State of Florida
Division of Bond Finance

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Copies of the printed Official Statement may be obtained from:

Florida Division of Bond Finance
1801 Hermitage Boulevard
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Tallahassee, Florida 32308

E-Mail: bond@sbafla.com
Phone: (850) 488-4782
Fax: (850) 413-1315

Refunding Issue - Book-Entry Only

This Official Statement has been prepared by the Division of Bond Finance to provide information about the 2017A Bonds. Selected information is presented on this cover page for the convenience of the reader. ***To make an informed decision, a prospective investor should read this Official Statement in its entirety.*** Unless otherwise indicated, capitalized terms have the meanings given in Appendix G.

$75,125,000
STATE OF FLORIDA
Department of Environmental Protection
Florida Forever Revenue Refunding Bonds, Series 2017A

Dated: Date of Delivery **Due:** July 1, as shown on the inside front cover

Bond Ratings	Aa3 Moody's Investors Service AA- Standard & Poor's Ratings Services AA- Fitch Ratings
Tax Status	In the opinion of Bond Counsel, interest on the 2017A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax. The 2017A Bonds and the income therefrom are not subject to any Florida taxes, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. See "TAX MATTERS" herein for a more complete discussion of the tax aspects, and see Appendix E -"Form of Opinion of Bond Counsel" for assumptions and limitations made by Bond Counsel.
Redemption	The 2017A Bonds are not subject to redemption prior to maturity.
Security	The 2017A Bonds will be secured by a pledge of 100% of the excise taxes on documents and certain investment earnings thereon on a parity with certain outstanding obligations, as further described herein. **The 2017A Bonds are not a general obligation or indebtedness of the State of Florida, and the full faith and credit of the State of Florida is not pledged to payment of the 2017A Bonds.** See "SECURITY FOR THE 2017A BONDS" and "DOCUMENTARY STAMP TAXES" herein for more information.
Lien Priority	The lien of the 2017A Bonds on the Pledged Revenues will be on a parity with the Outstanding Florida Forever Bonds and any subsequently issued Additional Parity Bonds. The aggregate principal amount of Outstanding Florida Forever Bonds subsequent to the issuance of the 2017A Bonds will be $907,785,000, excluding the Refunded Bonds in the principal amount of $98,805,000 that will be economically but not legally defeased and will be redeemed on July 1, 2018. Additionally, excise taxes that fund the Pledged Revenues also fund, on a parity basis, the payment of debt service on Everglades Bonds currently outstanding in the aggregate principal amount of $217,350,000. See "SECURITY FOR THE 2017A BONDS" herein for more information.
Additional Bonds	Additional bonds payable on a parity with the 2017A Bonds, the Outstanding Florida Forever Bonds, and the outstanding Everglades Bonds may be issued if, for a preceding 12-month period, the amount of excise taxes distributable by law for the Bonds equals at least 150% of the Maximum Debt Service Requirement for all Outstanding Florida Forever Bonds, all Outstanding Everglades Bonds and the proposed Additional Parity Bonds, and the respective Pledged Revenues equaled at least 100% of the Debt Service Requirement on the Outstanding Florida Forever Bonds and the Outstanding Everglades Bonds. This description of the requirements for the issuance of Additional Parity Bonds is only a summary of the complete requirements. See "SECURITY FOR THE 2017A BONDS - Additional Parity Bonds" herein for more complete information.
Purpose	Proceeds of the 2017A Bonds, together with other available moneys, will be used to refund a portion of the Outstanding State of Florida, Department of Environmental Protection, Florida Forever Revenue Bonds, Series 2008B, and to pay costs of issuance.
Interest Payment Dates	January 1 and July 1, commencing July 1, 2018.
Record Dates	December 15 and June 15.
Form/Denomination	The 2017A Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only through Direct Participants (defined herein) in denominations of $1,000 and integral multiples thereof. Purchasers of the 2017A Bonds will not receive physical delivery of the 2017A Bonds.
Closing/Settlement	It is anticipated that the 2017A Bonds will be available for delivery through the facilities of DTC in New York, New York on November 30, 2017.
Bond Registrar/ Paying Agent	U.S. Bank Trust National Association, New York, New York.
Bond Counsel	Squire Patton Boggs (US) LLP, Tampa, Florida.
Issuer Contact	Division of Bond Finance, (850) 488-4782, bond@sbafla.com
Maturity Structure	The 2017A Bonds will mature on the dates and bear interest at the rates set forth on the inside front cover.

October 24, 2017

MATURITY STRUCTURE

Initial CUSIP ©	Due Date	Principal Amount	Interest Rate	Yield*
34160WZW7	July 1, 2019	$5,975,000	5.00%	1.08%
34160WZX5	July 1, 2020	6,275,000	5.00	1.17
34160WZY3	July 1, 2021	6,585,000	5.00	1.29
34160WZZ0	July 1, 2022	6,915,000	5.00	1.46
34160WA20	July 1, 2023	7,260,000	5.00	1.60
34160WA38	July 1, 2024	7,620,000	5.00	1.73
34160WA46	July 1, 2025	8,000,000	5.00	1.86
34160WA53	July 1, 2026	8,405,000	5.00	2.01
34160WA61	July 1, 2027	8,825,000	5.00	2.11
34160WA79	July 1, 2028	9,265,000	5.00	2.23

* Yield information provided by the underwriter.

The State of Florida has not authorized any dealer, broker, salesman or other person to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied on. Certain information herein has been obtained from sources other than records of the State of Florida which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the State of Florida since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the 2017A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

STATE OFFICIALS

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BOND COUNSEL
Squire Patton Boggs (US) LLP
Tampa, Florida

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OFFICIAL STATEMENT
Relating to
$75,125,000
STATE OF FLORIDA
Department of Environmental Protection
Florida Forever Revenue Refunding Bonds, Series 2017A

For definitions of capitalized terms not defined in the text hereof, see Appendix G.

INTRODUCTION

This Official Statement sets forth information relating to the sale and issuance of the $75,125,000 State of Florida, Department of Environmental Protection, Florida Forever Revenue Refunding Bonds, Series 2017A (the "2017A Bonds"), dated the date of delivery thereof, by the Division of Bond Finance of the State Board of Administration of Florida (the "Division of Bond Finance").

Proceeds of the 2017A Bonds, together with other available moneys, will be used to refund a portion of the Outstanding State of Florida, Department of Environmental Protection, Florida Forever Revenue Bonds, Series 2008B, and to pay costs of issuance.

The 2017A Bonds will be secured by and payable from 100% of the excise taxes on documents (the "Documentary Stamp Taxes") distributed pursuant to Section 201.15, Florida Statutes, and certain investment earnings thereon (the "Pledged Revenues"). See "SECURITY FOR THE 2017A BONDS" and "DOCUMENTARY STAMP TAXES" herein for more detailed information.

The lien of the 2017A Bonds on the Pledged Revenues will be on a parity with the State of Florida, Department of Environmental Protection, Florida Forever Revenue Bonds, Series 2008B through Series 2016A (collectively, the "Outstanding Florida Forever Bonds"), and any subsequently issued Additional Parity Bonds. The aggregate principal amount of Outstanding Florida Forever Bonds subsequent to the issuance of the 2017A Bonds will be $907,785,000, excluding the Refunded Bonds in the principal amount of $98,805,000 that will be economically but not legally defeased and will be redeemed on July 1, 2018. Additionally, excise taxes that fund the Pledged Revenues also fund, on a parity basis, the payment of debt service on the State of Florida, Department of Environmental Protection, Everglades Restoration Revenue Bonds, Series 2007A-B through Series 2017A (collectively, the "Outstanding Everglades Bonds"), outstanding in the aggregate principal amount of $217,350,000, and any additional bonds issued on a parity therewith. See "SECURITY FOR THE 2017A BONDS" herein for more detailed information.

The 2017A Bonds are not a general obligation or indebtedness of the State of Florida, and the full faith and credit of the State of Florida is not pledged to payment of the 2017A Bonds.

Requests for additional information may be made to:

Division of Bond Finance
Phone: (850) 488-4782
Fax: (850) 413-1315
E-mail: bond@sbafla.com
Mail: P. O. Box 13300
Tallahassee, Florida 32317-3300

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Any statements made in this Official Statement which involve opinions or estimates, whether or not expressly stated, are set forth as such and not as representations of fact. No representation is made that any of the opinions or estimates will be realized. To make an informed decision, a full review should be made of the entire Official Statement. The descriptions of the 2017A Bonds and the documents authorizing and securing the same do not purport to be comprehensive or definitive. All references to and descriptions of such documents are qualified by reference to the actual documents. Copies of such documents may be obtained from the Division of Bond Finance.

End of Introduction

AUTHORITY FOR THE ISSUANCE OF THE 2017A BONDS

General Legal Authority

The 2017A Bonds are being issued by the Division of Bond Finance on behalf of the Florida Department of Environmental Protection (the "Department") pursuant to Article VII, Section 11(e) of the Florida Constitution of 1968, as amended (the "Constitutional Amendment"), Sections 215.618 and 201.15, Florida Statutes, the Florida Forever Act (Chapter 99-247, Laws of Florida), Sections 215.57 through 215.83, Florida Statutes (the "State Bond Act"), Chapter 2015-229, Laws of Florida (collectively, the "Florida Forever Laws"), and other applicable provisions of law. The Constitutional Amendment provides that revenue bonds may be issued to acquire and improve land, water areas and related property interests and resources for the purposes of conservation, outdoor recreation, water resource development, restoration of natural systems, and historic preservation. The Legislature has authorized the Division of Bond Finance to issue refunding bonds on behalf of any State agency in Section 215.79, Florida Statutes.

