$ 464	\$ 30,655
Pooled investments with State Treasury	1,692,927	1,660	—	31,465	1,726,052
Other investments	208,059	—	50,964	3,592	262,615
Receivables, net	500,665	—	1,224	—	501,889
Due from other funds	62,233	58,332	—	—	120,565
Due from component units/primary	9	—	—	—	9
Inventories	2,446	—	—	—	2,446
Other	153	—	—	—	153
Total current assets	2,492,611	59,992	56,260	35,521	2,644,384
<u>Noncurrent assets</u>					
Long-term investments	29,187	—	106,291	—	135,478
Other loans and notes receivable, net	827,803	—	—	—	827,803
Total noncurrent assets	856,990	—	106,291	—	963,281
Total assets	3,349,601	59,992	162,551	35,521	3,607,665
<b>LIABILITIES</b>					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	182,704	1,151	—	—	183,855
Due to other funds	158,120	—	40	2,796	160,956
Due to component units/primary	3,030	—	—	—	3,030
Compensated absences	825	—	—	—	825
Claims payable	5,528	—	—	—	5,528
Deposits	156,067	—	—	—	156,067
Obligations under security lending agreements	74,826	—	—	2,257	77,083
Total current liabilities	581,100	1,151	40	5,053	587,344
<u>Noncurrent liabilities</u>					
Advances from other funds	733	—	—	—	733
Deposits	17,056	—	—	—	17,056
Total noncurrent liabilities	17,789	—	—	—	17,789
Total liabilities	598,889	1,151	40	5,053	605,133
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	153,033	—	—	—	153,033
Total deferred inflows of resources	153,033	—	—	—	153,033
<b>FUND BALANCES</b>					
Nonspendable	2,590	—	—	26,270	28,860
Restricted	1,454,904	444	162,511	—	1,617,859
Committed	1,140,185	58,397	—	4,198	1,202,780
Total fund balances	2,597,679	58,841	162,511	30,468	2,849,499
Total liabilities, deferred inflows and fund balances	\$ 3,349,601	\$ 59,992	\$ 162,551	\$ 35,521	\$ 3,607,665

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(in thousands)

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Permanent Funds	Totals 6/30/18
<b>REVENUES</b>					
Taxes	\$ 259,805	\$ —	\$ —	\$ —	\$ 259,805
Licenses and permits	1,553,726	—	—	3,471	1,557,197
Fees and charges	739,422	—	20,704	—	760,126
Grants and donations	2,566,259	—	—	—	2,566,259
Investment earnings (losses)	40,456	—	15,411	329	56,196
Fines, forfeits, settlements and judgments	493,051	—	—	—	493,051
Other	47,689	—	8,421	—	56,110
Total revenues	5,700,408	—	44,536	3,800	5,748,744
<b>EXPENDITURES</b>					
Current:					
General government	2,011,909	30,473	1,954	—	2,044,336
Education	194,062	2,132	—	292	196,486
Human services	445,451	9,199	—	—	454,650
Criminal justice and corrections	508,974	53,486	—	—	562,460
Natural resources and environment	1,516,981	—	—	3	1,516,984
Judicial branch	82,017	—	—	—	82,017
Capital outlay	43,788	35,696	—	—	79,484
Gain (loss) on disposal of general fixed assets	3	—	—	—	3
Debt service:					
Principal retirement	841	—	1,133,552	—	1,134,393
Interest and fiscal charges	44	—	664,195	—	664,239
Total expenditures	4,804,070	130,986	1,799,701	295	6,735,052
Excess (deficiency) of revenues over expenditures	896,338	(130,986)	(1,755,165)	3,505	(986,308)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of bond issues	—	—	5,022	—	5,022
Proceeds of refunding bonds	—	—	1,376,618	—	1,376,618
Operating transfers in	1,081,981	152,196	1,728,907	—	2,963,084
Operating transfers out	(2,087,005)	—	(34,137)	(2,977)	(2,124,119)
Proceeds of financing agreements	704	—	—	—	704
Payments to refunded bond agent	—	—	(1,376,618)	—	(1,376,618)
Total other financing sources (uses)	(1,004,320)	152,196	1,699,792	(2,977)	844,691
Net change in fund balances	(107,982)	21,210	(55,373)	528	(141,617)
Fund balances - beginning	2,705,661	37,631	217,884	29,940	2,991,116
Fund balances - ending	\$ 2,597,679	\$ 58,841	\$ 162,511	\$ 30,468	\$ 2,849,499

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## NONMAJOR SPECIAL REVENUE FUND

### 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, 2018**  
**(in thousands)**

	Employment Services	Government Administration	Business and Community Development	Regulation and Licensing
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 471	\$ 39	\$ 105	\$ 433
Pooled investments with State Treasury	324,524	79,953	172,413	409,589
Other investments	5,713	—	21,544	—
Receivables, net	65,870	3,285	64,542	53,967
Due from other funds	8,885	240	4,844	11,406
Due from component units/primary	—	9	—	—
Inventories	—	—	—	174
Other	—	—	—	12
Total current assets	<u>405,463</u>	<u>83,526</u>	<u>263,448</u>	<u>475,581</u>
<u>Noncurrent assets</u>				
Long-term investments	—	—	50	—
Other loans and notes receivable, net	8,960	—	1,622	156
Total noncurrent assets	<u>8,960</u>	<u>—</u>	<u>1,672</u>	<u>156</u>
Total assets	<u>414,423</u>	<u>83,526</u>	<u>265,120</u>	<u>475,737</u>
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	4,639	4,924	8,896	4,407
Due to other funds	4,236	594	25,069	112,568
Due to component units/primary	24	—	—	1
Compensated absences	134	31	20	268
Claims payable	5,528	—	—	—
Deposits	2,408	—	28,225	108,435
Obligations under security lending agreements	23,103	3,803	10,890	17,518
Total current liabilities	<u>40,072</u>	<u>9,352</u>	<u>73,100</u>	<u>243,197</u>
<u>Noncurrent liabilities</u>				
Advances from other funds	—	108	—	—
Deposits	—	—	—	—
Total noncurrent liabilities	<u>—</u>	<u>108</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>40,072</u>	<u>9,460</u>	<u>73,100</u>	<u>243,197</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	29	—	33,318	250
Total deferred inflows of resources	<u>29</u>	<u>—</u>	<u>33,318</u>	<u>250</u>
<b>FUND BALANCES</b>				
Nonspendable	—	—	—	186
Restricted	108,928	22,146	111,404	6,789
Committed	265,394	51,920	47,298	225,315
Total fund balances	<u>374,322</u>	<u>74,066</u>	<u>158,702</u>	<u>232,290</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 414,423</u>	<u>\$ 83,526</u>	<u>\$ 265,120</u>	<u>\$ 475,737</u>



**2018 STATE OF FLORIDA CAFR**

Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$ —	\$ 50	\$ —	\$ 13	\$ 369	\$ 9
20,243	110,162	15,523	88,635	62,740	108,529
—	—	—	—	—	—
117,419	3,617	291	20,492	37,789	2,752
—	3,762	3,414	947	2,287	932
—	—	—	—	—	—
—	—	—	—	1,750	—
—	—	—	—	—	—
137,662	117,591	19,228	110,087	104,935	112,222
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
137,662	117,591	19,228	110,087	104,935	112,222
14,033	12,932	1,220	17,273	38,075	18,807
293	3,952	57	1,056	1,048	428
2,898	—	—	—	52	—
11	29	1	31	147	—
—	—	—	—	—	—
—	519	—	100	14,768	1,578
99	1,747	276	593	3,726	—
17,334	19,179	1,554	19,053	57,816	20,813
—	625	—	—	—	—
—	—	—	2	—	—
—	625	—	2	—	—
17,334	19,804	1,554	19,055	57,816	20,813
117,418	236	—	1,782	—	—
117,418	236	—	1,782	—	—
—	—	—	—	1,750	—
1,288	9,685	9,363	40,468	3,320	65,548
1,622	87,866	8,311	48,782	42,049	25,861
2,910	97,551	17,674	89,250	47,119	91,409
\$ 137,662	\$ 117,591	\$ 19,228	\$ 110,087	\$ 104,935	\$ 112,222

**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**  
**(in thousands)**

	Judicial Services	Military and Veterans' Affairs	Florida Clerks of Courts Operations Corp	Citrus Commission
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 10	\$ 1,591	\$ 894	\$ —
Pooled investments with State Treasury	108,879	67,654	—	13,480
Other investments	—	—	—	—
Receivables, net	1,605	6,825	—	2,844
Due from other funds	4,204	101	—	3
Due from component units/primary	—	—	—	—
Inventories	—	—	—	517
Other	—	—	3	—
Total current assets	114,698	76,171	897	16,844
<u>Noncurrent assets</u>				
Long-term investments	—	—	—	—
Other loans and notes receivable, net	—	—	—	—
Total noncurrent assets	—	—	—	—
Total assets	114,698	76,171	897	16,844
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	2,190	4,188	53	1,898
Due to other funds	2,893	1,084	—	86
Due to component units/primary	—	—	—	55
Compensated absences	126	27	—	—
Claims payable	—	—	—	—
Deposits	34	—	—	—
Obligations under security lending agreements	—	4,201	—	969
Total current liabilities	5,243	9,500	53	3,008
<u>Noncurrent liabilities</u>				
Advances from other funds	—	—	—	—
Deposits	—	—	—	—
Total noncurrent liabilities	—	—	—	—
Total liabilities	5,243	9,500	53	3,008
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	—	—	—	—
Total deferred inflows of resources	—	—	—	—
<b>FUND BALANCES</b>				
Nonspendable	—	—	3	517
Restricted	22,162	1,765	841	13,319
Committed	87,293	64,906	—	—
Total fund balances	109,455	66,671	844	13,836
Total liabilities, deferred inflows and fund balances	\$ 114,698	\$ 76,171	\$ 897	\$ 16,844

**2018 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
\$ 606	\$ 186	\$ 16	\$ 17,125	\$ —	\$ —
—	1,373	87,197	—	22,033	—
5,993	14,143	—	—	157,168	2
12,942	157	12,472	2,098	91,664	—
19,086	96	2,026	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	121	—	—
<u>38,627</u>	<u>15,955</u>	<u>101,711</u>	<u>19,344</u>	<u>270,865</u>	<u>2</u>
—	—	—	—	—	—
<u>62,590</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>754,475</u>	<u>—</u>
<u>62,590</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>754,475</u>	<u>—</u>
<u>101,217</u>	<u>15,955</u>	<u>101,711</u>	<u>19,344</u>	<u>1,025,340</u>	<u>2</u>
20,751	650	26,529	992	—	—
4,476	265	13	—	2	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	6,301	—	1,600	—
<u>25,227</u>	<u>915</u>	<u>32,843</u>	<u>992</u>	<u>1,602</u>	<u>—</u>
—	—	—	—	—	—
—	—	—	17,054	—	—
—	—	—	17,054	—	—
<u>25,227</u>	<u>915</u>	<u>32,843</u>	<u>18,046</u>	<u>1,602</u>	<u>—</u>
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	120	—	—
—	14,085	—	—	1,023,738	—
<u>75,990</u>	<u>955</u>	<u>68,868</u>	<u>1,178</u>	<u>—</u>	<u>2</u>
<u>75,990</u>	<u>15,040</u>	<u>68,868</u>	<u>1,298</u>	<u>1,023,738</u>	<u>2</u>
<u>\$ 101,217</u>	<u>\$ 15,955</u>	<u>\$ 101,711</u>	<u>\$ 19,344</u>	<u>\$ 1,025,340</u>	<u>\$ 2</u>

**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2018**  
**(in thousands)**

	Blended Component Units			Totals 6/30/18
	Surplus Lines	Corrections Foundation Inc	Scripps Florida Funding Corp	
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 3,616	\$ 410	\$ 176	\$ 26,119
Pooled investments with State Treasury	—	—	—	1,692,927
Other investments	3,496	—	—	208,059
Receivables, net	34	—	—	500,665
Due from other funds	—	—	—	62,233
Due from component units/primary	—	—	—	9
Inventories	—	5	—	2,446
Other	8	—	9	153
Total current assets	7,154	415	185	2,492,611
<u>Noncurrent assets</u>				
Long-term investments	28,607	530	—	29,187
Other loans and notes receivable, net	—	—	—	827,803
Total noncurrent assets	28,607	530	—	856,990
Total assets	35,761	945	185	3,349,601
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	206	6	35	182,704
Due to other funds	—	—	—	158,120
Due to component units/primary	—	—	—	3,030
Compensated absences	—	—	—	825
Claims payable	—	—	—	5,528
Deposits	—	—	—	156,067
Obligations under security lending agreements	—	—	—	74,826
Total current liabilities	206	6	35	581,100
<u>Noncurrent liabilities</u>				
Advances from other funds	—	—	—	733
Deposits	—	—	—	17,056
Total noncurrent liabilities	—	—	—	17,789
Total liabilities	206	6	35	598,889
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	—	—	—	153,033
Total deferred inflows of resources	—	—	—	153,033
<b>FUND BALANCES</b>				
Nonspendable	—	5	9	2,590
Restricted	—	55	—	1,454,904
Committed	35,555	879	141	1,140,185
Total fund balances	35,555	939	150	2,597,679
Total liabilities, deferred inflows and fund balances	\$ 35,761	\$ 945	\$ 185	\$ 3,349,601

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**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Employment Services	Government Administration	Business and Community Development	Regulation and Licensing
<b>REVENUES</b>				
Taxes	\$ —	\$ —	\$ —	\$ 255,164
Licenses and permits	—	—	—	1,531,178
Fees and charges	147,068	25,346	2,006	99,532
Grants and donations	492,136	31,867	424,014	13
Investment earnings (losses)	3,179	787	8,238	2,817
Fines, forfeits, settlements and judgments	19,714	—	—	26,167
Other	10,194	514	7,867	779
Total revenues	<u>672,291</u>	<u>58,514</u>	<u>442,125</u>	<u>1,915,650</u>
<b>EXPENDITURES</b>				
Current:				
General government	422,062	105,302	596,921	241,791
Education	188,842	—	—	—
Human services	—	—	—	—
Criminal justice and corrections	—	—	—	—
Natural resources and environment	—	—	—	1
Judicial branch	—	—	—	—
Capital outlay	1,412	1,187	392	2,485
Gain (loss) on disposal of general fixed assets	—	—	—	—
Debt service:				
Principal retirement	—	25	—	434
Interest and fiscal charges	—	—	15	11
Total expenditures	<u>612,316</u>	<u>106,514</u>	<u>597,328</u>	<u>244,722</u>
Excess (deficiency) of revenues over expenditures	<u>59,975</u>	<u>(48,000)</u>	<u>(155,203)</u>	<u>1,670,928</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	80,802	69,798	142,210	74,816
Operating transfers out	(93,082)	(11,602)	(72,814)	(1,750,265)
Proceeds of financing agreements	—	—	—	704
Total other financing sources (uses)	<u>(12,280)</u>	<u>58,196</u>	<u>69,396</u>	<u>(1,674,745)</u>
Net change in fund balances	47,695	10,196	(85,807)	(3,817)
Fund balances - beginning	326,627	63,870	244,509	236,107
Fund balances - ending	<u>\$ 374,322</u>	<u>\$ 74,066</u>	<u>\$ 158,702</u>	<u>\$ 232,290</u>

**2018 STATE OF FLORIDA CAFR**

Tobacco Settlement	Public Safety	Corrections	Consumer Protection and Safety	Agriculture	Juvenile Justice
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
—	—	—	—	22,037	—
—	97,972	10,054	4,161	56,818	44,682
—	13,562	520	84,366	1,388,020	1,992
1,563	362	202	81	906	1
338,972	32,313	2	13,196	3,471	1,259
—	1,480	157	15,931	3,538	104
<b>340,535</b>	<b>145,689</b>	<b>10,935</b>	<b>117,735</b>	<b>1,474,790</b>	<b>48,039</b>
102	25,260	—	220,897	—	—
—	—	—	—	—	—
355,775	—	—	—	—	—
—	150,737	23,897	112,448	—	124,735
—	—	—	—	1,516,980	—
—	—	—	—	—	—
30	6,276	219	1,200	10,387	309
—	—	—	—	—	—
—	382	—	—	—	—
—	3	—	15	—	—
<b>355,907</b>	<b>182,658</b>	<b>24,116</b>	<b>334,560</b>	<b>1,527,367</b>	<b>125,044</b>
<b>(15,372)</b>	<b>(36,969)</b>	<b>(13,181)</b>	<b>(216,825)</b>	<b>(52,577)</b>	<b>(77,005)</b>
6,200	35,900	17,047	252,480	59,534	76,346
(7,847)	(14,061)	(828)	(24,075)	(8,233)	(4,256)
—	—	—	—	—	—
<b>(1,647)</b>	<b>21,839</b>	<b>16,219</b>	<b>228,405</b>	<b>51,301</b>	<b>72,090</b>
<b>(17,019)</b>	<b>(15,130)</b>	<b>3,038</b>	<b>11,580</b>	<b>(1,276)</b>	<b>(4,915)</b>
19,929	112,681	14,636	77,670	48,395	96,324
<b>\$ 2,910</b>	<b>\$ 97,551</b>	<b>\$ 17,674</b>	<b>\$ 89,250</b>	<b>\$ 47,119</b>	<b>\$ 91,409</b>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Judicial Services	Military and Veterans' Affairs	Florida Clerks of Court Operations Corp	Citrus Commission
<b>REVENUES</b>				
Taxes	\$ —	\$ —	\$ —	\$ 4,640
Licenses and permits	511	—	—	—
Fees and charges	86,420	39,935	—	17
Grants and donations	10,535	95,401	1,431	3,759
Investment earnings (losses)	—	651	—	227
Fines, forfeits, settlements and judgments	57,955	2	—	—
Other	6,568	355	—	3
Total revenues	161,989	136,344	1,431	8,646
<b>EXPENDITURES</b>				
Current:				
General government	1,769	38,813	1,373	11,066
Education	—	—	—	—
Human services	—	89,676	—	—
Criminal justice and corrections	96,162	—	—	—
Natural resources and environment	—	—	—	—
Judicial branch	82,017	—	—	—
Capital outlay	1,967	16,995	—	408
Gain (loss) on disposal of general fixed assets	—	—	—	3
Debt service:				
Principal retirement	—	—	—	—
Interest and fiscal charges	—	—	—	—
Total expenditures	181,915	145,484	1,373	11,477
Excess (deficiency) of revenues over expenditures	(19,926)	(9,140)	58	(2,831)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	36,415	6,931	—	3
Operating transfers out	(20,836)	(910)	—	(209)
Proceeds of financing agreements	—	—	—	—
Total other financing sources (uses)	15,579	6,021	—	(206)
Net change in fund balances	(4,347)	(3,119)	58	(3,037)
Fund balances - beginning	113,802	69,790	786	16,873
Fund balances - ending	\$ 109,455	\$ 66,671	\$ 844	\$ 13,836



**2018 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
\$	\$	\$	\$	\$	\$
—	—	—	—	—	—
—	738	117,349	—	—	—
—	2,784	—	14,876	—	—
2,275	395	767	—	15,460	—
—	—	—	—	—	—
—	—	—	51	—	—
2,275	3,917	118,116	14,927	15,460	—
222,112	—	104,179	14,416	73	—
—	5,220	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	9	1	486	—	—
—	—	—	—	—	—
—	—	—	—	—	—
222,112	5,229	104,180	14,902	73	—
(219,837)	(1,312)	13,936	25	15,387	—
221,897	1,602	—	—	—	—
(17,789)	(41)	(26)	—	(60,131)	—
—	—	—	—	—	—
204,108	1,561	(26)	—	(60,131)	—
(15,729)	249	13,910	25	(44,744)	—
91,719	14,791	54,958	1,273	1,068,482	2
\$ 75,990	\$ 15,040	\$ 68,868	\$ 1,298	\$ 1,023,738	\$ 2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Blended Component Units			Totals 6/30/18
	Surplus Lines	Corrections Foundation Inc	Scripps Florida Funding Corp	
<b>REVENUES</b>				
Taxes	\$ —	\$ —	\$ —	\$ 259,805
Licenses and permits	—	—	—	1,553,726
Fees and charges	7,312	12	—	739,422
Grants and donations	—	983	—	2,566,259
Investment earnings (losses)	2,534	11	—	40,456
Fines, forfeits, settlements and judgments	—	—	—	493,051
Other	148	—	—	47,689
Total revenues	9,994	1,006	—	5,700,408
<b>EXPENDITURES</b>				
Current:				
General government	5,682	—	91	2,011,909
Education	—	—	—	194,062
Human services	—	—	—	445,451
Criminal justice and corrections	—	995	—	508,974
Natural resources and environment	—	—	—	1,516,981
Judicial branch	—	—	—	82,017
Capital outlay	25	—	—	43,788
Gain (loss) on disposal of general fixed assets	—	—	—	3
Debt service:				
Principal retirement	—	—	—	841
Interest and fiscal charges	—	—	—	44
Total expenditures	5,707	995	91	4,804,070
Excess (deficiency) of revenues over expenditures	4,287	11	(91)	896,338
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	—	—	—	1,081,981
Operating transfers out	—	—	—	(2,087,005)
Proceeds of financing agreements	—	—	—	704
Total other financing sources (uses)	—	—	—	(1,004,320)
Net change in fund balances	4,287	11	(91)	(107,982)
Fund balances - beginning	31,268	928	241	2,705,661
Fund balances - ending	\$ 35,555	\$ 939	\$ 150	\$ 2,597,679

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(in thousands)**

	Employment Services		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 146,875	\$ 146,875	\$ —
Reversions	63,102	63,102	—
Fund Balances, July 1, 2017, restated	209,977	209,977	—
<b>REVENUES</b>			
Fees and charges	123,048	126,641	3,593
Licenses	—	92	92
Miscellaneous	4,769	4,805	36
Interest	4,809	4,543	(266)
Grants	592,697	492,396	(100,301)
Refunds	9,780	10,012	232
Transfers and distributions	74,959	78,231	3,272
Other	19,195	20,020	825
Total Revenues	829,257	736,740	(92,517)
Total Available Resources	1,039,234	946,717	(92,517)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	137,051	125,873	11,178
Other personal services	24,469	12,774	11,695
Expenses	31,640	23,290	8,350
Grants and aids	4,522	3,058	1,464
Operating capital outlay	1,699	1,060	639
Food products	200	87	113
Special categories	503,495	477,805	25,690
Payments to U.S. Treasury	25	25	—
Data processing services	4,048	3,814	234
Total Operating Expenditures	707,149	647,786	59,363
Nonoperating expenditures:			
Transfers	61,079	61,079	—
Refunds	396	396	—
Other	60,412	60,412	—
Total Nonoperating Expenditures	121,887	121,887	—
Total Expenditures	829,036	769,673	59,363
Fund Balances, June 30, 2018	\$ 210,198	\$ 177,044	\$ (33,154)

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(in thousands)

	Government Administration		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 58,460	\$ 58,460	\$ —
Reversions	1,218	1,218	—
Fund Balances, July 1, 2017, restated	59,678	59,678	—
<b>REVENUES</b>			
Fees and charges	52,187	25,030	(27,157)
Interest	723	947	224
Grants	32,570	32,437	(133)
Refunds	22	565	543
Transfers and distributions	47,564	78,379	30,815
Other	1	16	15
Total Revenues	133,067	137,374	4,307
Total Available Resources	192,745	197,052	4,307
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	37,897	36,591	1,306
Other personal services	1,125	733	392
Expenses	6,727	5,813	914
Grants and aids	3,392	3,392	—
Operating capital outlay	253	199	54
Fixed capital outlay	110	110	—
Special categories	63,797	60,057	3,740
Grants/aids to local governments	500	500	—
Data processing services	390	384	6
Total Operating Expenditures	114,191	107,779	6,412
Nonoperating expenditures:			
Payments to U.S. Treasury	3,091	3,091	—
Transfers	14,457	14,457	—
Refunds	348	348	—
Other	2,199	2,199	—
Total Nonoperating Expenditures	20,095	20,095	—
Total Expenditures	134,286	127,874	6,412
Fund Balances, June 30, 2018	\$ 58,459	\$ 69,178	\$ 10,719

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(in thousands)

	Business and Community Development		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 212,254	\$ 212,254	\$ —
Adjustments to Fund Balances, July 1, 2017	(134,129)	(134,129)	—
Reversions	67,134	67,134	—
Fund Balances, July 1, 2017, restated	145,259	145,259	—
<b>REVENUES</b>			
Fees and charges	2,493	2,450	(43)
Interest	2,926	7,825	4,899
Grants	534,123	398,607	(135,516)
Refunds	3,816	5,955	2,139
Employee/employer contributions	2	2	—
Transfers and distributions	233,553	143,176	(90,377)
Other	123	156	33
Total Revenues	777,036	558,171	(218,865)
Total Available Resources	922,295	703,430	(218,865)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	14,266	12,917	1,349
Other personal services	3,194	2,122	1,072
Expenses	4,213	2,978	1,235
Grants and aids	9,307	5,673	3,634
Operating capital outlay	137	34	103
Special categories	766,838	640,959	125,879
Continuing Appropriations	3,866	3,866	—
Grants/aids to local governments	3,726	3,726	—
Data processing services	60	60	—
Total Operating Expenditures	805,607	672,335	133,272
Nonoperating expenditures:			
Transfers	14,687	14,687	—
Refunds	1,794	1,794	—
Other	623	623	—
Total Nonoperating Expenditures	17,104	17,104	—
Total Expenditures	822,711	689,439	133,272
Fund Balances, June 30, 2018	\$ 99,584	\$ 13,991	\$ (85,593)

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(in thousands)

	Regulation and Licensing		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 381,639	\$ 381,639	\$ —
Reversions	1,659	1,659	—
Fund Balances, July 1, 2017, restated	383,298	383,298	—
<b>REVENUES</b>			
Fees and charges	114,720	127,675	12,955
Licenses	1,569,915	1,540,927	(28,988)
Taxes	252,246	255,436	3,190
Miscellaneous	867	1,323	456
Interest	633	3,666	3,033
Grants	—	12	12
Refunds	202	281	79
Transfers and distributions	20,836	60,735	39,899
Other	4,140	17,375	13,235
Total Revenues	1,963,559	2,007,430	43,871
Total Available Resources	2,346,857	2,390,728	43,871
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	134,267	121,716	12,551
Other personal services	3,726	2,752	974
Expenses	20,004	17,915	2,089
Operating capital outlay	1,530	1,272	258
Fixed capital outlay	1,553	1,553	—
Special categories	42,539	33,362	9,177
Data processing services	5,523	4,408	1,115
Total Operating Expenditures	216,283	183,075	33,208
Nonoperating expenditures:			
Transfers	1,740,326	1,740,326	—
Refunds	5,317	5,317	—
Other	83,361	83,361	—
Total Nonoperating Expenditures	1,829,004	1,829,004	—
Total Expenditures	2,045,287	2,012,079	33,208
Fund Balances, June 30, 2018	\$ 301,570	\$ 378,649	\$ 77,079

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(in thousands)**

	Tobacco Settlement		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 19,593	\$ 19,593	\$ —
Reversions	858	858	—
Fund Balances, July 1, 2017, restated	20,451	20,451	—
<b>REVENUES</b>			
Interest	1,000	1,375	375
Refunds	51	51	—
Transfers and distributions	372,378	365,479	(6,899)
Other	338,700	344,922	6,222
Total Revenues	712,129	711,827	(302)
Total Available Resources	732,580	732,278	(302)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	328	234	94
Special categories	364,840	363,559	1,281
Total Operating Expenditures	365,168	363,793	1,375
Nonoperating expenditures:			
Transfers	365,773	365,773	—
Total Nonoperating Expenditures	365,773	365,773	—
Total Expenditures	730,941	729,566	1,375
Fund Balances, June 30, 2018	\$ 1,639	\$ 2,712	\$ 1,073

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(in thousands)

	Public Safety		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 104,580	\$ 104,580	\$ —
Reversions	2,795	2,795	—
Fund Balances, July 1, 2017, restated	107,375	107,375	—
<b>REVENUES</b>			
Fees and charges	101,971	97,499	(4,472)
Miscellaneous	3,110	64	(3,046)
Interest	405	448	43
Grants	18,209	15,008	(3,201)
Refunds	1,300	1,517	217
Transfers and distributions	44,703	40,721	(3,982)
Other	40,708	36,709	(3,999)
Total Revenues	210,406	191,966	(18,440)
Total Available Resources	317,781	299,341	(18,440)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	76,640	65,283	11,357
Other personal services	3,567	1,585	1,982
Expenses	33,146	21,667	11,479
Grants and aids	25,692	10,309	15,383
Operating capital outlay	6,867	3,374	3,493
Fixed capital outlay	15	15	—
Special categories	79,604	79,604	—
Data processing services	3	2	1
Total Operating Expenditures	225,534	181,839	43,695
Nonoperating expenditures:			
Transfers	868	868	—
Refunds	279	279	—
Other	23,881	23,881	—
Total Nonoperating Expenditures	25,028	25,028	—
Total Expenditures	250,562	206,867	43,695
Fund Balances, June 30, 2018	\$ 67,219	\$ 92,474	\$ 25,255



**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(in thousands)

	Corrections		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 12,770	\$ 12,770	\$ —
Reversions	598	598	—
Fund Balances, July 1, 2017, restated	13,368	13,368	—
<b>REVENUES</b>			
Fees and charges	10,345	9,680	(665)
Interest	—	50	50
Grants	550	532	(18)
Refunds	—	90	90
Transfers and distributions	10,160	10,132	(28)
Other	1,025	990	(35)
Total Revenues	22,080	21,474	(606)
Total Available Resources	35,448	34,842	(606)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	10,688	5,513	5,175
Other personal services	1,225	464	761
Expenses	9,894	5,475	4,419
Operating capital outlay	172	172	—
Food products	615	—	615
Special categories	8,894	8,894	—
Data processing services	49	49	—
Total Operating Expenditures	31,537	20,567	10,970
Nonoperating expenditures:			
Transfers	9	9	—
Refunds	18	18	—
Other	776	776	—
Total Nonoperating Expenditures	803	803	—
Total Expenditures	32,340	21,370	10,970
Fund Balances, June 30, 2018	\$ 3,108	\$ 13,472	\$ 10,364

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Consumer Protection and Safety		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 62,454	\$ 62,454	\$ —
Reversions	3,895	3,895	—
Fund Balances, July 1, 2017, restated	66,349	66,349	—
<b>REVENUES</b>			
Fees and charges	24,723	4,168	(20,555)
Interest	45	117	72
Grants	142,700	79,725	(62,975)
Refunds	143	15,764	15,621
Transfers and distributions	268,163	254,813	(13,350)
Other	10,838	11,781	943
Total Revenues	446,612	366,368	(80,244)
Total Available Resources	512,961	432,717	(80,244)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	30,660	24,865	5,795
Other personal services	599	241	358
Expenses	4,768	2,845	1,923
Operating capital outlay	721	466	255
Special categories	368,519	326,102	42,417
Data processing services	36	—	36
Total Operating Expenditures	405,303	354,519	50,784
Nonoperating expenditures:			
Transfers	12,338	12,338	—
Refunds	15,856	15,856	—
Other	3,651	3,651	—
Total Nonoperating Expenditures	31,845	31,845	—
Total Expenditures	437,148	386,364	50,784
Fund Balances, June 30, 2018	\$ 75,813	\$ 46,353	\$ (29,460)

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(in thousands)

	Agriculture		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 30,057	\$ 30,057	\$ —
Reversions	12,188	12,188	—
Fund Balances, July 1, 2017, restated	42,245	42,245	—
<b>REVENUES</b>			
Fees and charges	57,361	50,215	(7,146)
Licenses	24,682	22,810	(1,872)
Interest	—	1,064	1,064
Grants	1,332,907	1,227,919	(104,988)
Refunds	11,689	11,793	104
Transfers and distributions	71,449	70,935	(514)
Other	3,515	3,395	(120)
Total Revenues	1,501,603	1,388,131	(113,472)
Total Available Resources	1,543,848	1,430,376	(113,472)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	91,303	81,798	9,505
Other personal services	6,835	4,630	2,205
Expenses	28,204	23,517	4,687
Grants and aids	1,275,092	1,210,492	64,600
Operating capital outlay	2,100	1,340	760
Fixed capital outlay	9,887	9,887	—
Special categories	66,330	66,330	—
Grants/aids to local governments	266	266	—
Total Operating Expenditures	1,480,017	1,398,260	81,757
Nonoperating expenditures:			
Payments to U.S. Treasury	4,879	4,879	—
Transfers	9,232	9,232	—
Refunds	730	730	—
Other	9,568	9,568	—
Total Nonoperating Expenditures	24,409	24,409	—
Total Expenditures	1,504,426	1,422,669	81,757
Fund Balances, June 30, 2018	\$ 39,422	\$ 7,707	\$ (31,715)

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(in thousands)

	Juvenile Justice		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 94,420	\$ 94,420	\$ —
Reversions	2,672	2,672	—
Fund Balances, July 1, 2017, restated	97,092	97,092	—
<b>REVENUES</b>			
Fees and charges	58,874	44,600	(14,274)
Interest	4	1	(3)
Grants	3,377	2,177	(1,200)
Refunds	—	101	101
Transfers and distributions	76,215	76,414	199
Other	1,182	1,263	81
Total Revenues	139,652	124,556	(15,096)
Total Available Resources	236,744	221,648	(15,096)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	53,695	36,220	17,475
Other personal services	2,578	606	1,972
Expenses	8,596	6,808	1,788
Grants and aids	413	182	231
Operating capital outlay	417	353	64
Food products	2,194	1,033	1,161
Special categories	82,922	82,922	—
Total Operating Expenditures	150,815	128,124	22,691
Nonoperating expenditures:			
Transfers	2,000	2,000	—
Refunds	21	21	—
Other	1,826	1,826	—
Total Nonoperating Expenditures	3,847	3,847	—
Total Expenditures	154,662	131,971	22,691
Fund Balances, June 30, 2018	\$ 82,082	\$ 89,677	\$ 7,595

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(in thousands)

	Judicial Services		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 111,790	\$ 111,790	\$ —
Reversions	2,992	2,992	—
Fund Balances, July 1, 2017, restated	114,782	114,782	—
<b>REVENUES</b>			
Fees and charges	87,267	81,120	(6,147)
Licenses	515	511	(4)
Miscellaneous	1	1	—
Grants	14,231	10,990	(3,241)
Refunds	6,876	6,459	(417)
Transfers and distributions	97,295	97,295	—
Other	65,309	58,005	(7,304)
Total Revenues	271,494	254,381	(17,113)
Total Available Resources	386,276	369,163	(17,113)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	201,025	162,012	39,013
Other personal services	6,686	3,052	3,634
Expenses	3,517	2,379	1,138
Operating capital outlay	208	29	179
Special categories	17,224	17,224	—
Data processing services	230	—	230
Total Operating Expenditures	228,890	184,696	44,194
Nonoperating expenditures:			
Transfers	68,969	68,969	—
Refunds	142	142	—
Other	9,484	9,484	—
Total Nonoperating Expenditures	78,595	78,595	—
Total Expenditures	307,485	263,291	44,194
Fund Balances, June 30, 2018	\$ 78,791	\$ 105,872	\$ 27,081

**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(in thousands)

	Military and Veterans' Affairs		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 59,175	\$ 59,175	\$ —
Reversions	881	881	—
Fund Balances, July 1, 2017, restated	60,056	60,056	—
<b>REVENUES</b>			
Fees and charges	39,430	38,618	(812)
Miscellaneous	1	2	1
Interest	947	876	(71)
Grants	96,634	96,634	—
Refunds	200	174	(26)
Transfers and distributions	19,839	18,228	(1,611)
Other	445	48	(397)
Total Revenues	157,496	154,580	(2,916)
Total Available Resources	217,552	214,636	(2,916)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	69,077	68,273	804
Other personal services	3,286	3,204	82
Expenses	28,801	24,533	4,268
Operating capital outlay	1,964	1,824	140
Food products	4,022	3,954	68
Fixed capital outlay	19,493	19,493	—
Special categories	25,207	21,483	3,724
Total Operating Expenditures	151,850	142,764	9,086
Nonoperating expenditures:			
Transfers	10,877	10,877	—
Refunds	607	607	—
Other	2,221	2,221	—
Total Nonoperating Expenditures	13,705	13,705	—
Total Expenditures	165,555	156,469	9,086
Fund Balances, June 30, 2018	\$ 51,997	\$ 58,167	\$ 6,170