Division of Bond Finance

The Division of Bond Finance, a public body corporate created pursuant to the State Bond Act, is authorized to issue bonds on behalf of the State or its agencies. The Governing Board of the Division of Bond Finance (the "Governing Board") is composed of the Governor, as Chairman, and the Cabinet of the State of Florida, consisting of the Attorney General, as Secretary, the Chief Financial Officer, as Treasurer, and the Commissioner of Agriculture. The Director of the Division of Bond Finance may serve as an assistant secretary of the Governing Board.

State Board of Administration of Florida

The State Board of Administration of Florida (the "Board of Administration") was created under Article IV, Section 4, of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and succeeds to all the power, control and authority of the state board of administration established pursuant to Article IX, Section 16, of the Constitution of the State of Florida of 1885. It will continue as a body at least for the life of Article XII, Section 9(c) of the Florida Constitution. The Board of Administration is composed of the Governor, as Chairman, the Chief Financial Officer and the Attorney General. Under the State Bond Act, the Board of Administration determines the fiscal sufficiency of all bonds proposed to be issued by the State of Florida or its agencies. The Board of Administration also acts as the fiscal agent of the Department in administering the Sinking Fund, the Rebate Account, and the Reserve Account established pursuant to the Resolution as described below.

Department of Environmental Protection

The Department of Environmental Protection was created by a merger of the Department of Natural Resources and the Department of Environmental Regulation. In 1993, the State Legislature abolished the Department of Natural Resources and transferred its duties and powers to the newly created Department of Environmental Protection (the "Department"). The head of the Department is the Secretary, who is appointed by the Governor.

Chapter 375, Florida Statutes, the Conservation and Recreation Act, provides for the Department to administer the Land Acquisition Trust Fund, and, pursuant to the Florida Forever Laws, the Authorizing Resolution and applicable laws, the Department is responsible for distributing funds to certain governmental agencies for the acquisition of lands and water areas, in accordance with the provisions of the Florida Forever Laws.

Administrative Approval

On August 5, 2015, the Governor and Cabinet, as the Governing Board of the Division of Bond Finance, adopted the Forty-first Subsequent Resolution (the "Authorizing Resolution"), which amended, restated and supplemented the original resolution adopted January 23, 2001. The original resolution authorized the issuance of not exceeding $3,000,000,000 State of Florida, Department of Environmental Protection Florida Forever Revenue Bonds (the "Florida Forever Bonds"). The Authorizing Resolution restated the original resolution, including all previously adopted amendments through August 4, 2015, and made further amendments to reflect the additional security for the Bonds provided by Section 201.15 as amended by Chapter 2015-229, Laws of Florida. The Authorizing Resolution is reproduced herein as Appendix C.

The Department adopted a resolution on August 7, 2017 requesting the Division of Bond Finance to issue not exceeding $110,000,000 Florida Forever Revenue Refunding Bonds.

The Governing Board authorized the issuance and sale of not exceeding $110,000,000 Florida Forever Revenue Refunding Bonds by the Forty-third Subsequent Resolution adopted on August 16, 2017, which resolution is attached as Appendix D.

The Board of Administration approved the fiscal sufficiency of the 2017A Bonds by a resolution adopted on August 16, 2017, pursuant to Section 215.73, Florida Statutes.

DESCRIPTION OF THE 2017A BONDS

The 2017A Bonds are being issued as fully registered bonds in the denomination of $1,000 or integral multiples thereof. The 2017A Bonds are payable from the Pledged Revenues as described herein. The 2017A Bonds will be dated the date of delivery thereof and will mature as set forth on the inside front cover. Interest on the 2017A Bonds is payable on July 1, 2018, for the period from the date of delivery thereof to July 1, 2018, and semiannually thereafter on January 1 and July 1 of each year until maturity.

The 2017A Bonds will initially be issued exclusively in “book-entry” form. Ownership of one 2017A Bond for each maturity (as set forth on the inside front cover), each in the aggregate principal amount of such maturity, will be initially registered in the name of “Cede & Co.” as registered owner and nominee for the Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the 2017A Bonds. Individual purchases of the 2017A Bonds will be made in book-entry form only, and the purchasers will not receive physical delivery of the 2017A Bonds or any certificate representing their beneficial ownership interest in the 2017A Bonds. See Appendix H, “Provisions for Book-Entry Only System or Registered Bonds” for a description of DTC, certain responsibilities of DTC, the Division of Bond Finance, the Department of Environmental Protection and the Bond Registrar/Paying Agent, and the provisions for registration and registration for transfer of the 2017A Bonds if the book-entry only system of registration is discontinued.

REDEMPTION PROVISIONS

The 2017A Bonds are not subject to redemption prior to maturity.

THE REFUNDING PROGRAM

The proceeds derived from the sale of the 2017A Bonds, together with other legally available moneys, will be used to refund the State of Florida, Department of Environmental Protection, Florida Forever Revenue Bonds, Series 2008B maturing in the years 2019 through 2028, inclusive, in the outstanding principal amount of $98,805,000 (the “Refunded Bonds”). This refunding is being effectuated to achieve debt service savings.

Simultaneously with the delivery of the 2017A Bonds, the Division of Bond Finance will cause to be deposited a portion of the proceeds of the 2017A Bonds in an irrevocable escrow account (the "Escrow Deposit Trust Fund"), under an agreement (the “Escrow Deposit Agreement”) to be entered into between the Division of Bond Finance and the Board of Administration (the latter, the “Escrow Agent”). Other than uninvested cash balances, the Escrow Agent will invest those proceeds in the State Treasury investment pool, a fund held and invested by the State Treasurer of Florida. Additionally, the Division of Bond Finance will direct the Board of Administration to release excess moneys currently held in the Composite Reserve Sub-Account for the redemption of the Refunded Bonds and apply them at the same time and in the same manner as the proceeds of the 2017A Bonds are applied for such purpose.

The amount of proceeds and excess reserve moneys initially deposited in escrow, together with interest thereon, is expected to be sufficient to make all payments with respect to the Refunded Bonds. However, should the escrow be insufficient to redeem the Refunded Bonds on the redemption date, the Department shall be required to provide sufficient funds to make up any shortfall. The Refunded Bonds will be considered as remaining outstanding and economically defeased only, and will continue to have a claim upon the Pledged Revenue, as well as the Escrow Deposit Trust Fund, until they are redeemed.

The Refunded Bonds will be called for redemption on July 1, 2018 (by separate redemption notice) at a redemption price equal to the principal amount thereof with interest due thereon through the redemption date, plus the required redemption premium equal to one percent of the Refunded Bonds. No funds held in the Escrow Deposit Trust Fund will be available to pay debt service on the 2017A Bonds.

SOURCES AND USES OF FUNDS

Sources:	
Par Amount of 2017A Bonds	$75,125,000
Net Original Issue Premium	14,124,111
Available Sinking Fund Moneys	2,058,438
Release of Composite Reserve Sub-Account Moneys	12,907,846
Total Sources	$104,215,394
Uses:	
Deposit of Refunding Proceeds and Reserve Sub-Account Moneys	$104,014,819
Cost of Issuance	156,879
Underwriter's Discount	43,696
Total Uses	$104,215,394

Note: Totals may not add due to rounding.

See "MISCELLANEOUS - Investment of Funds" for policies governing the investment of various funds.

SECURITY FOR THE 2017A BONDS

Pledge of Revenues

The 2017A Bonds will be secured by the Pledged Revenues, consisting of 100% of the Documentary Stamp Taxes distributed pursuant to Section 201.15, Florida Statutes, and certain investment earnings thereon on parity with the Outstanding Florida Forever Bonds, the Outstanding Everglades Bonds and any Additional Parity Bonds. Documentary stamp taxes distributed pursuant to Section 201.15, Florida Statutes, are first transferred to the Land Acquisition Trust Fund in amounts necessary to pay debt service and other amounts due on Florida Forever Bonds and Everglades Bonds. **The 2017A Bonds are not a general obligation or indebtedness of the State of Florida, and the full faith and credit of the State of Florida is not pledged to the payment of the 2017A Bonds.**

Section 201.15, Florida Statutes, provides that taxes to be distributed for the payment of Florida Forever Bonds and Everglades Bonds are to be collectively distributed on a pro rata basis when the available moneys are not sufficient to cover the amounts required to pay debt service for both Florida Forever and Everglades Bonds. The effect of this statute and a provision in the Authorizing Resolution requiring debt service on the Everglades Bonds be taken into account upon the issuance of Additional Parity Bonds, is that Everglades Bonds are effectively secured by a parity lien on the Documentary Stamp Taxes that fund the Pledged Revenues. See "Outstanding Parity Bonds" and "SECURITY FOR THE 2017A BONDS - Additional Parity Bonds" herein.

The Land Acquisition Trust Fund, the trust fund into which the Pledged Revenues are to be deposited, was created in 1963 by Section 375.041, Florida Statutes, to be held and administered by the Department. Moneys credited to the Land Acquisition Trust Fund pursuant to Section 201.15, Florida Statutes, are trust funds which are first applied to meet debt service requirements of Bonds. An amendment to Article VII, Section 11(e) of the Florida Constitution, implemented by Section 215.618(6), Florida Statutes, continued and recreated the Land Acquisition Trust Fund in 1999. The extension of the Land Acquisition Trust Fund accommodated issuance of Florida Forever Bonds, currently authorized in an amount not exceeding $5.3 billion, under the Florida Forever Act, Chapter 99-247, Laws of Florida. Pursuant to the Florida Forever Act and Chapter 2015-229, Laws of Florida, the Land Acquisition Trust Fund is to be continued for so long as Florida Forever Bonds and Everglades Bonds are outstanding. See "SECURITY FOR THE 2017A BONDS - Additional Parity Bonds" below.

The Registered Owners of the 2017A Bonds will not have a lien on the Land Acquisition Trust Fund except for the Florida Forever Collection Account therein, and no Registered Owner of the 2017A Bonds can require payment of the 2017A Bonds from the Land Acquisition Trust Fund except for the Florida Forever Collection Account. The 2017A Bonds are not secured by a lien or mortgage on the lands, water areas, or capital improvements thereon which are financed by Bonds.