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Citrus Commission		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 14,370	\$ 14,370	\$ —
Reversions	709	709	—
Fund Balances, July 1, 2017, restated	15,079	15,079	—
<b>REVENUES</b>			
Taxes	4,908	4,640	(268)
Miscellaneous	55	17	(38)
Interest	173	(1,260)	(1,433)
Grants	3,880	2,524	(1,356)
Refunds	22	—	(22)
Other	—	22	22
Total Revenues	9,038	5,943	(3,095)
Total Available Resources	24,117	21,022	(3,095)
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	4,606	2,547	2,059
Other personal services	190	35	155
Expenses	1,406	536	870
Operating capital outlay	371	43	328
Fixed capital outlay	337	337	—
Special categories	6,739	6,739	—
Data processing services	44	44	—
Total Operating Expenditures	13,693	10,281	3,412
Nonoperating expenditures:			
Refunds	16	16	—
Other	240	240	—
Total Nonoperating Expenditures	256	256	—
Total Expenditures	13,949	10,537	3,412
Fund Balances, June 30, 2018	\$ 10,168	\$ 10,485	\$ 317

**BUDGETARY COMPARISON SCHEDULES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	School for Deaf and the Blind		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 1,130	\$ 1,130	\$ —
<b>REVENUES</b>			
Grants	1,645	1,649	4
Transfers and distributions	2,146	2,266	120
Total Revenues	3,791	3,915	124
Total Available Resources	4,921	5,045	124
<b>EXPENDITURES</b>			
Operating expenditures:			
Special categories	3,316	3,316	—
Total Operating Expenditures	3,316	3,316	—
Nonoperating expenditures:			
Transfers	356	356	—
Total Nonoperating Expenditures	356	356	—
Total Expenditures	3,672	3,672	—
Fund Balances, June 30, 2018	\$ 1,249	\$ 1,373	\$ 124



**BUDGETARY COMPARISON SCHEDULES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
(in thousands)

	Wireless Emergency Telephone System		
	Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2017	\$ 7,931	\$ 7,931	\$ —
Reversions	31,016	31,016	—
Fund Balances, July 1, 2017, restated	38,947	38,947	—
<b>REVENUES</b>			
Interest	1,190	1,195	5
Refunds	1	—	(1)
Other	117,124	117,124	—
Total Revenues	118,315	118,319	4
Total Available Resources	157,262	157,266	4
<b>EXPENDITURES</b>			
Operating expenditures:			
Salaries and benefits	385	323	62
Other personal services	101	95	6
Expenses	190	93	97
Grants and aids	106,181	106,181	—
Operating capital outlay	4	1	3
Special categories	211	211	—
Data processing services	5	5	—
Total Operating Expenditures	107,077	106,909	168
Nonoperating expenditures:			
Transfers	26	26	—
Total Nonoperating Expenditures	26	26	—
Total Expenditures	107,103	106,935	168
Fund Balances, June 30, 2018	\$ 50,159	\$ 50,331	\$ 172

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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.

**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2018**  
**(in thousands)**

	General Government	Other	School for the Deaf and the Blind	Totals 6/30/18
<b>ASSETS</b>				
<u>Current assets</u>				
Pooled investments with State Treasury	\$ 207	\$ 330	\$ 1,123	\$ 1,660
Due from other funds	57,875	—	457	58,332
Total current assets	58,082	330	1,580	59,992
Total assets	58,082	330	1,580	59,992
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	15	—	1,136	1,151
Total current liabilities	15	—	1,136	1,151
Total liabilities	15	—	1,136	1,151
<b>FUND BALANCES</b>				
Restricted	—	—	444	444
Committed	58,067	330	—	58,397
Total fund balances	58,067	330	444	58,841
Total liabilities and fund balances	\$ 58,082	\$ 330	\$ 1,580	\$ 59,992

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
CAPITAL PROJECTS FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	General Government	Other	School for the Deaf and the Blind	Totals 6/30/18
<b>EXPENDITURES</b>				
Current:				
General government	\$ 30,473	\$ —	\$ —	\$ 30,473
Education	—	—	2,132	2,132
Human services	8,311	888	—	9,199
Criminal justice and corrections	53,486	—	—	53,486
Capital outlay	28,360	—	7,336	35,696
Total expenditures	120,630	888	9,468	130,986
Excess (deficiency) of revenues over expenditures	(120,630)	(888)	(9,468)	(130,986)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	142,436	785	8,975	152,196
Total other financing sources (uses)	142,436	785	8,975	152,196
Net change in fund balances	21,806	(103)	(493)	21,210
Fund balances - beginning	36,261	433	937	37,631
Fund balances - ending	\$ 58,067	\$ 330	\$ 444	\$ 58,841

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**NONMAJOR ENTERPRISE FUNDS**

**OTHER**

This category includes various internal reporting enterprise funds, most of which 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.

**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2018**  
**(in thousands)**

	Other	FL Engineers Management Corp	Space Florida	Totals 6/30/18
<b>ASSETS</b>				
<u>Current assets</u>				
Cash and cash equivalents	\$ 3,547	\$ 383	\$ 53,609	\$ 57,539
Pooled investments with State Treasury	402,699	—	—	402,699
Other investments	7,325	—	4,840	12,165
Receivables, net	1,844	—	22,101	23,945
Due from other funds	11,635	—	—	11,635
Due from component units/primary	223	—	—	223
Other	23	77	1,371	1,471
Total current assets	427,296	460	81,921	509,677
<u>Noncurrent assets</u>				
Long-term investments	65,607	—	—	65,607
Other loans and notes receivable, net	—	—	2,226	2,226
<u>Capital assets</u>				
Buildings, equipment, and other depreciable assets	33,300	444	125,976	159,720
Accumulated depreciation	(26,357)	(363)	(40,138)	(66,858)
Construction work in progress	256	—	16,155	16,411
Other	—	—	5,261	5,261
Total noncurrent assets	72,806	81	109,480	182,367
Total assets	500,102	541	191,401	692,044
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related items	56,019	—	—	56,019
Other postemployment benefits	5,785	—	—	5,785
Total deferred outflows of resources	61,804	—	—	61,804
<b>LIABILITIES</b>				
<u>Current liabilities</u>				
Accounts payable and accrued liabilities	13,237	160	43,088	56,485
Due to other funds	8,674	—	—	8,674
Due to component units/primary	200	223	—	423
Compensated absences	5,501	—	99	5,600
Installment purchases/capital leases	—	—	20,096	20,096
Deposits	5,516	—	8,229	13,745
Obligations under security lending agreements	24,298	—	—	24,298
Pension liability	999	—	—	999
Other postemployment benefits liability	2,914	—	—	2,914
Total current liabilities	61,339	383	71,512	133,234
<u>Noncurrent liabilities</u>				
Deposits	56,679	—	116	56,795
Installment purchases/capital leases	—	—	8,600	8,600
Compensated absences	13,676	—	93	13,769
Pension liability	109,959	—	—	109,959
Other postemployment benefits liability	165,122	—	—	165,122
Other	—	—	897	897
Total noncurrent liabilities	345,436	—	9,706	355,142
Total liabilities	406,775	383	81,218	488,376
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related items	10,322	—	—	10,322
Other postemployment benefits	25,687	—	—	25,687
Total deferred inflows of resources	36,009	—	—	36,009
<b>NET POSITION</b>				
Net investment in capital assets	7,199	81	72,734	80,014
Restricted - other	—	77	12,209	12,286
Unrestricted	111,923	—	25,240	137,163
Total net position	\$ 119,122	\$ 158	\$ 110,183	\$ 229,463



**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Other	FL Engineers Management Corp	Space Florida	Totals 6/30/18
<b>OPERATING REVENUES</b>				
Sales - nonstate	\$ 82,393	\$ —	\$ 5,445	\$ 87,838
Fees	268,572	1,966	—	270,538
Sales - state	42,656	—	—	42,656
Rents and royalties - nonstate	4	—	—	4
Rents - state	133	—	—	133
Fines, forfeits, settlements and judgments	11,025	—	—	11,025
Other	21	—	46,230	46,251
Total operating revenues	404,804	1,966	51,675	458,445
<b>OPERATING EXPENSES</b>				
Contractual services	85,380	389	35,837	121,606
Personal services	192,290	1,108	11,272	204,670
Depreciation	2,103	37	6,281	8,421
Materials and supplies	5,578	35	—	5,613
Repairs and maintenance	3,297	22	—	3,319
Basic services	28,207	378	—	28,585
Interest and fiscal charges	1,539	—	—	1,539
Total operating expenses	318,394	1,969	53,390	373,753
Operating income (loss)	86,410	(3)	(1,715)	84,692
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Grants and donations	577	—	8,658	9,235
Investment earnings (losses)	5,555	—	254	5,809
Interest and fiscal charges	(394)	—	(490)	(884)
Property disposition gain (loss)	4	—	(1)	3
Grant expense and client benefits	(1,094)	—	—	(1,094)
Other	(203)	—	—	(203)
Total nonoperating revenues (expenses)	4,445	—	8,421	12,866
Income (loss) before transfers and contributions	90,855	(3)	6,706	97,558
Operating transfers in	24,997	—	—	24,997
Operating transfers out	(152,776)	—	—	(152,776)
Capital contributions	6	—	—	6
Change in net position	(36,918)	(3)	6,706	(30,215)
Total net position - beginning, as restated (Note 1)	156,040	161	103,477	259,678
Total net position - ending	\$ 119,122	\$ 158	\$ 110,183	\$ 229,463

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Other	FL Engineers Management Corporation	Space Florida	Totals 6/30/18
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 404,367	\$ 2,177	\$ 7,750	\$ 414,294
Cash paid to vendors	(121,804)	(1,068)	(29,384)	(152,256)
Cash paid to employees	(176,463)	(1,109)	(3,372)	(180,944)
Cash received/(paid) for grants	—	—	36,394	36,394
Net cash provided (used) by operating activities	106,100	—	11,388	117,488
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in (out)	(128,611)	—	—	(128,611)
Advances, grants or loans (to) from or repayment from others	(945)	—	—	(945)
Cash received from noncapital grants or donations	552	—	—	552
Net cash provided (used) by noncapital financing activities	(129,004)	—	—	(129,004)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Cash received from sale or lease of capital assets	20	—	4	24
Cash received from the issuance of debt	—	—	17,500	17,500
Cash received from capital grants and donations	—	—	8,658	8,658
Payment of principal on installment purchase/capital lease	—	—	(5,234)	(5,234)
Purchase or construction of capital assets	(2,603)	(10)	(18,157)	(20,770)
Line of credit draws/(payments)	—	—	18,001	18,001
Net cash provided (used) by capital and related financing activities	(2,583)	(10)	20,772	18,179
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Security lending	7,008	—	—	7,008
Proceeds from the sale or maturity of investments	89,352	—	—	89,352
Investment earnings	4,770	—	254	5,024
Purchase of investments	(93,835)	—	(490)	(94,325)
Net cash provided (used) by investing activities	7,295	—	(236)	7,059
Net increase (decrease) in cash and cash equivalents	(18,192)	(10)	31,924	13,722
Cash and cash equivalents - beginning	424,438	393	21,685	446,516
Cash and cash equivalents - ending	\$ 406,246	\$ 383	\$ 53,609	\$ 460,238

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

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

	Other	FL Engineers Management Corporation	Space Florida	Totals 6/30/18
Operating income (loss)	\$ 86,410	\$ (3)	\$ (1,715)	\$ 84,692
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expense	2,103	37	6,281	8,421
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	22,126	6	1,929	24,061
(Increase) decrease in due from other funds	(1,657)	—	(14,342)	(15,999)
Increase (decrease) in allowance for uncollectibles	(22,526)	—	838	(21,688)
(Increase) decrease in future contract premiums and other receivable	—	1	176	177
Increase (decrease) in accounts payable	956	13	13,987	14,956
Increase (decrease) in compensated absences	398	—	11	409
Increase (decrease) in due to other funds	2,140	(29)	—	2,111
Increase (decrease) in other non-current liability	(46,465)	—	—	(46,465)
(Increase) decrease in deposits and prepaid items	56	(25)	(283)	(252)
Increase (decrease) in unearned revenue	338	—	4,506	4,844
Increase (decrease) in pension liability and deferrals	7,852	—	—	7,852
Increase (decrease) in OPEB liability and deferrals	54,369	—	—	54,369
Net cash provided (used) by operating activities	<u>\$ 106,100</u>	<u>\$ —</u>	<u>\$ 11,388</u>	<u>\$ 117,488</u>
<b>Noncash investing, capital, and financing activities</b>				
Change in fair value of investments	\$ (1,340)	\$ —	\$ (18)	\$ (1,358)
Other noncash items	—	—	561	561

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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).

**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2018**  
**(in thousands)**

	Employee Health and Disability	Data Centers	Communications and Facilities	Other	Totals 6/30/18
<b>ASSETS</b>					
<u>Current assets</u>					
Cash and cash equivalents	\$ —	\$ —	\$ 57,399	\$ —	\$ 57,399
Pooled investments with State Treasury	599,692	10,621	65,788	7,595	683,696
Other investments	—	—	38,594	—	38,594
Receivables, net	27,747	12	7,798	1,954	37,511
Due from other funds	3	2,020	11,013	12,174	25,210
Due from component units/primary	—	—	1,153	—	1,153
Total current assets	627,442	12,653	181,745	21,723	843,563
<u>Noncurrent assets</u>					
Capital assets					
Land and other non-depreciable assets	—	—	318	1	319
Buildings, equipment, and other depreciable assets	31	39,069	1,528,989	4,610	1,572,699
Accumulated depreciation	(23)	(28,664)	(554,560)	(3,726)	(586,973)
Construction work in progress	—	—	10,309	—	10,309
Total noncurrent assets	8	10,405	985,056	885	996,354
Total assets	627,450	23,058	1,166,801	22,608	1,839,917
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Amount deferred on refunding of debt	—	—	2,593	—	2,593
Pension-related items	522	6,515	5,602	33,962	46,601
Other postemployment benefits	90	390	1,173	1,014	2,667
Total deferred outflows of resources	612	6,905	9,368	34,976	51,861
<b>LIABILITIES</b>					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	157,154	3,303	25,471	2,350	188,278
Due to other governments	—	—	—	7	7
Due to other funds	26,654	42	502	579	27,777
Due to component units/primary	—	532	—	—	532
Compensated absences	61	854	533	1,351	2,799
Installment purchases/capital leases	—	3,864	1,390	—	5,254
Bonds payable	—	—	14,165	—	14,165
Deposits	164,632	—	4,152	234	169,018
Obligations under security lending agreements	37,224	233	4,070	47	41,574
Certificates of participation payable	—	—	30,595	—	30,595
Pension liability	9	100	120	282	511
Other postemployment benefits liability	22	232	410	902	1,566
Total current liabilities	385,756	9,160	81,408	5,752	482,076
<u>Noncurrent liabilities</u>					
Advances from other funds	—	1,478	500	—	1,978
Bonds payable	—	—	197,682	—	197,682
Certificates of participation payable	—	—	387,331	—	387,331
Installment purchases/capital leases	—	3,613	5,531	—	9,144
Compensated absences	85	2,336	1,634	6,310	10,365
Pension liability	1,047	10,040	12,804	62,727	86,618
Other postemployment benefits liability	1,272	13,312	23,483	51,678	89,745
Total noncurrent liabilities	2,404	30,779	628,965	120,715	782,863
Total liabilities	388,160	39,939	710,373	126,467	1,264,939
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Amount deferred on refunding of debt	—	—	6,594	—	6,594
Pension-related items	870	2,528	1,655	4,951	10,004
Other postemployment benefits	184	1,914	3,453	11,209	16,760
Total deferred inflows of resources	1,054	4,442	11,702	16,160	33,358
<b>NET POSITION</b>					
Net investment in capital assets	8	2,928	344,361	885	348,182
Restricted - other	—	—	80,599	—	80,599
Unrestricted	238,840	(17,346)	29,134	(85,928)	164,700
Total net position	\$ 238,848	\$ (14,418)	\$ 454,094	\$ (85,043)	\$ 593,481

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(in thousands)**

	Employee Health and Disability	Data Centers	Communications and Facilities	Other	Totals 6/30/18
<b>OPERATING REVENUES</b>					
Sales - nonstate	\$ —	\$ 106	\$ 47,331	\$ 7,727	\$ 55,164
Sales - state	2,278,374	77,188	73,741	64,189	2,493,492
Rents and royalties - nonstate	—	—	48	—	48
Rents - state	—	—	157,442	—	157,442
Fines, forfeits, settlements and judgments	—	—	—	89	89
Other	18,847	—	—	3	18,850
Total operating revenues	2,297,221	77,294	278,562	72,008	2,725,085
<b>OPERATING EXPENSES</b>					
Contractual services	357,641	39,387	140,118	9,381	546,527
Insurance claims expense	1,951,302	—	—	—	1,951,302
Personal services	1,490	26,686	21,555	54,735	104,466
Depreciation	3	5,534	32,067	322	37,926
Materials and supplies	155	3,471	906	1,605	6,137
Repairs and maintenance	—	591	2,389	2	2,982
Basic services	59	1,640	2,871	3,435	8,005
Interest and fiscal charges	—	—	1,220	—	1,220
Bad debt	—	—	3	—	3
Total operating expenses	2,310,650	77,309	201,129	69,480	2,658,568
Operating income (loss)	(13,429)	(15)	77,433	2,528	66,517
<b>NONOPERATING REVENUES/(EXPENSES)</b>					
Grants and donations	—	—	176	1	177
Investment earnings (losses)	7,858	78	1,666	3	9,605
Interest and fiscal charges	(653)	(167)	(25,879)	(1)	(26,700)
Property disposition gain (loss)	—	29	(15)	(21)	(7)
Other	—	(497)	—	—	(497)
Total nonoperating revenues (expenses)	7,205	(557)	(24,052)	(18)	(17,422)
Income (loss) before transfers and contributions	(6,224)	(572)	53,381	2,510	49,095
Operating transfers in	24,600	—	1,274	—	25,874
Operating transfers out	(3,591)	(117)	(14,730)	(1,926)	(20,364)
Capital contributions	—	26	1	11	38
Change in net position	14,785	(663)	39,926	595	54,643
Total net position - beginning, as restated (Note 1)	224,063	(13,755)	414,168	(85,638)	538,838
Total net position - ending	\$ 238,848	\$ (14,418)	\$ 454,094	\$ (85,043)	\$ 593,481

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Employee Health and Disability	Data Centers	Communications and Facilities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 2,287,267	\$ 79,823	\$ 287,517
Cash paid to vendors	(359,587)	(46,770)	(146,533)
Cash paid to employees	(1,607)	(23,166)	(18,849)
Cash paid for insurance claims	(1,953,707)	—	—
Net cash provided (used) by operating activities	(27,634)	9,887	122,135
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in (out)	12,606	(618)	(15,059)
Advances from or repayment from other funds	—	1,478	—
Net cash provided (used) by noncapital financing activities	12,606	860	(15,059)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payment of bond principal	—	—	(60,336)
Payment of principal on installment purchase/capital lease	—	(4,457)	—
Payment of interest on bonds/installment purchase/capital lease	—	(161)	(26,619)
Purchase or construction of capital assets	—	(502)	(9,358)
Net cash provided (used) by capital and related financing activities	—	(5,120)	(96,313)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Security lending	9,246	107	1,942
Investment earnings	7,200	72	1,489
Net cash provided (used) by investing activities	16,446	179	3,431
Net increase (decrease) in cash and cash equivalents	1,418	5,806	14,194
Cash and cash equivalents - beginning	598,274	4,815	108,993
Cash and cash equivalents - ending	\$ 599,692	\$ 10,621	\$ 123,187



Other	Totals 6/30/18
\$ 64,756	\$ 2,719,363
(14,021)	(566,911)
(49,811)	(93,433)
—	(1,953,707)
924	105,312
(2,066)	(5,137)
—	1,478
(2,066)	(3,659)
—	(60,336)
—	(4,457)
—	(26,780)
(145)	(10,005)
(145)	(101,578)
45	11,340
2	8,763
47	20,103
(1,240)	20,178
8,835	720,917
\$ 7,595	\$ 741,095

**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(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)	\$ (13,429)	\$ (15)	\$ 77,433
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	3	5,534	32,067
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(9,209)	7	8,947
(Increase) decrease in due from other funds	(4)	2,524	—
Increase (decrease) in allowance for uncollectibles	(743)	—	(10)
Increase (decrease) in accounts payable	(7,330)	552	872
Increase (decrease) in compensated absences	19	270	(9)
Increase (decrease) in due to other funds	—	2	—
Increase (decrease) in other non-current liability	(788)	(6,093)	(7,193)
Increase (decrease) in unearned revenue	3,203	(6)	981
Increase (decrease) in pension liability and deferrals	(211)	389	632
Increase (decrease) in OPEB liability and deferrals	855	6,723	8,415
Net cash provided (used) by operating activities	<u>\$ (27,634)</u>	<u>\$ 9,887</u>	<u>\$ 122,135</u>
<b>Noncash investing, capital, and financing activities</b>			
Change in fair value of investments	\$ (1,822)	\$ (19)	\$ (344)

Other	Totals 6/30/18
\$ 2,528	\$ 66,517
322	37,926
(108)	(363)
(7,281)	(4,761)
—	(753)
(249)	(6,155)
375	655
(73)	(71)
(17,099)	(31,173)
107	4,285
3,409	4,219
18,993	34,986
<u>\$ 924</u>	<u>\$ 105,312</u>
\$ (7)	\$ (2,192)

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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, 2018  
(in thousands)**

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
<b>ASSETS</b>				
Cash and cash equivalents	\$ 318	\$ 204	\$ 14	\$ 120
Pooled investments with State Treasury	406,345	17,946	27,813	1,249
Total cash and cash equivalents	<u>406,663</u>	<u>18,150</u>	<u>27,827</u>	<u>1,369</u>
<u>Investments</u>				
U.S. government & federally guaranteed obligations	—	—	—	—
Federal agencies	—	—	—	—
Bonds and notes	—	—	—	—
International bonds and notes	—	—	—	—
Mutual fund investments	—	—	—	6,954
Money market and short-term investments	—	—	—	3,281
Domestic equity	—	5,037	—	—
International equity	—	—	—	—
Total investments	<u>—</u>	<u>5,037</u>	<u>—</u>	<u>10,235</u>
<u>Receivables</u>				
Accounts receivable	2,848	307	—	—
Interest receivable	2,599	4	40	5
Dividends receivable	—	—	—	—
Foreign currency contracts receivable	—	—	—	—
Pending investment sales	—	—	—	—
Due from state funds	—	—	—	2,166
Due from other governments	—	—	5,044	—
Total receivables	<u>5,447</u>	<u>311</u>	<u>5,084</u>	<u>2,171</u>
Advances to other funds	—	936,873	—	—
Advances to other entities	34,127	—	—	—
Capital assets	1,188	329	—	—
Accumulated depreciation	—	(295)	—	—
Other assets	4,255	—	—	—
Total assets	<u>451,680</u>	<u>960,405</u>	<u>32,911</u>	<u>13,775</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related items	—	1,583	—	—
Other postemployment benefits	—	81	—	—
Total deferred outflows of resources	<u>—</u>	<u>1,664</u>	<u>—</u>	<u>—</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	616	5,037	—	527
Due to other funds	148	5	741	5
Pending investment purchases	—	—	—	—
Foreign currency contracts payable	—	—	—	—
Due to other governments	—	—	2,803	—
Obligations under security lending agreements	29,314	177	1,987	—
Claims payable	—	—	316	—
Deposits payable	240	—	—	—
Compensated absences	—	512	—	—
Pension liability	—	1,538	—	—
Other postemployment benefits liability	—	4,566	—	—
Total liabilities	<u>30,318</u>	<u>11,835</u>	<u>5,847</u>	<u>532</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related items	—	93	—	—
Other postemployment benefits	—	895	—	—
Total deferred inflows of resources	<u>—</u>	<u>988</u>	<u>—</u>	<u>—</u>
<b>NET POSITION</b>				
Restricted for individuals, organizations, and other governments	\$ 421,362	\$ 949,246	\$ 27,064	\$ 13,243

**2018 STATE OF FLORIDA CAFR**

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College Savings Plan		Totals 6/30/18	
<hr/>		<hr/>	
\$	838	\$	1,494
	—		453,353
	<hr/>		<hr/>
	838		454,847
	<hr/>		<hr/>
	66,034		66,034
	59,360		59,360
	87,458		87,458
	8,640		8,640
	—		6,954
	85,971		89,252
	271,863		276,900
	63,883		63,883
	<hr/>		<hr/>
	643,209		658,481
	<hr/>		<hr/>
	—		3,155
	1,240		3,888
	925		925
	20		20
	3,652		3,652
	47		2,213
	—		5,044
	<hr/>		<hr/>
	5,884		18,897
	<hr/>		<hr/>
	—		936,873
	—		34,127
	5		1,522
	(1)		(296)
	2		4,257
	<hr/>		<hr/>
	649,937		2,108,708
	<hr/>		<hr/>
	—		1,583
	<hr/>		<hr/>
	—		81
	<hr/>		<hr/>
	—		1,664
	<hr/>		<hr/>
	972		7,152
	3		902
	21,409		21,409
	20		20
	—		2,803
	—		31,478
	—		316
	19,047		19,287
	62		574
	—		1,538
	<hr/>		<hr/>
	—		4,566
	<hr/>		<hr/>
	41,513		90,045
	<hr/>		<hr/>
	—		93
	<hr/>		<hr/>
	—		895
	<hr/>		<hr/>
	—		988
	<hr/>		<hr/>
\$	608,424	\$	2,019,339
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**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

	Trust Escrow Administration	Unclaimed Property	Student Loan Guaranty Reserve	Other
<b>ADDITIONS</b>				
<u>Contributions and other deposits</u>				
Fees	\$ —	\$ —	\$ —	\$ 17
Grants and contributions	—	—	62,130	17
Fines, forfeits, settlements and judgments	—	283	—	—
Unclaimed property remittances	—	507,532	—	—
Receivership assets acquired	38,652	—	—	—
Transfers in from state funds	—	1	—	2,166
Total contributions and other deposits	38,652	507,816	62,130	2,200
<u>Investment income</u>				
Interest income	5,729	34	242	101
Dividends	—	—	—	63
Other investment income (loss)	(535)	—	—	—
Net increase (decrease) in fair market value	—	—	—	168
Total investment income (loss)	5,194	34	242	332
Investment activity expense	(1,435)	(98)	—	(35)
Net income (loss) from investing activity	3,759	(64)	242	297
Total net investment income (loss)	3,759	(64)	242	297
Other additions	—	880	2,826	—
Total additions	42,411	508,632	65,198	2,497
<b>DEDUCTIONS</b>				
Insurance claims expense	862,891	—	—	—
Interest expense	611	3	27	—
Student loan default payments	—	—	63,264	—
Payments to unclaimed property claimants	—	317,942	—	—
Distribution to State School Fund	—	148,644	—	—
Administrative expense	10,930	2,974	—	2,133
Property disposition gain (loss)	—	65	—	—
Transfers out to state funds	—	3,982	14	—
Other deductions	60	778	—	1,428
Total deductions	874,492	474,388	63,305	3,561
<u>Depositor activity</u>				
Deposits	20,549	—	—	6,576
Withdrawals	(57,188)	—	—	—
Excess (deficiency) of deposits over withdrawals	(36,639)	—	—	6,576
Change in net position	(868,720)	34,244	1,893	5,512
Net position - beginning, as restated (Note 1)	1,290,082	915,002	25,171	7,731
Net position - ending	\$ 421,362	\$ 949,246	\$ 27,064	\$ 13,243



College Savings Plan	Totals 6/30/18
\$ 3,703	\$ 3,720
76,360	138,507
—	283
—	507,532
—	38,652
—	2,167
<u>80,063</u>	<u>690,861</u>
6,651	12,757
6,404	6,467
—	(535)
26,363	26,531
<u>39,418</u>	<u>45,220</u>
(988)	(2,556)
<u>38,430</u>	<u>42,664</u>
38,430	42,664
—	3,706
<u>118,493</u>	<u>737,231</u>
—	862,891
—	641
—	63,264
—	317,942
—	148,644
5,365	21,402
—	65
—	3,996
37,282	39,548
<u>42,647</u>	<u>1,458,393</u>
—	27,125
—	(57,188)
—	(30,063)
<u>75,846</u>	<u>(751,225)</u>
532,578	2,770,564
<u>\$ 608,424</u>	<u>\$ 2,019,339</u>

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**PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS**

**DEFINED BENEFIT PENSION PLAN**

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

**OTHER DEFINED CONTRIBUTION PLANS**

This category includes those internal reporting funds administered by the Department of Management Services, Division of Retirement, to account for operations of the state's other defined contribution plans.

**DEFERRED COMPENSATION PLAN**

This category includes those internal reporting funds administered by the Department of Financial Services to account for operations of government employee's deferred compensation plan.

**LIFE AND OTHER BENEFITS**

This category includes those internal reporting funds primarily administered by the Department of Management Services to account for state employee's life and other plans.

**RETIREE HEALTH INSURANCE SUBSIDY**

This category includes internal reporting funds administered by the Department of Management Services, Division of Retirement, to hold and invest the contributions paid by employers on behalf of their employees who are members of a state-administered retirement plan, and to pay benefits to which such employees or their beneficiaries may become entitled.

**DEFINED CONTRIBUTION PENSION PLAN**

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

**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.

**2018 STATE OF FLORIDA CAFR**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS  
JUNE 30, 2018  
(in thousands)**

	Defined Benefit Pension Plan	Other Defined Contribution Plans	Deferred Compensation Plan	Life and Other Benefits
<b>ASSETS</b>				
Cash and cash equivalents	\$ 114,331	\$ —	\$ 43,546	\$ —
Pooled investments with State Treasury	63,388	5,766	1,101	15,769
Total cash and cash equivalents	<u>177,719</u>	<u>5,766</u>	<u>44,647</u>	<u>15,769</u>
<b>Investments</b>				
Certificates of deposit	200,077	—	—	—
U.S. government & federally guaranteed obligations	12,308,170	—	—	—
Federal agencies	9,641,445	—	—	—
Commercial paper	4,182,322	—	—	—
Repurchase agreements	800,000	—	—	—
Bonds and notes	7,005,685	—	1,783,554	—
International bonds and notes	2,197,600	—	—	—
Real estate contracts	11,406,346	—	—	—
Mutual fund investments	—	—	2,510,288	—
Money market and short-term investments	35,981	—	265	—
Domestic equity	47,062,304	—	30,812	—
Alternative investments	26,432,707	—	—	—
International equity	33,319,165	—	4,034	—
International equity commingled	8,569,819	—	—	—
Deferred compensation annuities	—	—	18,647	—
Self-directed brokerage investments	—	—	—	—
Other investments	546	—	—	—
Total investments	<u>163,162,167</u>	<u>—</u>	<u>4,347,600</u>	<u>—</u>
<b>Receivables</b>				
Accounts receivable	68,462	—	—	—
State contributions receivable	7,444	—	—	—
Nonstate contributions receivable	219,098	—	—	—
Interest receivable	142,543	11	1	39
Dividends receivable	215,531	—	—	—
Pending investment sales	2,877,500	—	—	—
Foreign currency contracts receivable	5,291,502	—	—	—
Due from state funds	30,590	—	—	2,690
Total receivables	<u>8,852,670</u>	<u>11</u>	<u>1</u>	<u>2,729</u>
Security lending collateral	2,631,692	—	—	—
Capital assets	1,107	—	—	10
Accumulated depreciation	(653)	—	—	(4)
Other assets	5,056	—	—	—
Total assets	<u>174,829,758</u>	<u>5,777</u>	<u>4,392,248</u>	<u>18,504</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related items	—	35	—	137
Other postemployment benefits	519	3	—	7
Total deferred outflows of resources	<u>519</u>	<u>38</u>	<u>—</u>	<u>144</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	133,514	10	—	3,052
Due to other funds	23,786	1	—	2
DROP	247,611	—	—	—
Pending investment purchases	5,000,810	—	—	—
Short sell obligations	265,745	—	—	—
Foreign currency contracts payable	5,282,602	—	—	—
Broker rebate fees	4,159	—	—	—
Due to other governments	16	—	—	—
Obligations under security lending agreements	2,659,275	416	76	810
Deposits payable	—	—	—	11,335
Compensated absences	962	3	—	58
Pension liability	—	72	—	292
Other postemployment benefits liability	13,069	152	—	380
Total liabilities	<u>13,631,549</u>	<u>654</u>	<u>76</u>	<u>15,929</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related items	—	61	—	246
Other postemployment benefits	1,847	23	—	56
Total deferred inflows of resources	<u>1,847</u>	<u>84</u>	<u>—</u>	<u>302</u>
<b>NET POSITION</b>				
Restricted for pension benefits and other purposes	\$ 161,196,881	\$ 5,077	\$ 4,392,172	\$ 2,417

**2018 STATE OF FLORIDA CAFR**

Retiree Health Insurance Subsidy	Defined Contribution Pension Plan	National Guard Supplemental Retirement Benefit	Totals 6/30/18
\$ —	\$ 132	\$ 3	\$ 158,012
30	38,854	—	124,908
30	38,986	3	282,920
—	—	—	200,077
—	115,261	—	12,423,431
—	71,278	—	9,712,723
—	—	—	4,182,322
—	—	—	800,000
—	110,817	—	8,900,056
—	15,734	—	2,213,334
—	—	—	11,406,346
—	8,414,725	—	10,925,013
181,605	903,511	—	1,121,362
—	575,542	—	47,668,658
—	—	—	26,432,707
—	21,873	—	33,345,072
—	—	—	8,569,819
—	—	—	18,647
—	633,004	—	633,004
—	—	—	546
181,605	10,861,745	—	178,553,117
49	393	—	68,904
1,680	2,289	—	11,413
37,996	46,549	—	303,643
—	1,498	—	144,092
—	1,994	—	217,525
—	53,214	—	2,930,714
—	—	—	5,291,502
11,109	11,335	—	55,724
50,834	117,272	—	9,023,517
—	—	—	2,631,692
—	—	—	1,117
—	—	—	(657)
—	—	—	5,056
232,469	11,018,003	3	190,496,762
—	—	—	172
—	—	—	529
—	—	—	701
6	2,589	3	139,174
—	37,141	—	60,930
—	—	—	247,611
—	86,267	—	5,087,077
—	—	—	265,745
—	—	—	5,282,602
—	—	—	4,159
—	—	—	16
—	—	—	2,660,577
—	—	—	11,335
—	—	—	1,023
—	—	—	364
—	—	—	13,601
6	125,997	3	13,774,214
—	—	—	307
—	—	—	1,926
—	—	—	2,233
\$ 232,463	\$ 10,892,006	\$ —	\$ 176,721,016

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(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	\$ 505,400	\$ 98,231	\$ —	\$ —
Pension fund employer contributions - nonstate	2,344,519	158	—	—
Pension fund employee contributions	740,724	97,024	—	—
Other contributions	—	—	—	161,144
Purchase of time by employees	5,647	—	—	—
Fees	—	—	1,797	—
Flexible benefits contributions	—	—	385,637	—
Transfers in from state funds	70,597	—	—	2,630
Total contributions and other deposits	3,666,887	195,413	387,434	163,774
<u>Investment income</u>				
Interest income	1,231,799	102	12	510
Dividends	1,863,241	—	—	—
Other investment income (loss)	2,390,246	—	—	—
Net increase (decrease) in fair market value	9,026,876	—	347,461	—
Total investment income (loss)	14,512,162	102	347,473	510
Investment activity expense	(601,796)	(14)	—	(35)
Net income (loss) from investing activity	13,910,366	88	347,473	475
<u>Security lending activity</u>				
Security lending income	71,625	—	—	—
Security lending expense	(29,043)	—	—	—
Net income from security lending	42,582	—	—	—
Total net investment income (loss)	13,952,948	88	347,473	475
Other additions	2,265	189	5	—
Total additions	17,622,100	195,690	734,912	164,249
<b>DEDUCTIONS</b>				
Benefit payments	9,831,838	—	403,455	—
Insurance claims expense	—	—	—	7,189
Supplemental insurance payments	—	—	—	84,783
Flexible reimbursement payments	—	—	—	14,705
Life insurance premium payments	—	—	—	31,498
Remittances to annuity companies	—	195,287	—	—
Program contribution refunds	19,325	—	—	—
Interest expense	—	—	1	—
Administrative expense	18,885	114	44	727
Transfers out to state funds	598,271	1	1,749	24,785
Other deductions	10	—	—	—
Total deductions	10,468,329	195,402	405,249	163,687
Change in net position	7,153,771	288	329,663	562
Net position - beginning as restated (Note 1)	154,043,110	4,789	4,062,509	1,855
Net position - ending	\$ 161,196,881	\$ 5,077	\$ 4,392,172	\$ 2,417

**2018 STATE OF FLORIDA CAFR**

Retiree Health Insurance Subsidy	Defined Contribution Pension Plan	National Guard Supplemental Retirement Benefit	Totals 6/30/18
\$ 79,399	\$ 65,790	\$ —	\$ 748,820
462,904	251,336	—	3,058,917
237	181,072	—	1,019,057
—	—	—	161,144
—	9	—	5,656
—	—	—	1,797
—	—	—	385,637
—	597,010	14,908	685,145
<u>542,540</u>	<u>1,095,217</u>	<u>14,908</u>	<u>6,066,173</u>
3,048	8,639	—	1,244,110
—	38,790	—	1,902,031
41	89	—	2,390,376
22	902,461	—	10,276,820
<u>3,111</u>	<u>949,979</u>	<u>—</u>	<u>15,813,337</u>
<u>—</u>	<u>(5,199)</u>	<u>—</u>	<u>(607,044)</u>
<u>3,111</u>	<u>944,780</u>	<u>—</u>	<u>15,206,293</u>
—	—	—	71,625
—	—	—	(29,043)
—	—	—	42,582
<u>3,111</u>	<u>944,780</u>	<u>—</u>	<u>15,248,875</u>
<u>200</u>	<u>12,475</u>	<u>—</u>	<u>15,134</u>
<u>545,851</u>	<u>2,052,472</u>	<u>14,908</u>	<u>21,330,182</u>
491,530	1,097,066	14,897	11,838,786
—	—	—	7,189
—	—	—	84,783
—	—	—	14,705
—	—	—	31,498
—	—	—	195,287
—	—	—	19,325
—	—	—	1
167	6,535	11	26,483
1	88,716	—	713,523
—	—	—	10
<u>491,698</u>	<u>1,192,317</u>	<u>14,908</u>	<u>12,931,590</u>
<u>54,153</u>	<u>860,155</u>	<u>—</u>	<u>8,398,592</u>
<u>178,310</u>	<u>10,031,851</u>	<u>—</u>	<u>168,322,424</u>
<u>\$ 232,463</u>	<u>\$ 10,892,006</u>	<u>\$ —</u>	<u>\$ 176,721,016</u>

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**INVESTMENT TRUST FUNDS**

**EXTERNAL TREASURY POOL**

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

**INVESTMENT POOL A**

This fund, administered by the State Board of Administration, is used to account for the external portion of the Local Government Surplus Funds Trust Fund (an investment pool) reported by the state.