Constitutional and Legislative Changes Affecting the Pledged Revenues. In 2014, voters approved an amendment to the Florida Constitution which provides funding for the Land Acquisition Trust Fund in order to acquire, restore, improve, and manage conservation lands and water quality resources by dedicating 33% of net revenues from the existing documentary stamp taxes for 20 years ("Amendment 1"). Amendment 1 provides that debt service expenditures related to the Florida Forever and Everglades Bond programs count toward the 33% constitutional requirement. In 2015, the Legislature enacted Chapter 2015-229, Laws of Florida (the "Legislation"), in order to implement Amendment 1. The Legislation also increased the amount of documentary stamp taxes available to pay debt service on Florida Forever and Everglades Bonds. Previously, payment of debt service on Florida Forever and Everglades Bonds was secured by a pledge of 63.31% of the documentary stamp taxes collected after deduction of certain costs and charges. The Legislation provided that, beginning July 1, 2015, all documentary stamp taxes collected are pledged and available to pay debt service on Florida Forever and Everglades Bonds, resulting in a positive affect on Pledged Revenues for debt service on those bonds. The Legislation also removed statutory authorization for the issuance of Preservation 2000 Bonds and removed the statutory provision making additional documentary stamp taxes available for the payment of Florida Forever Bonds and Everglades Bonds, since those bonds now have 100% of documentary stamp taxes available rather than 63.31%.

2017A Bonds Not Secured by Reserve Account

The 2017A Bonds will not be secured by the Reserve Account or any Sub-account therein. The Authorizing Resolution permits the Department to determine if additional Florida Forever Bonds will be secured by the Composite Reserve Sub-Account or a separate Sub-account within the Reserve Account. If secured by a separate Sub-account within the Reserve Account, the Authorizing Resolution allows the Department to determine the Reserve Requirement for such Series of Bonds, which may be zero. The Forty-third Subsequent Resolution that authorized the issuance of the 2017A Bonds delegates to the Director of the Division the authority to determine the Reserve Requirement for the 2017A Bonds and the Director has determined that the Reserve Requirement for the 2017A Bonds is zero and that the 2017A Bonds will not be secured by the Composite Reserve Sub-account securing a portion of the Outstanding Florida Forever Bonds. Additionally, the 2017A Bonds will not be secured by the 2010A&B Reserve Sub-account, which secures the 2010A&B Bonds.

The Composite Reserve Sub-account securing a portion of the Outstanding Florida Forever Bonds is currently secured by (i) reserve insurance policies totaling up to $123,890,422.22 issued by companies in the amounts as follows: Ambac Assurance Corporation ("Ambac") for up to $30,444,862.50; Financial Guaranty Insurance Company ("FGIC") for up to $10,953,012.22; and MBIA Insurance Corporation ("MBIA") for up to $82,492,547.50; and (ii) cash in the amount of $12,907,846.01 deposited from proceeds of the Refunded Bonds. The Ambac surety bonds consist of the 2003C surety in the amount of up to $11,382,475, which terminates on July 1, 2023, the 2005A surety in the amount of up to $7,548,112.50, which terminates on July 1, 2025, the 2007A surety in the amount of up to $11,514,275, which terminates on July 1, 2026. The FGIC surety bond consists of the 2003A surety in the amount of up to $10,953,012.22, which terminates on July 1, 2023. The MBIA surety bonds consist of the pre 2003A surety in the amount of up to $36,426,122.50, which terminates on July 1, 2022, the 2005B surety in the amount of up to $11,556,250, which terminates on July 1, 2025, the 2006A surety in the amount of up to $11,495,000, which terminates on July 1, 2026, the 2007B surety in the amount of up to $11,495,250, which terminates on July 1, 2027, and the 2008A surety in the amount of up to $11,519,925, which terminates on July 1, 2028. All of the Ambac, FGIC and MBIA surety bonds secure the bonds for which they were issued and any parity bonds pursuant to the terms of such surety bonds. As part of the refunding of the Refunded Bonds, a majority of the cash in the Composite Reserve Sub-Account deposited from proceeds of the Refunded Bonds will be withdrawn and used for the purposes of the refunding. The 2010A&B Reserve Sub-account securing the 2010A&B Bonds is funded by cash in the amount of $24,009,304.64. See "Surety Bonds" below for additional information.

See "MISCELLANEOUS - Bond Ratings" below for a discussion of potential and actual rating agency actions with respect to various insurance companies, including Ambac, MBIA, and FGIC.

If a deficiency occurs in a Reserve Sub-account caused by a withdrawal or resulting from the valuation of investments therein, the Department is obligated to make up the deficiency from the first Pledged Revenues available. If a disbursement is made from a Reserve Product, the Department is obligated to reinstate the maximum limits of such Reserve Product immediately following such disbursement, or to replace such Reserve Product plus any amounts required to reimburse the Reserve Product Provider for previous disbursements made, or a combination of such alternatives, from the first Pledged Revenues available.

Surety Bonds

The Composite Reserve Requirement attributable to a portion of the Outstanding Florida Forever Bonds and any Additional Parity Bonds secured by such Sub-account (but not the 2017A Bonds) is secured by Surety Bonds issued by Ambac Assurance Corporation, MBIA Insurance Corporation, and Financial Guaranty Insurance Company (each an "Insurer"). See "Reserve Account" above. The Surety Bonds, subject to the limits on the amounts available to be drawn thereunder, unconditionally and irrevocably guarantee the payment by the Insurer of its portion of the principal of and interest on the Florida Forever Bonds which has become due for payment, but for which there are insufficient amounts on deposit in the Composite Reserve Sub-account. The Insurer will deposit funds (subject to the limits on the amounts available to be drawn thereunder) with the Paying Agent sufficient to enable the Paying Agent to make such payments due on the Florida Forever Bonds, and any Florida Forever Bonds issued on a parity therewith. See "MISCELLANEOUS - Bond Ratings" herein for a discussion of the ratings of the Insurers.

The Surety Bond coverage for each Surety Bond shall be automatically reduced to the extent of each payment made by the Insurer, and the Department is required to reimburse the Insurer from the Pledged Revenues for any draws under the Surety Bond, together with interest thereon. Upon reimbursement, such Surety Bond shall be reinstated to the extent of each principal reimbursement up to but not exceeding the maximum amount available to be drawn thereunder. The reimbursement obligation of the Department is subordinate to the obligation to pay principal and interest on all Outstanding Florida Forever Bonds. Each Surety Bond is subject to its respective terms and conditions.

Full Faith and Credit Not Pledged

The 2017A Bonds are not a general obligation or indebtedness, nor is there a pledge of the full faith and credit of the Department, the Division of Bond Finance, the State of Florida or any agency or political subdivision thereof within the meaning of any constitutional or legislative provision or limitation, and the Registered Owners of the 2017A Bonds will never have the right to compel the levy of any taxes not specifically pledged or the legislative appropriation of moneys not pledged by the State or the Department for the payment of the principal of and interest on the 2017A Bonds or for the payment of any other amounts with respect to the 2017A Bonds.

Bondholders' Risks

The 2017A Bonds are revenue bonds payable primarily from the Pledged Revenues which mainly consist of 100% of the Documentary Stamp Taxes, as indicated above. Many, if not most, of the documents subject to the Documentary Stamp Tax reflect business activities and transactions, the frequency and size of which may be greatly influenced by economic conditions in the State of Florida. For example, a portion of the Documentary Stamp Tax revenues is derived from a tax on deeds and other instruments relating to real property or interests in real property; consequently, a slowdown in the building construction industry and a decline in the number of new residential or commercial buildings sold may be one set of circumstances, among other possibilities, that could result in diminished Documentary Stamp Tax revenues. **If the Pledged Revenues become insufficient to pay the principal of, premium, if any, or interest on the 2017A Bonds as a result of such a decline in Documentary Stamp Tax revenues, the State of Florida is not legally obligated to increase the Documentary Stamp Tax rates, to levy other taxes or to take any other action not specifically provided for in the Authorizing Resolution.** See "DOCUMENTARY STAMP TAXES" below. See "RECENT STATE FINANCIAL DEVELOPMENTS" below for a brief overview of recent financial impacts on and budgetary actions of the State.

Outstanding Parity Bonds

Since 2001, multiple series of Florida Forever Bonds have been issued, which will be Outstanding in the aggregate principal amount of $907,785,000 subsequent to the refunding accomplished with proceeds of the 2017A Bonds., including the 2017A Bonds and excluding the Refunded Bonds in the principal amount of $98,805,000 that will be economically but not legally defeased and will be redeemed on July 1, 2018. The 2017A Bonds are to be issued as Additional Parity Bonds under the Authorizing Resolution and are to be secured equally and ratably on a parity with the Outstanding Florida Forever Bonds and any Additional Parity Bonds, by a lien on the Pledged Revenues, after providing for the Rebate Amount with respect to the Florida Forever Bonds.

Documentary Stamp Taxes securing the 2017A Bonds also secure, on a parity basis, debt service on the Everglades Bonds, outstanding in the aggregate principal amount of $217,350,000. See "SECURITY FOR THE 2017A BONDS - Pledge of Revenues" and "– Additional Parity Bonds – *Everglades Restoration Program*" herein. Although the Authorizing Resolution requires debt service on Everglades Bonds be taken into account upon issuance of Additional Parity Bonds, no other provision of the Authorizing Resolution pertains to the Everglades Bonds. Therefore, for example, debt service on the Everglades Bonds is not taken into account in determining the Reserve Requirement for the Florida Forever Bonds. See "– Additional Parity Bonds – *Everglades Restoration Program*" herein.