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
INVESTMENT TRUST FUNDS  
JUNE 30, 2018  
(in thousands)**

	External Treasury Pool	Investment Pool A	Totals 6/30/18
<b>ASSETS</b>			
Cash and cash equivalents	\$ —	\$ 599,269	\$ 599,269
Pooled investments with State Treasury	711,098	—	711,098
Total cash and cash equivalents	711,098	599,269	1,310,367
<u>Investments</u>			
Certificates of deposit	—	2,565,762	2,565,762
U. S. government & federally guaranteed obligations	—	144,055	144,055
Commercial paper	—	4,680,946	4,680,946
Repurchase agreements	—	455,318	455,318
Bonds and notes	—	52,608	52,608
International bonds and notes	—	5,350	5,350
Money market and short-term investments	—	521,129	521,129
Total investments	—	8,425,168	8,425,168
<u>Receivables</u>			
Interest receivable	1,209	10,657	11,866
Total receivables	1,209	10,657	11,866
Other assets	—	26	26
Total assets	712,307	9,035,120	9,747,427
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	—	602	602
Due to other funds	—	75	75
Pending investment purchases	—	84,600	84,600
Due to other governments	—	3,404	3,404
Obligations under security lending agreements	52,170	—	52,170
Total liabilities	52,170	88,681	140,851
<b>NET POSITION</b>			
Restricted for pool participants	\$ 660,137	\$ 8,946,439	\$ 9,606,576

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**INVESTMENT TRUST FUNDS**  
**JUNE 30, 2018**  
**(in thousands)**

	External Treasury Pool	Investment Pool A	Totals 6/30/18
<b>ADDITIONS</b>			
<u>Contributions and other deposits</u>			
Fines, forfeits, settlements and judgments	\$ —	\$ 34	\$ 34
Total contributions and other deposits	—	34	34
<u>Investment income</u>			
Interest income	19,679	143,808	163,487
Net increase (decrease) in fair market value	—	1,721	1,721
Total investment income (loss)	19,679	145,529	165,208
Investment activity expense	(1,329)	(2,864)	(4,193)
Net income (loss) from investing activity	18,350	142,665	161,015
Total net investment income (loss)	18,350	142,665	161,015
Total additions	18,350	142,699	161,049
<b>DEDUCTIONS</b>			
Administrative expense	—	55	55
Total deductions	—	55	55
<u>Depositor activity</u>			
Deposits	410,816	19,664,200	20,075,016
Withdrawals	(890,686)	(18,673,702)	(19,564,388)
Excess (deficiency) of deposits over withdrawals	(479,870)	990,498	510,628
Change in net position	(461,520)	1,133,142	671,622
Net position - beginning	1,121,657	7,813,297	8,934,954
Net position - ending	\$ 660,137	\$ 8,946,439	\$ 9,606,576

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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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**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**JUNE 30, 2018**  
**(in thousands)**

	Tax Distribution and Administration	Other	School for the Deaf and the Blind	State Board of Administration	Totals 6/30/18
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,008	\$ 44,190	\$ 39	\$ 599	\$ 45,836
Pooled investments with State Treasury	734,327	243,659	—	—	977,986
Total cash and cash equivalents	735,335	287,849	39	599	1,023,822
<u>Investments</u>					
U.S. government & federally guaranteed obligations	—	—	—	426,651	426,651
Other investments	—	100	—	—	100
Total investments	—	100	—	426,651	426,751
<u>Receivables</u>					
Accounts receivable	465,634	71,510	—	—	537,144
Interest receivable	—	343	—	1,049	1,392
Pending investment sales	—	—	—	1,066	1,066
Due from state funds	108,186	24,113	—	—	132,299
Due from other governments	—	71	—	—	71
Total receivables	573,820	96,037	—	2,115	671,972
Total assets	\$ 1,309,155	\$ 383,986	\$ 39	\$ 429,365	\$ 2,122,545
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 568,518	\$ 30,964	\$ 39	\$ —	\$ 599,521
Due to other funds	95,831	139,014	—	13	234,858
Due to other governments	644,806	6,926	—	—	651,732
Obligations under security lending agreements	—	16,134	—	—	16,134
Claims payable	—	17,920	—	—	17,920
Deposits payable	—	172,844	—	429,352	602,196
Other liabilities	—	184	—	—	184
Total liabilities	\$ 1,309,155	\$ 383,986	\$ 39	\$ 429,365	\$ 2,122,545

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(in thousands)**

	Balance 6/30/2017	Additions	Deductions	Balance 6/30/2018
<u>Tax Distribution and Administration</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,113	\$ 1	\$ 106	\$ 1,008
Pooled investments with State Treasury	711,912	267,112	244,697	734,327
Accounts receivable	439,544	26,091	1	465,634
Due from state funds	108,670	4,868	5,352	108,186
Due from other governments	2,307	—	2,307	—
Total assets	<u>\$ 1,263,546</u>	<u>\$ 298,072</u>	<u>\$ 252,463</u>	<u>\$ 1,309,155</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 560,236	\$ 8,400	\$ 118	\$ 568,518
Due to other funds	85,011	13,945	3,125	95,831
Due to other governments	618,299	33,339	6,832	644,806
Total liabilities	<u>\$ 1,263,546</u>	<u>\$ 55,684</u>	<u>\$ 10,075</u>	<u>\$ 1,309,155</u>
<u>Other</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 52,387	\$ 249,303	\$ 257,500	\$ 44,190
Pooled investments with State Treasury	214,870	177,022	148,233	243,659
Other investments	100	—	—	100
Accounts receivable	83,257	12,842	24,589	71,510
Interest receivable	340	385	382	343
Due from state funds	28,428	24,113	28,428	24,113
Due from other governments	—	71	—	71
Total assets	<u>\$ 379,382</u>	<u>\$ 463,736</u>	<u>\$ 459,132</u>	<u>\$ 383,986</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 28,491	\$ 355,029	\$ 352,556	\$ 30,964
Due to other funds	111,929	211,646	184,561	139,014
Due to other governments	19,235	6,926	19,235	6,926
Obligations under security lending agreements	9,757	16,134	9,757	16,134
Claims payable	19,226	17,920	19,226	17,920
Deposits payable	190,629	328,895	346,680	172,844
Other liabilities	115	184	115	184
Total liabilities	<u>\$ 379,382</u>	<u>\$ 936,734</u>	<u>\$ 932,130</u>	<u>\$ 383,986</u>
<u>School for the Deaf and the Blind</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 39	\$ 78	\$ 78	\$ 39
Total assets	<u>\$ 39</u>	<u>\$ 78</u>	<u>\$ 78</u>	<u>\$ 39</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 39	\$ 78	\$ 78	\$ 39
Total liabilities	<u>\$ 39</u>	<u>\$ 78</u>	<u>\$ 78</u>	<u>\$ 39</u>



**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
**(in thousands)**

<u>State Board of Administration</u>	<u>Balance 6/30/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2018</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1	\$ 3,081,810	\$ 3,081,212	\$ 599
Pooled investments with State Treasury	32,103	930,554	962,657	—
U.S. government & federally guaranteed obligations	8,982	582,525	164,856	426,651
Interest receivable	78	2,943	1,972	1,049
Pending investment sales	—	1,052,721	1,051,655	1,066
Total assets	<u>\$ 41,164</u>	<u>\$ 5,650,553</u>	<u>\$ 5,262,352</u>	<u>\$ 429,365</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 5	\$ 643	\$ 635	\$ 13
Obligations under security lending agreements	1,535	—	1,535	—
Deposits payable	39,624	1,909,367	1,519,639	429,352
Total liabilities	<u>\$ 41,164</u>	<u>\$ 1,910,010</u>	<u>\$ 1,521,809</u>	<u>\$ 429,365</u>
<u>Totals - All Agency Funds</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 53,540	\$ 3,331,192	\$ 3,338,896	\$ 45,836
Pooled investments with State Treasury	958,885	1,374,688	1,355,587	977,986
U.S. government & federally guaranteed obligations	8,982	582,525	164,856	426,651
Other investments	100	—	—	100
Accounts receivable	522,801	38,933	24,590	537,144
Interest receivable	418	3,328	2,354	1,392
Pending investment sales	—	1,052,721	1,051,655	1,066
Due from state funds	137,098	28,981	33,780	132,299
Due from other governments	2,307	71	2,307	71
Total assets	<u>\$ 1,684,131</u>	<u>\$ 6,412,439</u>	<u>\$ 5,974,025</u>	<u>\$ 2,122,545</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 588,766	\$ 363,507	\$ 352,752	\$ 599,521
Due to other funds	196,945	226,234	188,321	234,858
Due to other governments	637,534	40,265	26,067	651,732
Obligations under security lending agreements	11,292	16,134	11,292	16,134
Claims payable	19,226	17,920	19,226	17,920
Deposits payable	230,253	2,238,262	1,866,319	602,196
Other liabilities	115	184	115	184
Total liabilities	<u>\$ 1,684,131</u>	<u>\$ 2,902,506</u>	<u>\$ 2,464,092</u>	<u>\$ 2,122,545</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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**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR COMPONENT UNITS**  
**JUNE 30, 2018**  
**(in thousands)**

	Water Management Districts	Other State Universities	Florida Colleges	Other Nonmajor Component Units	Totals 6/30/18
<b>ASSETS</b>					
Cash and cash equivalents	\$ 43,279	\$ 301,024	\$ 31,893	\$ 440,888	\$ 817,084
Pooled investments with State Treasury	45,900	1,396,450	198,530	28,166	1,669,046
Other investments	916,333	2,196,542	1,180,446	1,412,800	5,706,121
Receivables, net	21,881	600,601	408,090	172,630	1,203,202
Due from component units/primary	49,749	430,114	27,507	15,497	522,867
Inventories	5,298	19,010	9,482	11,571	45,361
Restricted cash and cash equivalents	—	55,558	298,606	245,619	599,783
Restricted pooled investments with State Treasury	—	249,826	373,492	—	623,318
Restricted investments	224,053	2,127,551	986,283	6,108	3,343,995
Other loans and notes receivable, net	—	100,960	—	967	101,927
Other assets	9,637	210,084	57,860	6,655	284,236
Capital assets, net	7,755,277	8,744,475	4,264,151	688,793	21,452,696
Total assets	9,071,407	16,432,195	7,836,340	3,029,694	36,369,636
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accum. decrease in fair value -hedging derivatives	—	1,313	—	—	1,313
Grants paid in advance	51	—	—	—	51
Amount deferred on refunding of debt	1,457	23,872	—	—	25,329
Pension-related items	63,345	757,836	531,485	53,175	1,405,841
Other postemployment benefits	1,038	42,289	2,896	122	46,345
Total deferred outflows of resources	65,891	825,310	534,381	53,297	1,478,879
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	139,550	422,224	298,655	208,387	1,068,816
Due to component units/primary	3,446	28,384	23,971	367	56,168
Long-term liabilities					
Due within one year	69,436	428,989	132,066	23,794	654,285
Due in more than one year	670,054	5,814,457	1,604,108	1,119,526	9,208,145
Total liabilities	882,486	6,694,054	2,058,800	1,352,074	10,987,414
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred service concession arrangement receipts	—	54,512	—	309	54,821
Amount deferred on refunding of debt	—	261	—	—	261
Pension-related items	23,144	67,978	128,180	8,268	227,570
Other postemployment benefits	—	237,029	7,444	1,893	246,366
Irrevocable split-interest agreements	—	—	4,204	—	4,204
Total deferred inflows of resources	23,144	359,780	139,828	10,470	533,222
<b>NET POSITION</b>					
Net investment in capital assets	7,312,361	6,597,064	4,049,764	686,683	18,645,872
Restricted for					
Debt service	—	54,253	1,567	81,726	137,546
Other	520,699	1,515,059	1,616,437	607,824	4,260,019
Funds held for permanent endowment					
Expendable	—	283,069	234,536	—	517,605
Nonexpendable	—	2,041,830	541,812	3,768	2,587,410
Unrestricted	398,608	(287,604)	(272,023)	340,446	179,427
Total net position	\$ 8,231,668	\$ 10,203,671	\$ 6,172,093	\$ 1,720,447	\$ 26,327,879

**COMBINING STATEMENT OF ACTIVITIES  
NONMAJOR COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(in thousands)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Water Management Districts	\$ 626,325	\$ 34,752	\$ 85,042	\$ 291,867
Other State Universities	7,404,030	2,587,887	2,076,642	253,792
Florida Colleges	3,534,718	691,122	1,209,027	240,138
Other Nonmajor Component Units	1,120,396	401,162	400,381	57,602
<b>Total component units</b>	<b>\$ 12,685,469</b>	<b>\$ 3,714,923</b>	<b>\$ 3,771,092</b>	<b>\$ 843,399</b>

General revenues

Property taxes

Investment earnings (losses)

Gain (loss) on sale of capital assets

Payments from the State of Florida

Miscellaneous

Contributions to permanent funds

Total general revenues and contributions

Change in net position

Net position - beginning, as stated (Note 1)

Net position - ending

Net (Expense) Revenue and Changes in Net Position

Water Management Districts	Other State Universities	Florida Colleges	Other Nonmajor Component Units	Totals 6/30/18
\$ (214,664)	\$ —	\$ —	\$ —	\$ (214,664)
—	(2,485,709)	—	—	(2,485,709)
—	—	(1,394,431)	—	(1,394,431)
—	—	—	(261,251)	(261,251)
(214,664)	(2,485,709)	(1,394,431)	(261,251)	(4,356,055)
483,557	—	—	—	483,557
8,374	278,336	131,589	58,267	476,566
(88)	(11,909)	11,311	(8)	(694)
—	2,212,439	1,222,055	563,876	3,998,370
8,571	346,138	90,672	73,213	518,594
—	22,561	8,304	—	30,865
500,414	2,847,565	1,463,931	695,348	5,507,258
285,750	361,856	69,500	434,097	1,151,203
7,945,918	9,841,815	6,102,593	1,286,350	25,176,676
\$ 8,231,668	\$ 10,203,671	\$ 6,172,093	\$ 1,720,447	\$ 26,327,879

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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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**2018 STATE OF FLORIDA CAFR**

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

SCHEDULE A-1

	Fiscal Year				
	2009	2010	2011	2012	2013
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 54,585,016	\$ 56,935,300	\$ 57,100,033	\$ 58,403,581	\$ 59,994,370
Restricted					
Natural resources, environment, and growth management	2,563,254	2,440,804	2,359,437	2,409,211	2,533,998
Public Education	1,223,164	1,064,284	700,343	593,657	390,829
Health and Family Services	835,026	1,166,423	2,117,546	1,042,253	1,562,739
Transportation	1,131,641	1,092,578	1,440,141	1,706,083	1,665,701
Nonmajor governmental funds	1,886,160	1,666,747	1,401,380	1,195,232	1,137,373
Debt service	142,933	247,039	286,787	289,922	280,048
Other	—	476,495	173,331	571,203	557,025
Unrestricted	(15,242,901)	(15,840,018)	(15,117,243)	(13,435,170)	(10,774,051)
Total governmental activities net position	<u>\$ 47,124,293</u>	<u>\$ 49,249,652</u>	<u>\$ 50,461,755</u>	<u>\$ 52,775,972</u>	<u>\$ 57,348,032</u>
Percent change from prior year	-6.27%	4.51%	2.46%	4.59%	8.66%
<b>Business-type Activities</b>					
Net investment in capital assets	\$ 4,929,637	\$ 4,910,794	\$ 5,256,229	\$ 5,365,538	\$ 5,841,079
Restricted					
Transportation	—	—	—	283,979	168,934
Lottery	120,944	132,687	120,722	135,245	102,088
Prepaid College Program	345,340	483,365	591,401	565,037	829,845
Hurricane Catastrophe Fund	1,749,163	3,230,193	4,729,314	6,424,436	8,295,259
Reemployment Assistance	63,026	(903,588)	(1,058,871)	—	1,158,339
Other	221,745	269,844	279,983	90	4,165
Unrestricted	278,870	613,896	549,270	617,183	889,008
Total business-type activities net position	<u>\$ 7,708,725</u>	<u>\$ 8,737,191</u>	<u>\$ 10,468,048</u>	<u>\$ 13,391,508</u>	<u>\$ 17,288,717</u>
Percent change from prior year	-12.95%	13.34%	19.81%	27.93%	29.10%
<b>Total Primary Government</b>					
Net investment in capital assets	\$ 59,514,653	\$ 61,846,094	\$ 62,356,262	\$ 63,769,119	\$ 65,835,449
Restricted					
Natural resources, environment, and growth management	2,563,254	2,440,804	2,359,437	2,409,211	2,533,998
Public Education	1,223,164	1,064,284	700,343	593,657	390,829
Health and Family Services	835,026	1,166,423	2,117,546	1,042,253	1,562,739
Transportation	1,131,641	1,092,578	1,440,141	1,990,062	1,834,635
Nonmajor governmental funds	1,886,160	1,666,747	1,401,380	1,195,232	1,137,373
Debt service	142,933	247,039	286,787	289,922	280,048
Lottery	120,944	132,687	120,722	135,245	102,088
Prepaid College Program	345,340	483,365	591,401	565,037	829,845
Hurricane Catastrophe Fund	1,749,163	3,230,193	4,729,314	6,424,436	8,295,259
Reemployment Assistance	63,026	(903,588)	(1,058,871)	—	1,158,339
Other	221,745	746,339	453,314	571,293	561,190
Unrestricted	(14,964,031)	(15,226,122)	(14,567,973)	(12,817,987)	(9,885,043)
Total primary government net position	<u>\$ 54,833,018</u>	<u>\$ 57,986,843</u>	<u>\$ 60,929,803</u>	<u>\$ 66,167,480</u>	<u>\$ 74,636,749</u>
Percent change from prior year	-7.27%	5.75%	5.08%	8.60%	12.80%

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.

**2018 STATE OF FLORIDA CAFR**

SCHEDULE A-1

		Fiscal Year							
		2014	2015	2016	2017	2018			
\$	61,727,674	\$	63,937,059	\$	66,196,839	\$	69,021,627	\$	70,555,222
	2,672,904		2,930,848		3,188,567		3,354,846		3,477,284
	502,820		778,229		742,292		701,059		597,870
	1,771,369		1,258,290		1,592,259		1,796,164		1,850,079
	2,475,460		2,121,855		1,942,833		1,630,744		1,701,574
	1,100,467		1,096,687		1,132,748		1,182,019		1,197,583
	263,030		248,102		252,056		217,884		162,511
	482,457		523,957		635,617		678,388		639,860
	(9,773,999)		(12,370,358)		(12,006,653)		(12,401,193)		(17,686,725)
<u>\$</u>	<u>61,222,182</u>	<u>\$</u>	<u>60,524,669</u>	<u>\$</u>	<u>63,676,558</u>	<u>\$</u>	<u>66,181,538</u>	<u>\$</u>	<u>62,495,258</u>
	6.76%		-1.14%		5.21%		3.93%		-5.57%
\$	6,789,610	\$	7,543,562	\$	7,766,815	\$	8,652,433	\$	10,521,410
	316,989		312,992		317,355		298,572		250,887
	93,419		95,094		121,932		95,499		91,991
	1,792,466		1,507,552		1,657,880		2,367,619		2,954,127
	10,160,217		11,632,636		12,771,922		13,980,584		12,700,446
	2,044,428		2,797,525		3,337,397		3,737,155		3,951,714
	9,144		2,658		1,296		467		12,286
	951,037		893,680		1,282,592		1,274,131		987,199
<u>\$</u>	<u>22,157,310</u>	<u>\$</u>	<u>24,785,699</u>	<u>\$</u>	<u>27,257,189</u>	<u>\$</u>	<u>30,406,460</u>	<u>\$</u>	<u>31,470,060</u>
	28.16%		11.86%		9.97%		11.55%		3.50%
\$	68,517,284	\$	71,480,621	\$	73,963,654	\$	77,674,060	\$	81,076,632
	2,672,904		2,930,848		3,188,567		3,354,846		3,477,284
	502,820		778,229		742,292		701,059		597,870
	1,771,369		1,258,290		1,592,259		1,796,164		1,850,079
	2,792,449		2,434,847		2,260,188		1,929,316		1,952,461
	1,100,467		1,096,687		1,132,748		1,182,019		1,197,583
	263,030		248,102		252,056		217,884		162,511
	93,419		95,094		121,932		95,499		91,991
	1,792,466		1,507,552		1,657,880		2,367,619		2,954,127
	10,160,217		11,632,636		12,771,922		13,980,584		12,700,446
	2,044,428		2,797,525		3,337,397		3,737,155		3,951,714
	491,601		526,615		636,913		678,855		652,146
	(8,822,962)		(11,476,678)		(10,724,061)		(11,127,062)		(16,699,526)
<u>\$</u>	<u>83,379,492</u>	<u>\$</u>	<u>85,310,368</u>	<u>\$</u>	<u>90,933,747</u>	<u>\$</u>	<u>96,587,998</u>	<u>\$</u>	<u>93,965,318</u>
	11.71%		2.32%		6.59%		6.22%		-2.72%

**2018 STATE OF FLORIDA CAFR**

SCHEDULE A-2

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

	Fiscal Year				
	2009	2010	2011	2012	2013
<b>Expenses</b>					
Governmental activities:					
General government	\$ 6,878,903	\$ 6,882,931	\$ 6,830,398	\$ 6,342,471	\$ 6,430,345
Education	18,722,159	18,946,684	20,423,515	17,695,809	17,807,322
Human services	23,988,006	27,692,169	29,040,946	29,650,274	30,770,664
Criminal justice and corrections	4,037,197	4,448,382	4,534,992	4,245,923	4,186,869
Natural resources and environment	2,614,491	2,588,478	2,339,268	2,265,464	2,374,092
Transportation	3,850,791	3,176,790	3,613,936	3,614,062	3,543,133
Judicial branch	426,639	427,319	435,153	409,441	455,878
Indirect interest on long-term debt	15,586	18,759	6,751	6,257	5,904
<b>Total governmental activities expenses</b>	<b>60,533,772</b>	<b>64,181,512</b>	<b>67,224,959</b>	<b>64,229,701</b>	<b>65,574,207</b>
Business-type activities:					
Transportation	402,235	383,106	385,564	421,724	426,056
Lottery	2,765,729	2,747,599	2,864,709	3,188,011	3,619,597
Hurricane Catastrophe Fund	676,970	362,318	236,475	113,808	(95,313)
Prepaid College Program	1,037,026	1,523,217	691,977	2,010,300	(149,009)
Reemployment Assistance	4,307,809	7,656,494	5,743,471	3,407,135	2,389,913
Nonmajor enterprise funds	267,722	264,580	268,936	256,936	287,278
<b>Total business-type activities expenses</b>	<b>9,457,491</b>	<b>12,937,314</b>	<b>10,191,132</b>	<b>9,397,914</b>	<b>6,478,522</b>
<b>Total primary government expenses</b>	<b>\$ 69,991,263</b>	<b>\$ 77,118,826</b>	<b>\$ 77,416,091</b>	<b>\$ 73,627,615</b>	<b>\$ 72,052,729</b>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
General government	\$ 3,411,639	\$ 3,938,356	\$ 4,092,321	\$ 4,680,250	\$ 5,153,314
Education	133,346	229,149	152,217	156,917	243,580
Human services	1,629,514	1,156,988	1,491,338	1,901,175	1,363,570
Criminal justice and corrections	293,457	772,557	775,476	729,837	762,411
Natural resources and environment	346,240	400,700	382,261	352,007	336,560
Transportation	333,953	343,782	255,995	361,627	485,131
Judicial branch	43,385	421,501	232,771	247,645	105,006
Operating Grants and Contributions	20,164,996	26,831,434	27,920,491	23,925,002	25,852,502
Capital Grants and Contributions	1,986,579	1,974,293	2,058,453	2,036,464	2,022,429
<b>Total governmental activities program revenues</b>	<b>28,343,109</b>	<b>36,068,760</b>	<b>37,361,323</b>	<b>34,390,924</b>	<b>36,324,503</b>
Business-type activities:					
Charges for services					
Transportation	747,347	700,803	699,675	715,835	851,997
Lottery	4,017,816	4,006,864	4,044,597	4,524,446	5,012,842
Hurricane Catastrophe Fund	1,242,072	1,524,012	1,358,918	1,362,133	1,295,500
Prepaid College Program	654,688	1,661,241	799,886	1,983,897	115,727
Reemployment Assistance	931,516	1,242,684	1,722,484	2,200,841	2,235,316
Nonmajor enterprise funds	352,554	386,372	362,184	358,972	380,370
Operating Grants and Contributions	1,665,431	5,453,925	3,863,733	2,165,114	1,442,864
Capital Grants and Contributions	659	6,055	270	289	6,414
<b>Total business-type activities program revenues</b>	<b>9,612,083</b>	<b>14,981,956</b>	<b>12,851,747</b>	<b>13,311,527</b>	<b>11,341,030</b>
<b>Total primary government program revenues</b>	<b>\$ 37,955,192</b>	<b>\$ 51,050,716</b>	<b>\$ 50,213,070</b>	<b>\$ 47,702,451</b>	<b>\$ 47,665,533</b>
<b>Net (Expense) Revenue <sup>(1)</sup></b>					
Governmental activities	\$ (32,190,663)	\$ (28,112,752)	\$ (29,863,636)	\$ (29,838,777)	\$ (29,249,704)
Business-type activities	154,592	2,044,642	2,660,615	3,913,613	4,862,508
<b>Total primary government net (expense)</b>	<b>\$ (32,036,071)</b>	<b>\$ (26,068,110)</b>	<b>\$ (27,203,021)</b>	<b>\$ (25,925,164)</b>	<b>\$ (24,387,196)</b>

<sup>(1)</sup> Net (Expense) Revenue is the difference between the expenses and program revenues. It indicates the degree to which a function or program is supported with its own fees and program-specific grants and its reliance upon funding from general revenues.

**2018 STATE OF FLORIDA CAFR**

SCHEDULE A-2

						Fiscal Year				
2014		2015		2016		2017		2018		
\$	6,057,247	\$	6,451,450	\$	6,699,521	\$	6,920,055	\$	7,121,076	
	19,316,440		19,642,993		20,162,012		20,805,316		22,087,266	
	32,971,959		34,302,877		34,595,840		35,856,581		37,655,551	
	3,847,359		3,863,258		4,021,540		4,276,747		4,641,430	
	2,497,934		2,537,376		2,852,005		3,137,354		3,348,183	
	3,851,085		4,031,701		4,962,377		4,405,444		4,384,174	
	487,056		479,671		521,155		586,606		604,607	
	5,814		140,676		78,225		84,311		87,061	
	<u>69,034,894</u>		<u>71,450,002</u>		<u>73,892,675</u>		<u>76,072,414</u>		<u>79,929,348</u>	
	392,138		470,955		514,248		574,436		655,689	
	3,904,940		4,116,009		4,389,601		4,522,491		4,956,621	
	(90,146)		91,173		68,294		80,081		2,578,144	
	(48,662)		760,234		1,322,406		(251,749)		49,629	
	1,448,606		663,660		465,563		414,596		450,662	
	314,276		322,557		332,551		339,090		375,950	
	<u>5,921,152</u>		<u>6,424,588</u>		<u>7,092,663</u>		<u>5,678,945</u>		<u>9,066,695</u>	
\$	<u>74,956,046</u>	\$	<u>77,874,590</u>	\$	<u>80,985,338</u>	\$	<u>81,751,359</u>	\$	<u>88,996,043</u>	
\$	4,804,016	\$	4,577,749	\$	4,656,044	\$	5,182,354	\$	4,986,966	
	235,756		216,000		291,798		250,636		267,724	
	2,443,730		2,271,823		1,702,416		1,502,243		2,119,895	
	261,949		275,308		312,850		266,759		272,208	
	342,489		363,976		367,177		344,710		351,419	
	274,205		709,950		256,419		260,096		233,922	
	99,211		85,598		77,239		88,213		89,863	
	26,960,994		26,000,382		27,224,801		27,968,095		29,889,510	
	2,470,890		2,229,337		2,503,371		2,250,743		2,490,930	
	<u>37,893,240</u>		<u>36,730,123</u>		<u>37,392,115</u>		<u>38,113,849</u>		<u>40,702,437</u>	
	922,212		993,662		1,131,342		1,175,815		1,234,814	
	5,392,735		5,607,354		6,108,189		6,150,021		6,709,553	
	1,296,550		1,314,505		1,214,518		1,203,757		1,306,875	
	913,778		475,406		1,472,707		457,842		636,471	
	1,911,442		1,416,939		1,031,057		821,223		663,818	
	406,902		429,789		431,022		449,732		478,163	
	432,698		35,521		10,886		4,948		12,168	
	19,732		3,350		2,724		5,948		43,022	
	<u>11,296,049</u>		<u>10,276,526</u>		<u>11,402,445</u>		<u>10,269,286</u>		<u>11,084,884</u>	
\$	<u>49,189,289</u>	\$	<u>47,006,649</u>	\$	<u>48,794,560</u>	\$	<u>48,383,135</u>	\$	<u>51,787,321</u>	
\$	(31,141,654)	\$	(34,719,879)	\$	(36,500,560)	\$	(37,958,565)	\$	(39,226,911)	
	<u>5,374,897</u>		<u>3,851,938</u>		<u>4,309,782</u>		<u>4,590,341</u>		<u>2,018,189</u>	
\$	<u>(25,766,757)</u>	\$	<u>(30,867,941)</u>	\$	<u>(32,190,778)</u>	\$	<u>(33,368,224)</u>	\$	<u>(37,208,722)</u>	

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

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

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities:					
Taxes					
Sales and use tax	\$ 17,277,989	\$ 17,102,054	\$ 17,822,003	\$ 18,632,812	\$ 19,914,591
Fuel taxes	2,495,280	2,505,193	2,512,393	2,515,654	2,580,843
Corporate income tax	1,698,356	1,785,291	1,880,365	2,042,537	2,055,440
Documentary stamp tax	1,104,758	1,077,836	1,152,222	1,289,321	1,662,044
Intangible personal property tax	197,391	158,643	163,553	190,247	279,047
Communication service tax	1,541,548	1,515,675	1,427,851	1,389,752	1,422,775
Beverage and tobacco taxes	1,063,483	1,872,646	1,886,065	1,847,468	1,700,095
Insurance premium tax	846,851	862,520	876,744	884,180	907,004
Gross receipts utilities tax	662,059	673,013	647,558	611,534	588,765
Other taxes	668,137	971,197	1,022,728	1,068,535	1,142,373
Investment earnings (loss)	(290,686)	555,053	369,459	288,425	104,112
Gain (loss) on sale of capital assets	(126,527)	(59,943)	(3,450)	(21,408)	(62,746)
Miscellaneous	—	—	68	—	—
Transfers	1,469,607	1,352,669	1,318,180	1,452,437	1,534,368
<b>Total governmental activities</b>	<b>28,608,246</b>	<b>30,371,847</b>	<b>31,075,739</b>	<b>32,191,494</b>	<b>33,828,711</b>
Business-type activities:					
Investment earnings	2,055	9,526	4,353	5,148	496
Gain (loss) on sale of capital assets	(1,694)	(2,374)	(2,732)	(717)	(4,679)
Emergency assessments	336,963	329,341	386,676	456,797	490,011
Miscellaneous	—	—	127	1,056	740
Transfers	(1,469,607)	(1,352,669)	(1,318,180)	(1,452,437)	(1,534,368)
<b>Total business-type activities</b>	<b>(1,132,283)</b>	<b>(1,016,176)</b>	<b>(929,756)</b>	<b>(990,153)</b>	<b>(1,047,800)</b>
<b>Total primary government</b>	<b>\$ 27,475,963</b>	<b>\$ 29,355,671</b>	<b>\$ 30,145,983</b>	<b>\$ 31,201,341</b>	<b>\$ 32,780,911</b>
<b>Change in Net Position</b>					
Governmental activities	\$ (3,582,417)	\$ 2,259,095	\$ 1,212,103	\$ 2,352,717	\$ 4,579,007
Business-type activities	(977,691)	1,028,466	1,730,859	2,923,460	3,814,708
<b>Total primary government <sup>(2)</sup></b>	<b>\$ (4,560,108)</b>	<b>\$ 3,287,561</b>	<b>\$ 2,942,962</b>	<b>\$ 5,276,177</b>	<b>\$ 8,393,715</b>

<sup>(2)</sup> See Schedule A-1 for ending net asset balances for reported years.