Flow of Funds

The Authorizing Resolution provides that Pledged Revenues are to be collected and deposited monthly by the Department into the Florida Forever Collection Account within the Land Acquisition Trust Fund. The Pledged Revenues are then to be transferred monthly to the Board of Administration in the following priority and in amounts sufficient to provide: (1) to the interest account in the Sinking Fund, 1/6th of the amount due for the payment of interest on the Bonds on the next Debt Service Payment Date, plus, for deposit into a principal account in the Sinking Fund, 1/12th of the amount due for the payment of the principal of the Florida Forever Bonds which will mature and become due on the next succeeding annual maturity date, plus an amount for deposit into a bond redemption account in the Sinking Fund for redemption of Term Bonds, (2) the amount of Administrative Expenses and all other fees due and payable during the month, (3) the amount of necessary deposits to the Reserve Account, amounts necessary to reinstate a Reserve Product previously drawn upon, deficiencies caused by withdrawal from the Reserve Account, and fees, charges and premiums for any Reserve Product not paid from Florida Forever Bond proceeds, and (4) the amount of necessary deposits to the Rebate Fund.

Then in each month, after payment of any deficiencies for prior payments, to the extent feasible, any excess moneys remaining in the Florida Forever Collection Account are to be paid back to the fund from which such moneys were transferred and any remaining excess moneys shall be deposited into the State's General Revenue Fund.

Such funds and accounts constitute trust funds for the purposes provided in the Authorizing Resolution and are to be continuously secured in the same manner as State governmental deposits are secured. Funds in the Sinking Fund are to be used only to pay interest on Florida Forever Bonds when due, the principal of maturing Serial Bonds, the Compounded Amounts of any Capital Appreciation Bonds, the current Sinking Fund Deposit (or the principal of and redemption premium, if any, with respect to Term Bonds payable from the Sinking Fund Deposit), the Rebate Amount, fees and charges of the paying agents and any other fees and charges accruing with respect to Florida Forever Bonds or the administration of funds under the Authorizing Resolution. For a complete description of the provisions relating to the application of the Pledged Revenues, see the Authorizing Resolution, which is included as Appendix C.

See "MISCELLANEOUS - Investment of Funds" below for policies governing the investment of various funds.

Additional Parity Bonds

The Division of Bond Finance may issue additional Florida Forever Bonds and Everglades Bonds payable from the Documentary Stamp Taxes on a parity with the Outstanding Florida Forever Bonds, the 2017A Bonds, and the Outstanding Everglades Bonds, but only upon certification by authorized State officials of the following conditions:

> (a) the Debt Service Requirement for all Florida Forever Bonds Outstanding and any additional Florida Forever Bonds proposed to be issued does not exceed in any Fiscal Year the maximum amounts permitted to be transferred in each respective Fiscal Year to the Land Acquisition Trust Fund pursuant to Section 201.15, Florida Statutes; and
>
> (b) for any 12 consecutive months out of the 24 month period immediately preceding the issuance of proposed Additional Parity Bonds, (i) the amount of excise taxes distributed pursuant to Section 201.15, Florida Statutes, equals at least 150% of the Maximum Debt Service Requirement for all Florida Forever Bonds Outstanding and Everglades Bonds Outstanding and the proposed Additional Parity Bonds, and (ii) the Pledged Revenues applicable to Florida Forever Bonds and Everglades Bonds, respectively, equaled or exceeded at least 100% of the Debt Service Requirement on Florida Forever Bonds Outstanding and Everglades Bonds Outstanding during such period. Notwithstanding the language in clause (b)(i) above, the Legislature may, from time to time, provide that the amount of excise taxes used to make the computation in clause (b)(i) is to be less than the total amount of excise taxes distributed pursuant to Section 201.15, Florida Statutes. In that case, the computation made pursuant to clause (b)(i) shall be made using the portion of the excise taxes then currently permitted by law to be used to make the computation, which amount may be changed from time to time, and (c) for purposes of paragraphs (a) and (b) above, the terms Pledged Revenues, Debt Service Requirement, Maximum Debt Service Requirement and Outstanding shall be determined with reference to the definition of those terms (i) in the Authorizing Resolution when applying the provisions of paragraphs (a) and (b) to Florida Forever Bonds, and (ii) in the Master Bond Agreement when applying the provisions of paragraphs (a) and (b) to Everglades Bonds. Further, for purposes of clause (b)(i) above, Debt Service Requirement and Maximum Debt Service Requirement with respect to Everglades Bonds shall be computed assuming (y) that Variable Rate Everglades Bonds bear interest at the Maximum Rate permitted under the Master Bond Agreement without regard to any lesser interest rate provided under the Master Bond Agreement or Florida Law, and (z) principal is amortized at the time and in the amounts provided for under the Master Bond Agreement, without regard to clause (a) of the Master Bond Agreement's definition of Debt Service Requirement (but with regard to all other provisions in such definition). Additionally, the Debt Service Requirement for any Series of Florida Forever Bonds does not include amounts provided from proceeds of Florida Forever Bonds.

In addition to the conditions described above, Sections 215.618 and 215.619, Florida Statutes, currently provide that not more than 58.25% of total documentary stamp taxes may be used to satisfy the Additional Parity Bonds test in (b)(i) above.

The certification that the above coverage requirements have been met is based upon (1) a certificate of the State's Chief Financial Officer, or appropriate official, setting forth the amount of excise taxes distributed pursuant to Section 201.15, Florida Statutes, and the amount of Pledged Revenues for the applicable period, and (2) a certificate of the Department or the Board of Administration setting forth the Debt Service Requirement and the Maximum Debt Service Requirement for all ensuing fiscal years after the issuance of the Additional Parity Bonds and the Debt Service Requirement on all Florida Forever Bonds Outstanding and Everglades Bonds Outstanding during the applicable period.

The Florida Forever Bonds, Everglades Bonds, and the Additional Parity Bonds, regardless of the time or times of their issuance, will rank equally with respect to their lien on the Pledged Revenues and their source of and security for payment therefrom without preference of any Florida Forever Bond, Everglades Bond or Additional Parity Bond over any other thereof.

The Authorizing Resolution provides for the termination of the pledge of and lien on the Pledged Revenues of such bonds in the event provision for the payment of the principal, interest and redemption premium, if any, with respect to such bonds is made. Under the conditions contained in the Authorizing Resolution for legal defeasance, Florida Forever Bonds may be refunded without the application of the Additional Parity Bond tests described in (a) and (b) above.

Any obligations secured by the Pledged Revenues, other than the Florida Forever Bonds, Everglades Bonds, and Additional Parity Bonds, must contain an express statement that such obligations are junior, inferior, and subordinate to the Florida Forever Bonds theretofore and thereafter issued, as to lien on and source and security for payment from the Pledged Revenues. The Department has also covenanted not to issue any obligations, or create, cause or permit to be created, any debt, lien, pledge, assignment, encumbrance, or any charge upon the Pledged Revenues except as otherwise provided in the Authorizing Resolution.

Florida Forever Bonds Program. In 1999, the Legislature enacted the Florida Forever Act to issue $3 billion of bonds over ten years to finance the cost of acquisition and improvement of land and water areas. In 2008, the Florida Forever Act was amended to extend the program for ten additional years and increase the total amount of Florida Forever Bonds that may be issued from $3 billion to $5.3 billion. The Florida Forever Act includes a limitation on debt service of $300 million in any Fiscal Year for all Florida Forever Bonds issued. To date, there has been a total of approximately $2.7 billion of funding to the Florida Forever program, approximately $2 billion from bond proceeds and approximately $700 million of cash authorized by the 2003, 2004 and 2006 Legislatures. The $700 million was intended to provide funding for land acquisition in lieu of issuing bonds. Florida Forever Bonds and Everglades Bonds are equally and ratably secured by the Documentary Stamp Taxes.

Everglades Restoration Program. Chapter 2006-231, Laws of Florida, amended Section 215.619, Florida Statutes to provide that Everglades Bonds shall be secured on a parity basis with bonds secured by moneys distributable under Section 201.15, Florida Statutes, for Florida Forever Bonds. Chapter 2006-231 additionally amended paragraph 201.15, Florida Statutes, to provide that taxes to be distributed for the payment of Florida Forever Bonds and Everglades Bonds are to be collectively distributed on a pro rata basis when the available moneys under Section 201.15 are not sufficient to cover the amounts required for both programs. The effect of the amendments and a provision in the Authorizing Resolution requiring debt service on Everglades Bonds to be taken into account upon the issuance of Additional Parity Bonds is that Everglades Bonds have a parity lien on the Documentary Stamp Taxes that fund the Pledged Revenues. See "SECURITY FOR THE 2017A BONDS – Pledge of Revenues" and "Outstanding Parity Bonds" herein. In 2008, Section 215.619, Florida Statutes, was amended by Chapter 2008-49, Laws of Florida, to provide that Everglades Bonds may be issued in an amount not exceeding $100 million per year through Fiscal Year 2020, rather than 2010. In addition, the Legislature may authorize up to $50 million of Everglades Bonds per year for the purpose of funding the Florida Keys Area of Critical State Concern protection program. All Everglades Bonds must now be retired by December 31, 2040, rather than 2030. There is currently authorization under the Master Bond Agreement for up to $500,000,000 of Everglades Bonds, but, as of the date of this Official Statement, only $336,800,000 of Everglades Bonds have been issued, of which $217,350,000 remain outstanding.