**2018 STATE OF FLORIDA CAFR**

SCHEDULE A-2  
(Continued)

Fiscal Year					
2014	2015	2016	2017	2018	
\$ 21,255,958	\$ 22,916,865	\$ 24,255,828	\$ 25,333,464	\$ 26,781,181	
2,680,381	2,799,442	2,934,580	3,016,110	3,111,590	
2,043,380	2,236,690	2,181,244	2,383,783	2,412,220	
1,806,604	2,118,466	2,284,854	2,427,903	2,517,733	
254,236	305,131	341,418	370,421	376,744	
1,317,185	1,261,598	1,030,801	933,454	1,031,288	
1,631,109	1,647,809	1,589,210	1,521,059	1,465,590	
917,693	914,710	940,747	959,339	1,084,872	
614,337	779,056	777,404	767,388	793,809	
1,187,566	1,241,641	1,282,545	1,309,079	882,784	
346,868	138,726	327,804	61,669	231,040	
(36,506)	(94,099)	90,007	(166,526)	(49,064)	
—	—	—	—	—	
996,993	1,568,396	1,671,350	1,540,720	1,087,452	
<u>35,015,804</u>	<u>37,834,431</u>	<u>39,707,792</u>	<u>40,457,863</u>	<u>41,727,239</u>	
3,957	2,212	6,594	(696)	4,400	
(2,579)	(13,238)	(154,186)	(799)	(6,248)	
498,560	256,884	3,064	300	192	
1,050	4,223	555	1,018	2,973	
(996,993)	(1,568,396)	(1,671,350)	(1,540,720)	(1,087,452)	
<u>(496,005)</u>	<u>(1,318,315)</u>	<u>(1,815,323)</u>	<u>(1,540,897)</u>	<u>(1,086,135)</u>	
<u>\$ 34,519,799</u>	<u>\$ 36,516,116</u>	<u>\$ 37,892,469</u>	<u>\$ 38,916,966</u>	<u>\$ 40,641,104</u>	
\$ 3,874,150	\$ 3,114,552	\$ 3,207,232	\$ 2,499,298	\$ 2,500,328	
4,878,892	2,533,623	2,494,459	3,049,444	932,054	
<u>\$ 8,753,042</u>	<u>\$ 5,648,175</u>	<u>\$ 5,701,691</u>	<u>\$ 5,548,742</u>	<u>\$ 3,432,382</u>	

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

	Fiscal Year				
	2009	2010	2011	2012	2013
<b>General Fund (Per GASB 54)<sup>(1)</sup>:</b>					
Nonspendable	\$ —	\$ —	\$ 76,554	\$ 33,323	\$ 27,518
Restricted	—	—	52,767	49,739	60,359
Committed	—	—	887,891	982,189	746,914
Unassigned	—	—	2,609,956	3,735,358	5,322,056
Total general fund	—	—	3,627,168	4,800,609	6,156,847
Percent change from prior year	—	—	-13.01%	32.35%	28.25%
<b>Other Governmental Funds (Per GASB 54)<sup>(1)</sup>:</b>					
Nonspendable	—	—	59,967	74,260	117,133
Restricted	—	—	4,565,723	4,651,214	5,301,861
Committed	—	—	5,598,547	4,389,415	4,880,459
Unassigned	—	—	—	—	(743,777)
Total other governmental funds	—	—	10,224,237	9,114,889	9,555,676
<b>Total Governmental Funds<sup>(2)</sup></b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 13,851,405</b>	<b>\$ 13,915,498</b>	<b>\$ 15,712,523</b>
Percent change from prior year	—	—	1.42%	0.46%	12.91%
<b>General Fund (Prior to GASB 54):</b>					
Reserved for:					
Encumbrances	\$ 103,142	\$ 67,330	\$ —	\$ —	\$ —
Inventories	15,422	11,779	—	—	—
Advances	64,390	54,904	—	—	—
Long-term receivables	168	137	—	—	—
Capital outlay	102,685	91,868	—	—	—
Budget Stabilization Fund	273,874	274,916	—	—	—
Other	616,822	684,063	—	—	—
Unreserved	2,191,735	2,984,775	—	—	—
Total general fund	3,368,238	4,169,772	—	—	—
Percent change from prior year	-16.44%	23.80%	—	—	—
<b>Other Governmental Funds (Prior to GASB 54):</b>					
Reserved for:					
Encumbrances	116,822	190,104	—	—	—
Inventories	63,167	44,172	—	—	—
Advances	374,379	1,064,894	—	—	—
Long-term receivables	2,361,484	2,433,814	—	—	—
Capital outlay	2,621,895	2,424,194	—	—	—
Debt service	142,933	247,039	—	—	—
Other	245,016	233,217	—	—	—
Unreserved, reported in:					
Special revenue funds	2,806,191	2,829,255	—	—	—
Capital projects funds	5,913	19,072	—	—	—
Permanent funds	1,687	2,276	—	—	—
Total other governmental funds	8,739,487	9,488,037	—	—	—
<b>Total Governmental Funds<sup>(2)</sup></b>	<b>\$ 12,107,725</b>	<b>\$ 13,657,809</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
Percent change from prior year	-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.



**2018 STATE OF FLORIDA CAFR**

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

SCHEDULE A-4

	Fiscal Year				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Taxes	\$ 27,693,512	\$ 28,391,262	\$ 29,355,780	\$ 30,480,459	\$ 32,173,233
Licenses and permits	1,261,366	1,396,105	1,462,002	1,519,256	1,851,362
Fees and charges	3,521,215	4,507,761	4,543,730	5,236,550	4,930,332
Grants and donations	22,075,028	28,302,772	30,231,722	25,891,493	27,596,477
Investment earnings (losses)	(164,294)	776,902	495,585	461,343	191,892
Fines, forfeits, settlements and judgments	764,621	1,231,959	1,183,431	1,234,008	1,537,935
Other	58,267	54,325	119,190	171,866	148,442
Total revenues	<u>55,209,715</u>	<u>64,661,086</u>	<u>67,391,440</u>	<u>64,994,975</u>	<u>68,429,673</u>
<b>Expenditures</b>					
Current:					
General government	6,633,032	6,830,572	6,750,211	6,363,177	6,416,211
Education	18,048,122	18,201,985	19,685,314	16,960,772	17,149,935
Human services	23,436,257	27,506,447	29,070,430	29,663,993	30,594,941
Criminal justice and corrections	3,949,006	4,293,598	4,436,318	4,106,400	4,025,052
Natural resources and environment	2,418,472	2,353,990	2,162,579	2,095,042	2,206,123
Transportation	3,727,772	3,050,317	3,504,054	3,183,656	3,730,419
Judicial branch	403,267	430,980	426,559	401,216	445,686
Capital outlay	2,523,481	2,171,050	1,239,097	2,276,467	2,424,648
Gain/(loss) on disposal of general fixed assets	—	—	—	—	—
Debt service:					
Principal retirement	943,493	1,093,865	1,153,973	1,310,958	1,270,667
Interest and fiscal charges	971,752	1,024,211	1,054,036	1,019,426	960,974
Total expenditures	<u>63,054,654</u>	<u>66,957,015</u>	<u>69,482,571</u>	<u>67,381,107</u>	<u>69,224,656</u>
Excess (deficiency) of revenues over expenditures	(7,844,939)	(2,295,929)	(2,091,131)	(2,386,132)	(794,983)
<b>Other Financing Sources (Uses)</b>					
Proceeds of bond issues	1,901,696	1,705,534	962,333	317,936	229,511
Proceeds of refunding bonds	—	1,961,934	1,540,777	2,799,911	1,759,221
Operating transfers in	9,659,500	10,203,770	9,413,135	9,611,610	9,648,910
Operating transfers out	(8,185,220)	(8,841,850)	(8,091,465)	(8,141,874)	(8,097,250)
Proceeds of financing agreements	117,960	9,594	724	662,553	631,503
Payments to refunded bond agent	—	(1,961,934)	(1,540,777)	(2,799,911)	(1,759,221)
Total other financing sources (uses)	<u>3,493,936</u>	<u>3,077,048</u>	<u>2,284,727</u>	<u>2,450,225</u>	<u>2,412,674</u>
Net change in fund balances	<u>\$ (4,351,003)</u>	<u>\$ 781,119</u>	<u>\$ 193,596</u>	<u>\$ 64,093</u>	<u>\$ 1,617,691</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	3.2%	3.3%	3.2%	3.5%	3.3%

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SCHEDULE A-4

		Fiscal Year							
		2014	2015	2016	2017	2018			
\$	33,712,162	\$	36,289,996	\$	37,650,476	\$	39,034,702	\$	40,473,470
	1,903,517		1,897,328		2,032,352		2,126,261		2,268,941
	4,827,751		4,843,738		3,838,867		3,983,785		4,344,609
	28,886,209		28,744,814		29,696,010		30,103,652		32,243,096
	481,773		246,533		512,562		112,511		348,503
	866,209		797,391		841,078		1,289,474		807,165
	565,212		704,131		733,943		616,558		792,758
	<u>71,242,833</u>		<u>73,523,931</u>		<u>75,305,288</u>		<u>77,266,943</u>		<u>81,278,542</u>
	6,177,769		6,551,304		6,669,232		6,826,395		6,994,032
	18,723,050		19,087,014		19,662,950		20,324,681		21,679,600
	32,888,676		34,183,874		34,502,757		35,808,456		37,487,402
	3,673,356		3,829,083		3,908,252		4,027,094		4,275,750
	2,351,663		2,423,631		2,717,900		2,970,959		3,215,081
	3,726,115		3,910,663		4,426,536		4,162,072		4,272,185
	475,097		497,318		504,072		516,516		528,739
	2,105,023		2,448,442		2,417,671		2,908,107		2,844,370
	—		—		—		—		(319)
	1,012,513		1,448,950		1,142,026		1,331,004		1,533,293
	894,496		958,558		849,980		824,928		751,256
	<u>72,027,758</u>		<u>75,338,837</u>		<u>76,801,376</u>		<u>79,700,212</u>		<u>83,581,389</u>
	(784,925)		(1,814,906)		(1,496,088)		(2,433,269)		(2,302,847)
	298,118		45,165		57,398		257,400		417,571
	807,336		1,923,687		1,791,321		1,446,829		1,376,618
	9,215,113		9,364,500		9,735,795		9,858,172		10,176,908
	(7,590,188)		(7,787,355)		(7,977,382)		(8,142,270)		(8,296,488)
	383,524		288,391		233,131		327,122		440,672
	<u>(807,336)</u>		<u>(1,923,687)</u>		<u>(1,791,321)</u>		<u>(1,446,829)</u>		<u>(1,376,618)</u>
	<u>2,306,567</u>		<u>1,910,701</u>		<u>2,048,942</u>		<u>2,300,424</u>		<u>2,738,663</u>
\$	<u>1,521,642</u>	\$	<u>95,795</u>	\$	<u>552,854</u>	\$	<u>(132,845)</u>	\$	<u>435,816</u>
	2.7%		3.3%		2.7%		2.8%		2.8%

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

Industry	Calendar Year				
	2008	2009	2010	2011	2012 <sup>(2)</sup>
Agriculture	\$ 1,369,553	\$ 1,169,974	\$ 1,114,023	\$ 1,165,247	\$ 593,296
Mining	469,944	320,213	295,621	311,842	331,665
Construction	3,343,767	2,813,374	2,820,903	2,804,215	3,126,150
Manufacturing	14,056,016	11,479,034	10,878,166	11,513,052	11,662,104
Transportation	10,965,637	11,215,193	10,838,604	11,436,895	8,634,841
Communications <sup>(1)</sup>	15,924,520	16,084,681	17,837,511	15,104,143	14,512,956
Wholesale	19,899,564	17,283,554	19,514,708	19,661,065	10,112,139
Retail trade	164,058,988	158,206,374	161,552,218	173,087,498	158,134,617
Finance and insurance	21,022,328	27,554,293	27,456,593	28,324,565	39,688,012
Services	46,799,729	44,001,387	45,724,851	47,962,744	77,920,525
Government	354,338	331,221	307,812	345,215	320,316
Other	817,777	757,198	741,152	811,416	803,974
<b>Total</b>	<b>\$ 299,082,161</b>	<b>\$ 291,216,496</b>	<b>\$ 299,082,162</b>	<b>\$ 312,527,897</b>	<b>\$ 325,840,595</b>
State direct sales tax rate <sup>(3)</sup>	6.0%	6.0%	6.0%	6.0%	6.0%

Note: Taxable sales information is available for reporting on a calendar-year basis only.

<sup>(1)</sup> Taxable sales associated with communications services tax.

<sup>(2)</sup> 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					
2013	2014	2015	2016	2017	
\$ 1,231,900	\$ 683,513	\$ 341,849	\$ 368,630	\$ 369,427	
388,064	424,416	465,381	480,200	457,267	
3,433,049	3,777,419	3,955,275	4,313,115	4,417,777	
12,872,788	13,703,157	14,726,621	16,166,532	16,900,270	
11,953,528	9,357,588	9,780,692	9,536,571	10,117,226	
14,000,080	13,664,244	11,525,555	12,579,292	12,755,358	
24,339,323	12,987,380	14,212,567	15,659,435	17,031,207	
194,887,248	182,082,864	196,600,925	204,810,062	211,447,513	
30,287,022	45,026,905	48,580,481	52,026,830	55,845,421	
53,738,778	89,269,937	96,681,482	101,451,337	105,536,357	
319,054	344,302	447,860	434,667	475,304	
996,105	914,471	1,024,238	133,628	395,293	
<u>\$ 348,446,939</u>	<u>\$ 372,236,196</u>	<u>\$ 398,342,926</u>	<u>\$ 417,960,299</u>	<u>\$ 435,748,420</u>	
6.0%	6.0%	6.0%	6.0%	6.0%	

**Principal Sales Tax Payers by Industry  
For Calendar Years 2017 and 2008  
(dollars are in thousands)**

SCHEDULE B-2

Industry	Calendar Year 2017			Calendar Year 2008		
	Number of filers	Sales Tax Liability	Percentage of Total	Number of filers	Sales Tax Liability	Percentage of Total
Agriculture	2,470	\$ 25,081	0.09%	4,649	\$ 54,338	0.25%
Mining	633	30,105	0.10%	825	31,662	0.15%
Construction	9,067	291,531	1.01%	7,798	261,155	1.21%
Manufacturing	31,202	1,118,307	3.86%	29,281	943,324	4.38%
Transportation and utilities	5,751	718,759	2.48%	5,876	656,446	3.04%
Communications <sup>(1)</sup>	3,225	627,564	2.17%	3,591	1,173,991	5.45%
Wholesale	44,528	1,134,289	3.91%	31,961	675,955	3.13%
Retail trade	230,562	14,046,837	48.45%	224,204	10,114,396	46.90%
Finance and insurance	209,855	3,773,272	13.01%	167,576	2,650,684	12.29%
Services	161,296	7,167,412	24.72%	135,392	4,743,036	22.00%
Government	259	32,812	0.11%	267	218,503	1.01%
Other	1,589	26,332	0.09%	3,349	40,705	0.19%
<b>Total</b>	<b>700,437</b>	<b>\$ 28,992,301</b>	<b>100.00%</b>	<b>614,769</b>	<b>\$ 21,564,195</b>	<b>100.00%</b>

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available for reporting. The categories presented are intended to provide alternative information regarding the sources of the state's revenue. In addition, some of the categories from the revenue base/rate schedule have been combined in preparing this schedule.

Taxable sales information is available for reporting on a calendar-year basis only.

<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)**

SCHEDULE C-1

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
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
2018	9,693	3,778	40	2,457	492	16,460

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>
\$ 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%	1,122.43
5,174	218	29	21,881	53.31%	1,049.92

**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						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	Restricted Resources	Net General Bonded Debt Outstanding			
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	
2018	9,693	492	10,185	163	10,022	24.42%	480.89	

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

<sup>(1)</sup> Tax-supported revenues are comprised of State General Revenue receipts, including primarily sales and use tax revenues, and revenues generated from taxes specifically pledged for repayment of debt. See Schedule C-3 for a more complete description of tax-supported revenues.

<sup>(2)</sup> Population data used in calculation of this ratio can be found in Schedule D-1.

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

Legal debt margin calculated for fiscal year 2017-2018:

Tax-supported revenues <sup>(1)</sup>	\$41,048
Debt limit <sup>(2)</sup>	2,463
Debt applicable to limit:	
Aggregate debt service on tax-supported debt	<u>2,295</u>
Legal debt margin	<u>\$ 168</u>

	2009 <sup>(3)</sup>	2010 <sup>(3)</sup>	2011 <sup>(3)</sup>	2012 <sup>(3)</sup>	2013 <sup>(3)</sup>	2014	2015	2016	2017	2018
Debt limit <sup>(2)</sup>	\$ 1,560	\$ 1,701	\$ 1,773	\$ 1,843	\$ 1,940	\$ 2,022	\$ 2,121	\$ 2,255	\$ 2,337	\$ 2,463
Total debt applicable to limit	<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>	<u>2,295</u>
Legal debt margin	<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>	<u>\$ 168</u>
Total net debt applicable to the limit as a percentage of debt limit.	131.92%	123.16%	124.31%	118.88%	113.20%	93.32%	92.93%	91.03%	93.20%	93.18%

<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, 2018, the total outstanding balance of tax-supported debt was approximately \$17,527,900,000.

<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

**2018 STATE OF FLORIDA CAFR**

**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
				Debt Service Principal	Interest <sup>(2)</sup>	
<b>Florida Turnpike</b>						
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
2018	1,063,729	225,002	838,727	140,640	115,874	3.27
<b>Florida Forever/Preservation 2000/Everglades</b>						
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
2018	2,510,000	—	2,510,000	112,810	51,784	15.25
<b>Lottery Education <sup>(3)</sup></b>						
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
2018	1,758,329	—	1,758,329	244,688	71,054	5.57
<b>Alligator Alley</b>						
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
2018	33,003	9,973	23,030	1,765	1,097	8.05
<b>State Infrastructure Bank</b>						
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
2018	43,041	—	43,041	8,160	1,576	4.42

Year Ended 6/30	Revenue <sup>(1)</sup>	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Debt Service Principal	Interest <sup>(2)</sup>	
<b>Florida Hurricane Catastrophe Fund Finance Corporation</b>						
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
2018	1,308,382	19,610	1,288,772	—	69,529	18.53
<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
2018	58,324	—	58,324	9,525	5,765	3.81
<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
2018	15,275	5,600	9,675	3,280	3,047	1.53
<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
2018	14,701	8,526	6,175	2,495	441	2.10
<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
2018	1,922	1,597	325	220	12	1.40
<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
2018	14,694	9,551	5,143	980	537	3.39

**2018 STATE OF FLORIDA CAFR**

**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
				Debt Service Principal	Interest <sup>(2)</sup>	
<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
2018	7,230	2,977	4,253	1,460	616	2.05
<b>University of Central Florida</b>						
2011	16,181	3,379	12,801	2,235	1,567	3.37
2012	18,576	3,149	15,427	2,880	1,833	3.27
2013	19,199	3,545	15,654	3,065	1,674	3.30
2014	19,251	3,335	15,916	3,275	1,639	3.24
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
2018	22,597	3,890	18,707	3,280	1,081	4.29
<b>Florida State University</b>						
2011	9,857	2,145	7,712	2,605	1,901	1.71
2012	11,104	2,347	8,757	3,395	2,223	1.56
2013	11,879	2,660	9,219	3,515	2,112	1.64
2014	11,045	3,027	8,018	3,620	1,994	1.43
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
2018	12,241	3,248	8,993	3,389	1,351	1.90
<b>Housing System Revenue Bonds</b>						
<b>Florida Agricultural &amp; Mechanical University</b>						
2013	11,600	6,856	4,744	1,216	3,145	1.09
2014	11,146	7,297	3,849	2,684	3,228	0.65
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
2018	16,219	8,031	8,188	3,266	2,658	1.38
<b>Florida International University</b>						
2011	23,518	12,418	11,099	3,430	3,694	1.56
2012	25,069	14,049	11,020	3,765	3,395	1.54
2013	25,991	14,149	11,842	3,975	4,691	1.37
2014	30,469	16,622	13,847	5,175	4,521	1.43
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
2018	31,280	17,720	13,560	3,915	3,503	1.83
<b>University of Florida</b>						
2011	44,885	27,209	17,676	2,235	2,625	3.64
2012	45,673	33,519	12,154	2,630	2,265	2.48
2013	48,964	32,770	16,194	3,680	3,125	2.38
2014	52,210	35,004	17,206	3,500	3,040	2.63
2015	54,587	35,076	19,511	4,580	3,646	2.37
2016	59,717	38,192	21,524	4,705	3,346	2.67
2017	57,788	39,801	17,987	4,800	3,058	2.29
2018	56,893	37,070	19,823	5,045	2,779	2.53
<b>Florida Atlantic University</b>						
2011	14,802	6,119	8,683	2,405	3,357	1.51
2012	16,299	6,419	9,880	2,585	3,177	1.71
2013	16,498	7,481	9,017	2,690	3,077	1.56
2014	15,898	7,153	8,745	2,795	2,971	1.52
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
2018	18,072	7,676	10,396	2,935	2,452	1.93



2018 STATE OF FLORIDA CAFR

SCHEDULE C-4  
(Continued)

Year Ended 6/30	Revenue <sup>(1)</sup>	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Debt Service Principal	Interest <sup>(2)</sup>	
<b>University of Central Florida</b>						
2011	22,872	11,509	11,363	2,740	3,766	1.75
2012	24,712	11,910	12,802	2,985	3,382	2.01
2013	25,577	14,208	11,369	3,125	5,117	1.38
2014	29,316	17,450	11,866	3,125	5,117	1.44
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
2018	30,085	16,417	13,668	4,795	3,987	1.56
<b>Florida State University</b>						
2011	32,671	16,925	15,745	3,215	5,628	1.78
2012	35,639	16,416	19,223	3,815	5,998	1.96
2013	39,011	15,963	23,048	4,140	5,652	2.35
2014	42,203	18,193	24,010	4,285	6,886	2.15
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
2018	49,798	24,695	25,103	7,605	7,691	1.64
<b>Student Health and Wellness Center Revenue Bonds</b>						
<b>University of Central Florida</b>						
2011	10,856	—	10,856	320	299	17.55
2012	12,754	—	12,754	345	271	20.70
2013	13,243	—	13,243	360	256	21.50
2014	14,127	—	14,127	375	242	22.90
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
2018	17,519	—	17,519	445	172	28.40
<b>Florida State University</b>						
2011	8,734	—	8,734	—	—	3.67 <sup>(4)</sup>
2012	13,404	—	13,404	1,075	1,305	5.63
2013	14,232	—	14,232	1,110	1,272	5.97
2014	13,851	—	13,851	1,155	1,228	5.81
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
2018	15,026	—	15,026	1,360	1,019	6.32
<b>University of North Florida</b>						
2012	3,834	—	3,834	400	929	2.88
2013	3,985	—	3,985	410	618	3.88
2014	4,248	—	4,248	420	627	4.06
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
2018	4,281	—	4,281	475	572	4.09
<b>Bookstore Revenue Bonds</b>						
<b>University of Central Florida</b>						
2011	1,978	434	1,543	195	95	5.31
2012	1,788	485	1,303	220	76	4.40
2013	1,880	401	1,479	230	65	5.02
2014	1,840	548	1,292	240	53	4.41
<b>Student Services Center Revenue Bonds</b>						
<b>University of Florida</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
2018	28,504	—	28,504	1,555	1,680	8.81
<b>Water Pollution Control Bonds</b>						
2011	96,063	—	96,063	21,285	19,019	2.38
2012	120,674	—	120,674	25,405	24,721	2.41
2013	87,796	—	87,796	34,155	23,514	1.52
2014	90,394	—	90,394	34,840	22,025	1.59
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
2018	75,944	—	75,944	28,770	16,077	1.69

Year Ended 6/30	Revenue <sup>(1)</sup>	Less Operating Expenses	Net Available for Debt Service	Debt Service		Coverage Ratio
				Debt Service Principal	Interest <sup>(2)</sup>	
<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
2018	222,671	—	222,671	7,000	1,802	25.30
<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
2018	200,000	—	200,000	2,485	6,098	23.30

<sup>(1)</sup> Refer to Note 8A.2. for information on the sources of pledged revenues.

<sup>(2)</sup> Debt service interest is shown net of interest subsidy payments received from the Federal Government for Build America Bonds.

<sup>(3)</sup> Source Department of Lottery, Audited Financial Statements.

<sup>(4)</sup> Coverage shown based on maximum annual debt service of \$2,382,950 for illustrative purposes.

<sup>(5)</sup> In Fiscal Year 2008, Florida Hurricane Catastrophe Fund executed a \$3.5 billion liquidity bond issue. The proceeds of the issue were used to redeem the bonds at maturity in Fiscal Year 2013. The coverage ratio shown is based only on the net revenue and does not include the bond proceeds used to redeem the bonds. Including the bond proceeds, the coverage ratio is 1.35.

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

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Demographic and Economic Statistics  
For the Last Ten Calendar Years

SCHEDULE D-1

Year	Population			Personal Income (in millions)		
	Florida - April 1	Percent Change from Prior Year	U.S. - July 1	Percent Change from Prior Year	Florida	U.S.
2009	18,687,425	0.39%	304,093,966	0.88%	\$682,320	\$12,059,109
2010	18,801,332	0.61%	309,326,085	1.72%	725,801	12,551,597
2011	18,905,070	0.55%	311,580,009	0.73%	766,186	13,326,770
2012	19,074,434	0.90%	313,874,218	0.74%	791,919	14,010,140
2013	19,259,543	0.97%	316,057,727	0.70%	794,797	14,181,095
2014	19,507,369	1.29%	318,386,421	0.74%	858,499	14,991,831
2015	19,815,183	1.58%	320,742,673	0.74%	919,227	15,719,525
2016	20,148,654	1.68%	323,071,342	0.73%	953,261	16,125,143
2017	20,484,142	1.67%	325,147,121	0.64%	1,000,624	16,830,941
2018	20,840,568	1.74%	327,167,434	0.62%	1,054,461	17,584,857

<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 (November 2018), and the National and Florida Economic Estimating Conferences (November 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%	3,623,611	16.86%
15 - 24	1,942,430	12.15%	2,457,140	13.07%	2,573,505	11.97%
25 - 44	4,569,515	28.59%	4,720,799	25.11%	5,341,782	24.85%
45 - 64	3,628,573	22.70%	5,079,161	27.01%	5,563,832	25.88%
65 and Over	2,807,650	17.57%	3,259,602	17.34%	4,393,680	20.44%
Total	15,982,824	100.00%	18,801,310	100.00%	21,496,410	100.00%

Source: Forecast from November 2018 Florida Demographic Estimating Conference adjusted by age percentages from Florida Population Studies, Bulletin 181, June 2018, 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
\$36,512	\$39,656	10.4%	9.3%	40.4	2,628,754
38,604	40,577	11.1%	9.6%	40.6	2,634,382
40,528	42,772	10.0%	8.9%	40.9	2,643,396
41,517	44,636	8.5%	8.1%	41.0	2,667,830
41,268	44,869	7.2%	7.4%	41.1	2,691,322
44,009	47,087	6.3%	6.2%	41.3	2,720,074
46,390	49,010	5.5%	5.3%	41.5	2,756,127
47,311	49,912	4.8%	4.9%	41.6	2,791,244
48,849	51,764	4.2%	4.4%	41.6	2,817,076
50,597	53,749	3.7%	3.9%	41.7	2,833,115

**Industry Sector Employment  
For Calendar Years 2017 and 2008  
(in thousands)**

SCHEDULE D-2

Industry	Calendar Year 2017		Calendar Year 2008	
	Employment	Percentage of Total Employment <sup>(1)</sup>	Employment	Percentage of Total Employment <sup>(1)</sup>
Retail Trade	1,112	12.87%	998	12.79%
Health Care and Social Assistance	1,110	12.85%	915	11.72%
Accommodation and Food Services	975	11.28%	776	9.94%
Local Government	712	8.24%	771	9.88%
Administrative and Waste Services	674	7.80%	544	6.97%
Professional, Scientific, and Technical Services	544	6.30%	456	5.84%
Construction	505	5.84%	516	6.61%
Finance and Insurance	377	4.36%	356	4.56%
Manufacturing	364	4.21%	371	4.75%
Other Services <sup>(2)</sup>	348	4.03%	325	4.16%
<b>Total</b>	<b>6,721</b>	<b>77.78%</b>	<b>6,028</b>	<b>77.22%</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 2017, Florida's seasonally adjusted total nonagricultural employment was 8,660,000, an increase of 163,900 jobs (+1.9 percent) over the year. Florida's annual job growth rate had been positive for 88 out of 89 months. The only month not positive was due to Hurricane Irma that hit the state in September 2017. Prior to August 2010, the state had been losing jobs for three years. In December 2017, eight of the ten major industries gained jobs over the year with professional and business services (+35,400 jobs) gaining the most followed by leisure and hospitality (+33,100 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:

	2017	2008
Total non-agricultural employment (in thousands)	8,567	7,715
Total agricultural employment (in thousands)	73	91
<b>Total employment</b>	<b>8,640</b>	<b>7,806</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 Workforce Statistics and Economic Research, Quarterly Census of Employment and Wages Program and the U.S. Bureau of Labor Statistics, Current Employment Statistics Program

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

SCHEDULE E-1

Function	Fiscal Year						
	2009	2010	2011	2012	2013	2014	2015
Financial administration	15,510	15,542	15,212	16,778	25,974	25,856	25,596
Streets and highways	7,229	7,048	6,751	6,116	5,821	5,827	5,810
Public welfare	12,528	12,723	12,278	14,148	13,784	13,736	13,829
Police protection	5,137	5,079	4,981	5,201	5,181	5,314	5,395
Natural resources and environment	7,773	7,687	7,481	7,437	7,245	7,185	7,143
Health	17,105	16,917	16,303	15,437	14,957	14,414	13,448
Housing and community development <sup>(1)</sup>	27	28	31	39	87	44	42
Community development <sup>(1)</sup>	289	256	278	53	37	36	34
Criminal justice and corrections	40,555	41,229	39,051	35,875	25,524	24,114	25,376
Utility and transportation	321	315	301	270	269	259	257
Employee security	1,269	1,439	1,481	1,563	1,384	1,446	1,346
Education	2,359	2,251	2,272	2,251	2,184	2,147	2,185
Judicial branch	4,113	4,117	4,009	4,042	4,097	4,112	4,055
Other	1,908	1,802	1,724	2,698	999	1,025	1,020
<b>Total</b>	<b>116,123</b>	<b>116,433</b>	<b>112,153</b>	<b>111,908</b>	<b>107,543</b>	<b>105,515</b>	<b>105,536</b>

Note: FTE's are calculated based on a 40 hours 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		
2016	2017	2018
25,713	25,906	25,869
5,685	5,647	5,662
13,852	13,817	13,998
5,306	5,384	5,452
7,126	6,995	7,094
13,418	13,104	13,156
78	73	79
—	—	—
24,661	24,858	25,174
245	253	246
1,295	1,279	1,265
2,109	2,090	2,094
4,098	4,098	4,142
782	1,002	974
<u>104,368</u>	<u>104,506</u>	<u>105,205</u>

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

	Fiscal Year				
	2009	2010	2011	2012	2013
<b>General Government</b>					
<b>Department of Revenue</b>					
Total administered taxes ( <i>in millions \$</i> )	30,140	29,677	31,391	31,989	34,659
<b>Department of Management Services <sup>(1)</sup></b>					
Number of retired members covered	288,216	302,978	318,881	333,870	347,147
<b>Education</b>					
<b>Universities</b>					
University enrollments	302,513	312,259	321,503	329,737	334,989
Degrees awarded	70,616	73,579	76,021	79,323	81,260
<b>Human Services</b>					
<b>Department of Health <sup>(2)</sup></b>					
Number of live births	221,391	214,519	213,237	212,954	215,194
Number of deaths	169,854	172,509	172,856	175,849	180,014
<b>Department of Children and Families</b>					
Supplemental Nutrition Assistance Program (SNAP) recipients	2,109,289	2,726,167	3,170,445	3,326,637	3,581,136
SNAP households	1,084,754	1,452,191	1,725,855	1,815,239	1,962,933
<b>Criminal Justice and Corrections</b>					
<b>Department of Corrections</b>					
Inmate admissions	39,354	36,992	34,992	32,279	33,295
Community supervision admissions	100,619	94,387	92,258	90,880	88,819
Facility population	100,894	102,232	102,319	100,527	100,884
<b>Natural Resources and Environment</b>					
<b>Department of Environmental Protection</b>					
State park and trail visitations	21,458,588	20,110,021	20,442,212	24,983,179	25,575,794
<b>Florida Fish and Wildlife Conservation Commission</b>					
Fishing and hunting licenses <sup>(3)</sup>	1,605,617	1,576,518	1,534,518	1,638,055	1,544,549
<b>Transportation</b>					
<b>Department of Highway Safety &amp; Motor Vehicles</b>					
Registrations <sup>(4)</sup>	20,918,645	19,496,005	19,197,024	20,024,942	20,259,599
Titles issued <sup>(4)</sup>	4,901,295	5,104,919	5,361,258	5,039,215	5,362,575
Traffic crashes <sup>(2)(5)</sup>	235,778	235,461	227,998	281,340	316,943
<b>Department of Transportation <sup>(2)</sup></b>					
Daily vehicle miles traveled ( <i>in thousands</i> )	293,858	286,902	288,007	284,052	287,977
<b>Judicial Branch</b>					
<b>Judicial Branch System</b>					
Number of cases filed/added:					
Circuit criminal defendants	209,593	201,785	196,453	188,669	186,117
County criminal	464,090	433,437	405,248	367,478	361,046
County civil	503,314	483,521	459,538	477,024	438,963
Traffic	538,406	500,316	483,644	472,662	383,776
Family court	335,854	347,049	349,222	322,854	289,752
Circuit civil	547,194	490,092	293,415	305,732	294,124
Probate	98,345	98,553	100,849	101,606	107,144

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

**2018 STATE OF FLORIDA CAFR**

SCHEDULE E-2

Fiscal Year				
2014	2015	2016	2017	2018
41,095	43,589	44,528	46,148	48,502
362,216	377,671	394,527	406,018	415,483
337,750	341,044	345,672	352,116	358,522
83,001	84,445	86,118	87,845	91,390
219,905	224,273	225,018	223,579	Unavailable
185,038	191,488	197,236	203,353	Unavailable
3,565,520	3,693,396	3,597,030	3,270,816	3,168,733
1,946,026	2,029,951	1,971,469	1,736,445	1,692,603
32,442	30,985	30,289	28,783	27,916
86,369	83,064	83,176	83,293	83,820
100,942	100,050	99,119	97,794	96,256
27,170,451	31,108,245	31,840,658	32,219,989	28,178,773
2,350,586	2,406,822	2,532,883	2,562,063	2,543,028
21,357,026	22,695,334	22,546,058	22,783,727	23,337,413
6,014,150	6,615,964	6,098,475	6,122,750	6,527,961
344,170	374,342	395,785	402,385	Unavailable
288,398	307,532	322,051	322,835	Unavailable
176,768	171,414	171,670	169,529	170,117
355,981	341,499	317,587	316,029	293,282
417,323	431,868	428,401	470,957	536,779
280,102	285,716	282,362	278,528	196,313
281,154	284,629	288,430	286,659	277,239
198,856	181,222	176,740	171,515	164,776
114,024	115,746	118,989	122,498	117,356

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

	Fiscal Year				
	2009	2010	2011	2012	2013
<b>General Government</b>					
<b>Department of Management Services</b>					
Buildings	85	85	84	86	88
<b>Education</b>					
<b>Universities and colleges <sup>(1)</sup></b>					
Assignable square feet (in thousands)	50,702	51,787	54,488	54,890	56,277
<b>Human Services</b>					
<b>Department of Health</b>					
Buildings	51	57	57	73	36
Vehicles	300	327	328	323	315
<b>Department of Children and Families</b>					
Buildings	211	223	530	296	211
<b>Criminal Justice and Corrections</b>					
<b>Department of Corrections</b>					
Correctional institutions	78	62	61	63	55
Work camps, forestry camps	42	43	41	40	39
Work release centers	34	34	34	33	32
Other facilities	5	5	4	7	16
<b>Natural Resources and Environment</b>					
<b>Division of Recreation and Parks</b>					
Number of state parks, greenways, and trails	161	160	160	171	171
Acres of land owned	700,296	702,730	704,139	788,982	789,059
<b>Department of Environmental Protection</b>					
Acres of land owned <sup>(2)</sup>	4,521,508	4,535,931	4,563,632	4,239,023	4,245,742
<b>Florida Fish and Wildlife Conservation Commission</b>					
Vehicles	1,520	1,669	1,637	1,876	1,637
<b>Transportation</b>					
<b>Department of Transportation</b>					
Highway lane miles	42,542	42,711	42,883	43,138	43,337
Vehicles	5,125	5,125	4,683	4,607	4,703
Buildings	1,719	1,774	1,745	391	385
<b>Judicial Branch</b>					
<b>Judicial Branch System</b>					
Machinery and equipment	9,400	9,760	9,697	9,199	10,495

<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 Department of Environmental Protection, 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				
2014	2015	2016	2017	2018
88	90	91	91	91
57,938	58,122	61,706	62,210	62,786
38	38	36	34	34
378	353	369	370	367
211	211	227	227	227
56	55	56	57	57
38	44	43	42	41
35	34	33	32	29
16	17	17	17	17
171	201	174	174	175
788,619	792,999	791,145	790,852	793,882
4,268,885	4,281,419	4,284,333	4,319,159	4,345,489
1,800	1,835	1,787	2,050	2,050
43,514	43,665	43,819	44,064	44,311
4,406	4,188	4,170	4,170	4,145
383	417	571	478	435
10,656	12,295	12,949	12,659	12,505

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