DOCUMENTARY STAMP TAXES

Documentary Stamp Tax Rates and Application

Rates - The Documentary Stamp Taxes are currently levied at the following rates:

(a) Seventy cents per $100 consideration paid in connection with the conveyance or other transfer of interests in realty located in Florida (Section 201.02, Florida Statutes);

(b) Thirty-five cents per $100 face value on bonds, debentures, and certificates of indebtedness issued in Florida (Section 201.07, Florida Statutes); and

(c) Thirty-five cents per $100 of debt evidenced by notes, mortgages, or other security agreements, as well as assignments of wages or other compensation in payment of debts. The tax on a promissory note, assignment of wages, and certain written obligations to pay money is capped at $2,450. For notes, etc., secured by mortgages, trust deeds and other evidence of indebtedness, tax must still be paid on the indebtedness secured by the mortgage, trust deed or other evidence of indebtedness (Section 201.08, Florida Statutes).

The following table shows the summary of changes in the rates of Documentary Stamp Taxes imposed since 1963.

Summary of Changes in Documentary Stamp Tax Rates

Fiscal Year Ended June 30	**Tax Rate Per $100 of Value**				
	Real Estate Transfer	**Stock Issuance**	**Stock Transfer**	**Bond Issuance**	**Debt Evidenced by Notes, Mortgages, etc.**
1964	0.30	$0.15	$0.15	$0.15	$0.15
1980	0.40	no change	no change	no change	no change
1982	0.40	no change	no change	no change	no change
1986	0.50	no change	no change	no change	no change
1988	0.50	no change	repealed	no change	no change
1991	0.60	0.32	-	0.32	0.32
1993	0.70	0.35	-	0.35	0.35
2002	no change[1]	repealed[1]	-	no change	no change[1]

1 In Chapter 2002-218, Laws of Florida, which became effective May 1, 2002, clarified that certain contracts to sell a residence between relocating employees and their employers are not subject to the Documentary Stamp Tax (See "*Exemptions*" below). Taxes had not previously been collected on such contracts. It also provided for the repeal of the Documentary Stamp Tax imposed on the original issue of stock certificates and placed a cap of $2,450 on the amount of Documentary Stamp Tax due on certain obligations to pay money.

Exemptions - Pursuant to various statutes and administrative rulings, certain specified documents are excluded from Documentary Stamp Taxes. Exempt documents include notes executed for students to receive financial aid from federal or State educational assistance programs, from loans guaranteed by the Federal Government or the State where federal regulations prohibit the assessment of such taxes against the borrower, or for any financial aid program administered by State universities and community colleges; renewals of notes which do not enlarge the original obligation; bank or trust company certificates of deposit; obligations to pay money issued by certain governmental units in the State; any assignment, transfer, or other disposition, or any document, which arises out of a lease or lease-purchase for real property agreement entered pursuant to Section 1013.15(4), Florida Statutes (involving the lease or lease-purchase of an educational facility or site by a district school board, a community college board of trustees, or the Board of Trustees for the Florida School for the Deaf and Blind); written obligations which are secured by the pledge or deposit of collateral obligations which are themselves subject to the Documentary Stamp Tax; certain obligations executed outside the United States or which are executed and secured by property located outside the State; any assignment, transfer, or other disposition, or any document, which arises out of a transfer of real property from a nonprofit organization to the Board of Trustees of the Internal Improvement Trust Fund, to any State agency, to any water management district, or to any local government, or of a transfer of marital home real property between spouses or former spouses pursuant to an action for dissolution of their marriage; and a contract to sell the residence of an employee relocating at his or her employer's direction, which contract is between the employee and the employer and a person in the business of providing employee relocation services. Certain other statutes and special laws exempt from taxation bonds and debt instruments of certain public bodies and political subdivisions of the State of Florida and the counties and municipalities therein.

Documentary Stamp Tax Distribution - All revenues from the Documentary Stamp Taxes are required to be distributed pursuant to Section 201.15, Florida Statutes. Prior to July 1, 2015, the Florida Forever Bonds and Everglades Bonds were payable from 63.31% of Documentary Stamp Taxes remaining after deducting an 8% service charge and the costs of the Department of Revenue necessary for the collection and enforcement of the Documentary Stamp Tax. In 2015, the Legislature amended Section 201.15, Florida Statutes, to increase the amount of documentary stamp taxes which are pledged and available to pay debt service on Florida Forever Bonds and Everglades Bonds from 63.31% of documentary stamp taxes (after deduction of certain costs and charges) to 100% of documentary stamp taxes.

These funds will be distributed to the Land Acquisition Trust Fund and will be first used to pay the debt service on and fund debt service reserve funds, rebate obligations, or other amounts with respect to Florida Forever Bonds, subject to maximum amount limitations, and Everglades Bonds. The pledged Documentary Stamp Taxes authorized to be used for payment of debt service on Florida Forever Bonds is limited to $300 million in any fiscal year for all Florida Forever Bonds. No individual series of such Florida Forever Bonds or Everglades Bonds, except refunding bonds, may be issued unless the debt service for the remainder of the fiscal year in which the bonds are issued is specifically appropriated in the General Appropriations Act.

Section 201.15, Florida Statutes, providing for the distribution of Documentary Stamp Taxes, provides that taxes distributed for the payment of Florida Forever Bonds and Everglades Bonds pursuant to Section 201.15 are to be collectively distributed on a pro rata basis when the available moneys under Section 201.15 are not sufficient to cover the amounts required for both programs.

Covenants With Respect to Pledged Revenues - The State has covenanted not to reduce the statutory percentage of the Documentary Stamp Taxes distributable to the Land Acquisition Trust Fund for payment on debt service of the Florida Forever Bonds and Everglades Bonds, and not to take any action which will materially and adversely affect the rights of the bondholders so long as the Florida Forever Bonds and Everglades Bonds are outstanding (Section 215.618(2), Florida Statutes).

In the Authorizing Resolution, the Department has covenanted to punctually deposit, transfer and apply the Pledged Revenues as required by the Authorizing Resolution as long as any Florida Forever Bonds or interest thereon are outstanding and unpaid. The Department has also agreed to punctually make all required transfers and payments, to diligently enforce its right to receive the Pledged Revenues, and not to take any actions which would impair or adversely affect the pledge of the Pledged Revenues. In preparing its budgets, the Department has agreed to include, to the extent legally required, the amount necessary to make all payments required by the Authorizing Resolution, and to make such recommendations to the Legislature as may be necessary to provide additional security for the payments required in connection with Florida Forever Bonds. The Department has consented to be sued for enforcement of its agreements with the Registered Owners, and Registered Owners of the 2017A Bonds may exercise all legal rights for enforcement of the Department's obligations to the Registered Owners.

Historical Documentary Stamp Tax Revenues

Since the Documentary Stamp Taxes were originally imposed during the 1930s, there have been a number of legislative changes which have affected the percentage of Documentary Stamp Taxes available to pay debt service on revenue bonds, such as the Florida Forever Bonds. In the Florida Forever Laws, the State enacted a legislative covenant with the holders of Florida Forever Bonds that it would not reduce the portion of the Documentary Stamp Taxes distributable to the Land Acquisition Trust Fund for payment of debt service on the Florida Forever Bonds.

The following table shows the Documentary Stamp Tax collections and amounts available to pay debt service on the Florida Forever Bonds based on the applicable distribution percentage, for the last ten years. Florida Documentary Stamp Tax collections saw extraordinary growth from 2002 through 2006 due to the State’s housing market which saw double-digit growth in home sales and price appreciation. Documentary Stamp Taxes declined by approximately 73% from the high in Fiscal Year 2006 of $4.06 billion to approximately $1.08 billion in Fiscal Year 2010 as the State’s construction and real-estate activity fell well below normal patterns. Collections of Documentary Stamp Taxes stabilized and grew by an average of 13% annually over the next seven years, reaching $2.42 billion in Fiscal Year 2017.

Historical Documentary Stamp Tax Revenues
(In Millions)

Fiscal Year	Total	Increase or (Decrease) From Prior Fiscal Year		Pledged Portion	
Ended June 30	**Tax Collections[1]**	**Percent**	**$ Amount**	**Statutory %**	**$ Amount[2]**
2008	$1,954.9	(35.5)%	$(1,077.9)	62.63%	$1,138.6
2009	1,122.8	(42.6)	(832.1)	63.31	655.5
2010	1,078.6	(3.9)	(44.2)	63.31	622.0
2011	1,156.5	7.2	77.9	63.31	667.4
2012	1,261.6	9.1	105.1	63.31	729.9
2013	1,643.4	30.3	381.8	63.31	951.0
2014	1,812.5	10.3	169.1	63.31	1,049.5
2015	2,120.8	17.0	308.3	63.31	1,229.1
2016	2,276.9	7.4	156.1	100.00	2,276.9
2017	2,417.8	6.2	140.9	100.00	2,417.8

[1] Source: Office of Economic and Demographic Research.
[2] Figure shown for Fiscal Year 2008 is derived by first deducting a 7% general revenue service charge and then applying the statutory distribution percentage. Beginning with Fiscal Year 2009, figures are derived by first deducting a 7% general revenue service charge and costs of the Department of Revenue, and then applying the statutory distribution percentage. In Fiscal Year 2010, the general revenue service charge was increased to 8%. Beginning in Fiscal Year 2016, 100% of the total documentary stamp tax collections are pledged and available to pay debt service on Florida Forever Bonds.

Projected Documentary Stamp Tax Revenues

The following table shows the Documentary Stamp Tax projections for the current and next ten years. The forecast of Documentary Stamp Tax collections for Fiscal Year 2018 of $2.5 billion represents a 4.3% increase from Fiscal Year 2017. Projected growth in collections reflects ongoing recovery in the housing market. Positive growth is expected to continue through the projection period.

Beginning in Fiscal Year 2016, 100% of the total documentary stamp tax collections are pledged and available to pay debt service on Florida Forever Bonds.

Projected Documentary Stamp Tax Revenues[1]
(In Millions)

Fiscal Year Ending June 30	Total Tax Collection	Increase or (Decrease) From Prior Fiscal Year Percent	$ Amount
2018	$2,521.7	4.3%	$103.9
2019	2,622.6	4.0	100.9
2020	2,719.6	3.7	97.0
2021	2,817.5	3.6	97.9
2022	2,919.0	3.6	101.5
2023	3,021.1	3.5	102.1
2024	3,123.9	3.4	102.8
2025	3,226.9	3.3	103.0
2026	3,330.2	3.2	103.3
2027	3,436.8	3.2	106.6
2028	3,543.3	3.1	106.5

[1] **Projections of Documentary Stamp Tax collections are statements of opinion based on information available at the time they are made. The projections are based upon current conditions and short term trends and are speculative as to long-range collections. Documentary Stamp Tax collections are particularly sensitive to changing economic conditions and to events which may cause the actual results to differ materially from the projections set forth herein. Investors should be aware that there have been material differences between past projections and actual Documentary Stamp Tax collections; no assurance can be given that there will not continue to be material differences relating to such amounts. Undue reliance should therefore not be placed on these projections**.

[2] Source: Florida Consensus Revenue Estimating Conference, August 2017. The projected Documentary Stamp Tax collections historically have been revised twice each year by the Florida Consensus Revenue Estimating Conference (see "STATE FINANCIAL OPERATIONS - Budgetary Process" in Appendix A for a description of the conference and see "RECENT STATE FINANCIAL DEVELOPMENTS" below).

Hurricane Irma, which made landfall in Florida on September 10, 2017, caused an approximately 2-week disruption to the Florida real estate market, a major driver of Documentary Stamp Tax revenues. The Documentary Stamp Tax collections in the month of September 2017 of $150 million were approximately 20%, or $37 million, lower than projections. Prior to September, actual collections for the first two months of the current fiscal year, July and August 2017, were collectively $8 million above the projections from the August 2017 Consensus Revenue Estimating Conference. The total annual projection for Fiscal Year 2017-18 Documentary Stamp Collections from the August 2017 Consensus Revenue Estimating Conference is $2.5 billion, which would generate a debt service coverage ratio of 14.85x based on projected debt service of $170 million in Fiscal Year 2017-18.

The total impact of Hurricane Irma on Documentary Stamp Tax revenues is not known at this time, but collections are expected to return to stable growth trends over the intermediate and long term. Updated Documentary Stamp Tax projections are expected to be available in January or February 2018.

Comparison of Monthly Collections to Estimates

A comparison of monthly Documentary Stamp Tax collections to projections for the prior 27 months is below. Actual collections of Documentary Stamp Taxes can vary from estimates as demonstrated in the table.

Comparison of Actual Collections to Projections
(In Millions)

	Monthly		Difference	
Month	**Tax Collections[1]**	**Estimates[2]**	**Percent**	**$ Amount**
July 2015	$203.8	$186.4	9.3%	$17.4
August 2015	183.1	173.0	5.8	10.1
September 2015	193.3	197.2	(2.0)	(3.9)
October 2015	183.5	177.4	3.4	6.1
November 2015	172.2	159.6	7.9	12.6
December 2015	199.7	218.2	(8.5)	(18.5)
January 2016	179.4	184.7	(2.9)	(5.3)
February 2016	167.9	156.5	7.3	11.4
March 2016	176.9	200.1	(11.6)	(23.2)
April 2016	181.3	212.8	(14.8)	(31.5)
May 2016	204.2	236.4	(13.6)	(32.2)
June 2016	231.5	208.2	11.2	23.3
July 2016	197.8	202.2	(2.2)	(4.4)
August 2016	226.1	230.6	(2.0)	(4.5)
September 2016	181.6	180.5	0.6	1.1
October 2016	185.1	186.4	(0.7)	(1.3)
November 2016	199.9	211.7	(5.6)	(11.8)
December 2016	199.0	185.9	7.0	13.1
January 2017	203.9	210.7	(3.2)	(6.8)
February 2017	172.8	165.2	4.6	7.6
March 2017	190.4	169.6	12.3	20.8
April 2017	198.8	197.1	0.9	1.7
May 2017	240.4	237.6	1.2	2.8
June 2017	222.0	222.5	(0.2)	(0.5)
July 2017	210.9	208.8	1.0	2.1
August 2017	238.7	230.7	3.5	8.0
September 2017	149.9	186.8	(19.8)	(36.9)

[1] Documentary Stamp Tax collections as reported by the Office of Economic and Demographic Research.
[2] Source: Florida Consensus Revenue Estimating Conferences.

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Historical Debt Service Coverage

The following table shows the historical debt service coverage for the Florida Forever Bonds and the Everglades Bonds for the last five fiscal years. Debt service coverage has been calculated based on the portion of Documentary Stamp Tax collections pledged at that time. Pro-forma coverage has also been provided to show what coverage would have been if the current pledge of 100% of collections had been in effect during the years shown.

Historical Debt Service Coverage
Outstanding Florida Forever Bonds and Everglades Bonds

	Coverage Based on Pledged Revenues			Coverage Based on Total Revenues Available		
Fiscal Year Ended June 30	**Pledged Documentary Stamp Taxes[1]**	**Annual Debt Service[2,3]**	**Debt Service Coverage**	**Total Documentary Stamp Taxes[4]**	**Annual Debt Service[2,3]**	**Debt Service Coverage**
2013	$951,000,000	$438,298,115	2.17x	$1,643,400,000	$438,298,115	3.75x
2014	1,049,500,000	175,348,057	5.99x	1,812,500,000	175,348,057	10.34x
2015	1,229,100,000	174,813,956	7.03x	2,120,800,000	174,813,956	12.13x
2016	2,276,900,000	174,289,786	13.06x	2,276,900,000	174,289,786	13.06x
2017	2,417,800,000	173,590,279	13.93x	2,417,800,000	173,590,279	13.93x

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1 Documentary Stamp Tax collections for each fiscal year as reported by the Office of Economic and Demographic Research and rounded to the nearest hundred thousand dollars. For Fiscal Years 2013-2015, figures shown are derived by first deducting a 8% general revenue service charge and costs of the Department of Revenue, and then applying the statutory percentage set forth in Section 201.15(1), Florida Statutes, for the distribution of Documentary Stamp Tax collections available to pay debt service on the Florida Forever Bonds. Beginning in Fiscal Year 2016, 100% of the total documentary stamp tax collections are pledged and available to pay debt service on Florida Forever Bonds. As a result, the Pledged Revenues equal the total Revenues Available.

2 Source: State Board of Administration of Florida. Includes debt service on Preservation 2000 Bonds, Florida Forever Bonds and Everglades Bonds. Preservation 2000 Bonds matured July 1, 2013, and are no longer Outstanding. Excludes debt service on previously refunded Bonds which were economically defeased only and remained Outstanding, which were paid from proceeds in escrow and not Pledged Revenues.

3 Includes accrued debt service on bonds refunded during the fiscal year through the issuance date of the applicable refunding bonds. Also includes annual remarketing agent fees, liquidity fees, tender agent fees and administrative fees for Everglades Bonds.

4 Represents the total Documentary Stamp Taxes collected.

Projected Debt Service Coverage

The following table shows the estimated debt service coverage for the next five fiscal years based on Pledged Revenues derived from the August 2017 Consensus Revenue Estimating Conference forecast of Documentary Stamp Taxes.

Projected Debt Service Coverage
Outstanding Bonds and Parity Bonds

Fiscal Year Ending June 30	**Projected Total Documentary Stamp Taxes[1]**	**Annual Debt Service[2]**	**Projected Coverage[1]**
2018	$2,521,720,000	$169,807,196	14.85x
2019	2,622,590,000	167,216,184	15.68x
2020	2,719,630,000	166,998,063	16.29x
2021	2,817,540,000	166,801,768	16.89x
2022	2,918,970,000	145,016,326	20.13x

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1 See "Projected Documentary Stamp Tax Revenues" above for assumptions. **Projections of Documentary Stamp Tax collections are statements of opinion based on information available at the time they are made. The projections are based upon current conditions and short term trends and are speculative as to long-range collections. Documentary Stamp Tax collections are particularly sensitive to changing economic conditions and to events which may cause the actual results to differ materially from the projections set forth herein. Investors should be aware that there have been material differences between past projections and actual Documentary Stamp Tax collections; no assurance can be given that there will not continue to be material differences relating to such amounts. Undue reliance should therefore not be placed on these projections.**

2 See "SCHEDULE OF DEBT SERVICE" for assumptions.

SCHEDULE OF DEBT SERVICE

The table below shows the debt service on the Outstanding Florida Forever Bonds and the Outstanding Everglades Bonds, excluding debt service on the Refunded Bonds, debt service on the 2017A Bonds and total debt service.

Fiscal Year Ending June 30	Outstanding Everglades Bonds Debt Service[1]	Outstanding Florida Forever Bonds Debt Service [2,3,4]	2017A Bonds Debt Service			Total Debt Service
			Principal	Interest	Total	
2018	$23,999,278	$143,606,004	-	$2,201,914	$2,201,914	$169,807,196
2019	24,021,040	133,463,894	$5,975,000	3,756,250	9,731,250	167,216,184
2020	24,060,150	133,205,413	6,275,000	3,457,500	9,732,500	166,998,063
2021	24,109,299	132,963,719	6,585,000	3,143,750	9,728,750	166,801,768
2022	24,141,322	111,145,504	6,915,000	2,814,500	9,729,500	145,016,326
2023	24,199,535	99,810,088	7,260,000	2,468,750	9,728,750	133,738,373
2024	24,255,717	79,317,343	7,620,000	2,105,750	9,725,750	113,298,810
2025	24,315,113	78,974,507	8,000,000	1,724,750	9,724,750	113,014,369
2026	17,814,738	61,904,569	8,405,000	1,324,750	9,729,750	89,449,056
2027	17,881,025	41,077,963	8,825,000	904,500	9,729,500	68,688,488
2028	10,332,965	30,840,111	9,265,000	463,250	9,728,250	50,901,326
2029	10,268,445	20,563,345	-	-	-	30,831,790
2030	6,927,606	-	-	-	-	6,927,606
2031	6,926,281	-	-	-	-	6,926,281
2032	6,927,031	-	-	-	-	6,927,031
2033	3,432,650	-	-	-	-	3,432,650
2034	3,428,025	-	-	-	-	3,428,025
2035	3,431,025	-	-	-	-	3,431,025
	$280,471,245	$1,066,872,459	$75,125,000	$24,365,664	$99,490,664	$1,446,834,368

1 Without consideration of the expected receipt of the federal subsidy equal to 35% of the interest payable on the 2010B Everglades Bonds which is expected to be deposited into the Sinking Fund. Includes debt service for the Outstanding Everglades Bonds, Series 2007A-B through Series 2017A. The Series 2007A-B Bonds Outstanding in the principal amount of $60,420,000 bear interest at variable rates. Estimated debt service on the Series 2007A-B Bonds (Multi-Modal) is calculated based upon an annual fixed interest rate of 2.50%; however, while the Series 2007A-B Bonds are in the Weekly Mode, interest on such bonds will vary on a weekly basis as determined by the applicable Remarketing Agent. Historical weekly rates on the Series 2007A-B have ranged from 0.01% to 8.20% (in 2008), with an average of approximately 0.53%. No assurance can be given that the actual interest rate on the Series 2007A-B Bonds will be 2.50%. Includes annual remarketing agent fees, liquidity fees, tender agent fees and administrative fees.

2 Without consideration of the expected receipt of the federal subsidy equal to 35% of the interest payable on the Series 2010B Florida Forever Bonds which is expected to be deposited into the Sinking Fund.

3 Excludes annual debt service of $4.9 million in 2018 and $12.8 million in 2019 through 2028 on the Refunded Bonds that will be economically but not legally defeased and will be called for redemption on July 1, 2018.

4 Includes approximately $2.1 million in Fiscal Year 2018 of accrued debt service on the Refunded Bonds which will be called for redemption on July 1, 2018.

Note: Numbers may not add due to rounding. **No representations are made as to the reasonableness of the interest rate assumptions used in the preparation of this table. The interest rate assumptions are for illustrative purposes only and are subject to change. Undue reliance should not be placed on these projections.**

PROVISIONS OF STATE LAW

Bonds Legal Investment for Fiduciaries

The State Bond Act provides that all bonds issued by the Division of Bond Finance are legal investments for state, county, municipal or other public funds, and for banks, savings banks, insurance companies, executors, administrators, trustees, and all other fiduciaries and also are securities eligible as collateral deposits for all state, county, municipal, or other public funds.

Negotiability

The 2017A Bonds will have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities Law of the State.

TAX MATTERS

General

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the 2017A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) the 2017A Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended. Bond Counsel expresses no opinion as to any other tax consequences regarding the 2017A Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Division of Bond Finance and the Department of Environmental Protection contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the 2017A Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations or the continuing compliance with those covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the 2017A Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Division of Bond Finance or the Department of Environmental Protection may cause loss of such status and result in the interest on the 2017A Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the 2017A Bonds. The Division of Bond Finance and the Department of Environmental Protection have covenanted to take the actions required of them for the interest on the 2017A Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the 2017A Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2017A Bonds or the market value of the 2017A Bonds.

A portion of the interest on the 2017A Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the 2017A Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S Corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the 2017A Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the 2017A Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a 2017A Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the 2017A Bonds ends with the issuance of the 2017A Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Division of Bond Finance, the Department of Environmental Protection or the owners of the 2017A Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the 2017A Bonds, under current IRS procedures, the IRS will treat the Department of Environmental Protection as the taxpayer and the beneficial owners of the 2017A Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the 2017A Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the 2017A Bonds.

Prospective purchasers of the 2017A Bonds upon their original issuance at prices other than the respective prices indicated on the inside cover of this Official Statement, and prospective purchasers at other than their original issuance should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the 2017A Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the 2017A Bonds will not have an adverse effect on the tax status of interest on the 2017A Bonds or the market value or marketability of the 2017A Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the 2017A Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent presidential and legislative proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the 2017A Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the 2017A Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the 2017A Bonds may be adversely affected and the ability of holders to sell their 2017A Bonds in the secondary market may be reduced. The 2017A Bonds are not subject to special mandatory redemption, and the interest rates on the 2017A Bonds are not subject to adjustment in the event of any such change.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Premium

All of the 2017A Bonds were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a 2017A Bond, based on the yield to maturity of that 2017A Bond compounded semiannually. No portion of that bond premium is deductible by the owner of a 2017A Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a 2017A Bond, the owner's tax basis in the 2017A Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a 2017A Bond for an amount equal to or less than the amount paid by the owner for that 2017A Bond. A purchaser of a 2017A Bond in the initial public offering at the price for that 2017A Bond stated on the cover of this Official Statement who holds that 2017A Bond to maturity will realize no gain or loss upon the retirement of that 2017A Bond.

Owners of 2017A Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of bond premium properly accruable or amortizable in any period with respect to the 2017A Discount or 2017A Bonds and as to other federal tax consequences and the treatment of bond premium for purposes of state and local taxes on, or based on, income.

State Taxes

The 2017A Bonds and the income therefrom are not subject to any taxation by the State or any county, municipality, political subdivision, agency, or instrumentality of the State, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended.

Florida laws governing the imposition of estate taxes do not provide for an exclusion of state or local bonds from the calculation of the value of the gross estate for tax purposes. Florida's estate tax is generally calculated on the basis of the otherwise unused portion of the federal credit allowed for state estate taxes. Under Chapter 198, Florida Statutes, all values for state estate tax purposes are as finally determined for federal estate tax purposes. Since state and local bonds are included in the valuation of the gross estate for federal tax purposes, such obligations would be included in such calculation for Florida estate tax purposes. Prospective owners of the 2017A Bonds should consult their own attorneys and advisors for the treatment of the ownership of the 2017A Bonds for estate tax purposes.

RECENT STATE FINANCIAL DEVELOPMENTS

The State's budget is required to be kept in balance with current revenues each State fiscal year, with the final budget subject to adjustment during the fiscal year if necessary to ensure that no shortfall occurs. See "Appendix A - STATE FINANCIAL OPERATIONS - Financial Control" herein for more detailed information.

The financial information set forth below is unaudited. Estimates are based on information available at the time of the estimates. Such estimates are subject to revision as additional information becomes available. Also, estimates are subject to risks and uncertainties which may cause results to differ materially from those estimates set forth below. No assurance is given that actual results will not differ materially from the estimates provided below.

Fiscal Year 2015-16

Budget. The Fiscal Year 2015-16 Budget totaled $78.4 billion, an increase of approximately $1.3 billion (1.7%) over the Fiscal Year 2014-15 Budget of $77.1 billion. The General Fund budget totaled $28.8 billion and was primarily funded with general revenue collections and $190 million in trust fund transfers.

Revenues. Actual general revenue collections of $28.3 billion for Fiscal Year 2015-16 were up $644 million (2.3%) over the prior fiscal year. Growth in Fiscal Year 2015-16 revenues was primarily a result of strong sales tax collections, somewhat offset by weaker corporate filing fees and highway safety revenues.

Reserves. The General Fund Retrospect statement released on November 14, 2016, finalized the Fiscal Year 2015-16 year-end General Fund balance as $1.9 billion. The Budget included the final repayment to the Budget Stabilization Fund of $214.5 million, which increased the Budget Stabilization Fund balance to $1.35 billion at June 30, 2016. When including the Budget Stabilization Fund, General Fund reserves at fiscal year-end totaled approximately $3.25 billion (11.5% of general revenues). The Fiscal Year 2015-16 year-end trust fund reserve balances totaled $2.78 billion, including $619 million in the Lawton Chiles Endowment Fund and about $2.16 billion in various unreserved trust fund balances. The inclusion of trust fund reserve balances increases the estimated total reserves to approximately $6.02 billion (21.3% of actual general revenues) at fiscal year-end.

Fiscal Year 2016-17

Budget. The Fiscal Year 2016-17 Budget totaled $82.3 billion, an increase of approximately $3.9 billion (5%) over the Fiscal Year 2015-16 Budget of $78.4 billion. The General Fund budget totaled $30.2 billion and was primarily funded with estimated general revenue collections of $29.5 billion and $252.9 million in trust fund transfers.

Revenues. Actual revenue collections of $29.6 billion for Fiscal Year 2016-17 were $1.27 billion (4.5%) over the prior fiscal year. Growth in 2016-17 revenues was primarily a result of higher sales tax, corporate income tax and highway safety license revenues.

Reserves. Based on the August 2017 General Fund Outlook statement, the Fiscal Year 2016-17 year-end General Fund balance is projected to total about $1.36 billion, which includes the effects of 2017 legislation directing $300 million of the $400 million BP Oil Entities settlement payment received by the State from the General Revenue Fund to the Triumph Gulf Coast Trust Fund. The Budget included a $30.7 million transfer to the Budget Stabilization Fund, which increased the Budget Stabilization Fund balance to $1.38 billion at June 30, 2017. When including the Budget Stabilization Fund, General Fund reserves at fiscal year-end are projected to total approximately $2.75 billion (9.3% of general revenues). The Fiscal Year 2016-17 year-end trust fund reserve balances are estimated at $2.45 billion, including an estimated $655 million in the Lawton Chiles Endowment Fund and about $1.8 billion in various unreserved trust fund balances. The inclusion of trust fund reserve balances increases the estimated total reserves to approximately $5.2 billion (17.6% of general revenues) at fiscal year-end. Estimates are based on information available at the time of the estimates. Such estimates are subject to revision as additional information becomes available.

Fiscal Year 2017-18

Budget. The 2017 legislative regular and special sessions concluded with the State Legislature adopting the General Appropriations Act for Fiscal Year 2017-18 and other bills approving spending authority (collectively, the "2017-18 Budget") totaling $85 billion. The 2017-18 Budget is approximately $2.7 billion (3.3%) more than the Fiscal Year 2016-17 Budget of $82.3 billion. Of the 2017-18 Budget, $12 billion was approved in bills passed by the Legislature during the special session that ended on June 9, 2017. The proposed General Fund budget totals approximately $31.5 billion and will be funded primarily from general revenue collections and $448.2 million in trust fund transfers.

Revenues. The August 2017 REC increased the general revenue forecast for Fiscal Year 2017-18 by $132.2 million (0.4%) from the March 2017 REC forecast (adjusted for legislative impacts) to $30.9 billion. The increase is primarily attributable to increases in estimated Indian Gaming revenues of $159 million and corporate income taxes of $65 million, offset by a $143 million decrease in sales tax estimates. Sales tax estimates were adjusted downwards to reflect slightly weaker economic drivers, with the greatest change being in the tourism and recreation category. The adjustment to corporate income taxes reflects higher-than-expected recent collections and slightly stronger corporate profit growth rates expected.

Actual general revenue collections of $7.1 billion for the three-month period ended September 30, 2017, were approximately $84.0 million (1.2%) less than the August 2017 REC estimates and were approximately $222 million (3.2%) more than the same period of the prior fiscal year. The difference in revenue collections compared to estimates is primarily attributed to September 2017 collections coming in $125.5 million (5.0%) less than estimated, with the largest decreases in the corporate income tax and sales tax general revenue sources. Over half of the shortfall for September 2017 is associated with corporate income tax collections coming in $66.5 million under estimate. The reason for the shortfall is assumed to be related to filing extensions granted to corporate income tax filers impacted by Hurricane Irma. Sales tax collections for September were $35.4 million under estimate, partially due to business disruption resulting from Hurricane Irma during the month of September which delayed sales tax payments during the month. Hurricane Irma's effect on future State revenue collections is unknown. Updated general revenue projections are expected to be available in January or February 2018.

Reserves. Based on the August 2017 General Fund Outlook statement, the Fiscal Year 2017-18 year-end General Fund balance is projected to total about $1.46 billion. The General Fund balance reflects the release of $226.8 million in payments associated with banked card games which were previously held in reserve. The release of these monies was based on a Settlement Agreement and Stipulation entered into between the Seminole Tribe of Florida and the State of Florida in July 2017. The 2017-18 Budget includes a $32.1 million transfer to the Budget Stabilization Fund, which will increase the Budget Stabilization Fund balance to $1.42 billion at June 30, 2018. When including the Budget Stabilization Fund, General Fund reserves at fiscal year-end are projected to total approximately $2.9 billion (9.3% of projected general revenues). The Fiscal Year 2017-18 year-end trust fund reserve balances are estimated at $2.1 billion, including an estimated $704 million in the Lawton Chiles Endowment Fund and about $1.4 billion in various unreserved trust fund balances. The inclusion of trust fund reserve balances increases the estimated total reserves to approximately $5 billion (16.1% of general revenues) at fiscal year-end. Estimates are based on information available at the time of the estimates. Such estimates are subject to revision as additional information becomes available. The estimates of Fiscal Year 2017-18 year-end reserves provided above do not include the effects of costs associated with Hurricane Irma. See "Impact of Hurricane Irma" for more information.

Impact of Hurricane Irma

Hurricane Irma made landfall in Florida on September 10, 2017. In advance of the storm, the Governor declared a state of emergency on September 4, 2017. Under Chapter 252.37, Florida Statutes, this declaration gives the Governor broad spending authority to meet financial needs resulting from a disaster. As of October 23, 2017, State agencies estimate that they will spend a total of approximately $649 million in response to Hurricane Irma. The State continues to monitor this spending and receives daily updates on storm-related expenditures from all State agencies. These expenses will be submitted to the Federal Emergency Management Agency ("FEMA") for reimbursement. The State anticipates that it will receive reimbursements from FEMA for 75%, 90%, or 100% of these costs resulting from Hurricane Irma, with the reimbursement levels dependent on the category of expenses and amount of overall State expenses. In addition, the State will be responsible for paying a portion of the storm-related expenses of counties and the costs of certain categories of individual assistance provided by FEMA to Florida citizens. The net fiscal impact on the State's General Revenue Fund for Hurricane Irma expenses and approved individual assistance to date, excluding the State's share of county costs, is currently projected to be approximately $82 million after expected reimbursements from FEMA, with an additional net $33 million to be paid from State Trust Funds. Additionally, the State has authorized up to $45 million in bridge loans to small businesses and citrus growers, which would be expected to be repaid to the State over the next one to two fiscal years. The State has sufficient reserves to fund these disaster recovery efforts, and has sufficient liquidity to cover expenses in advance of FEMA reimbursements. The State's share of county hurricane related costs is estimated at $115 million but that estimate will develop over time and those costs are expected to be paid out over the next five budget years. This preliminary cost estimate does not include any action that the Florida Legislature may take in responding to Hurricane Irma, but no near term actions are expected. Any legislative action would most likely be considered during the regular 60-day legislative session scheduled for January 9, 2018 to March 9, 2018. The costs of Hurricane Irma are not expected to have a material effect on the State's budget or financial position.

The information set forth in the section "Impact of Hurricane Irma" above is preliminary and subject to change. Cost estimates are based on the best information available at the time of the estimates. Such information and cost estimates are subject to revision as additional information becomes available. Also, estimates are subject to risks and uncertainties which may cause results to differ materially from those estimates set forth above. No assurance is given that final information and cost estimates will not differ materially from the information and cost estimates provided above.

MISCELLANEOUS

Variable Rate Debt and Derivatives

The Division of Bond Finance does not generally issue variable rate debt or enter into derivative contracts in connection with its bond issues. The Division of Bond Finance has not entered into any derivative transactions on behalf of the state or any of its agencies. The Division of Bond Finance currently has only one issue of outstanding variable rate debt, the Department of Environmental Protection Everglades Restoration Revenue Bonds, Series 2007A-B (Multi-Modal), outstanding in the amount of $60,420,000. The Everglades Bonds are insured by Assured Guaranty and internal liquidity is provided through a standby bond purchase agreement with the State Treasury.

Investment of Funds

All State Funds are invested by either the Chief Financial Officer or the Board of Administration.

Investment by the Chief Financial Officer - Funds held in the State Treasury are invested by internal and external investment managers. As of June 30, 2017, the ratio was approximately 46% internally managed funds, 44% externally managed funds, 5% Certificates of Deposit and 5% in an externally managed Security Lending program. The total portfolio market value on June 30, 2017, was $24,498,384,318.70.

Under State law, the Treasury is charged with investing funds of each State agency and the judicial branch. As of June 30, 2017, $17.301 billion of the investments in the Treasury consisted of accounts held by State agencies that are required by law to maintain their investments in the Treasury; additionally, $6.172 billion as of this date consisted of moneys held by certain boards, associations, or entities created by the State Constitution or by State law that are not required to maintain their investments with the Treasury and are permitted to withdraw these funds from the Treasury.

As provided by State law, the Treasury must be able to timely meet all disbursement needs of the State. Accordingly, the Treasury allocates its investments to provide for estimated disbursements plus a cushion for liquidity in instances of greater-than-expected disbursement demand.

To this end, a portion of Treasury's investments are managed for short-term liquidity and preservation of principal. The remainder is managed to obtain maximum yield, given the safety parameters of State law and Treasury's Comprehensive Investment Policy. Investments managed for short-term liquidity and preservation of principal are managed "internally" by Treasury personnel. The majority of investments managed for a maximum return are managed by "external" investment companies hired by the State.

The Externally Managed Investment Program provides long-term value while limiting risk appropriately and provides a backup source of liquidity. External investment strategy focuses on medium-term and long-term fixed income securities, rather than money market instruments, in order to take advantage of higher returns historically achieved by such securities. Portfolio managers are hired to actively manage funds. These funds may be invested in U.S. Treasury government agency obligations, investment grade corporate debt, municipal debt, mortgage backed securities, asset backed securities, and U.S. dollar denominated investment-grade foreign bonds that are registered with the Securities and Exchange Commission. The managers may also use leveraging techniques such as forward purchase commitments, and interest rate futures.

Investment by the Board of Administration - The Board of Administration manages investment of assets on behalf of the members of the Florida Retirement System (the "FRS") Defined Benefit Plan. It also acts as sinking fund trustee for most State bond issues and oversees the management of FRS Investment Plan investment options, Florida Hurricane Catastrophe Fund moneys, a short-term investment pool for local governments and smaller trust accounts on behalf of third party beneficiaries.

The Board of Administration adopts specific investment policy guidelines for the management of its funds which reflect the long-term risk, yield, and diversification requirements necessary to meet its fiduciary obligations. As of June 30, 2017, the Board of Administration directed the investment/administration of 24 funds in 550 portfolios.

As of June 30, 2017 the total market value of the FRS (Defined Benefit) Trust Fund was $153,573,300,932.88. The Board of Administration pursues an investment strategy which allocates assets to different investment types. The long-term objective is to meet liability needs as determined by actuarial assumptions. Asset allocation levels are determined by the liquidity and cash flow requirements of the FRS, absolute and relative valuations of the asset class investments, and opportunities within those asset classes. Funds are invested internally and externally under a Defined Benefit Plan Investment Policy Statement.

The Board of Administration uses a variety of derivative products as part of its overall investment strategy. These products are used to manage risk or to execute strategies more efficiently or more cost effectively than could be done in the cash markets. They are not used to speculate in the expectation of earning extremely high returns. Any of the products used must be within investment policy guidelines designed to control the overall risk of the portfolio.

The Board of Administration invests assets in 23 designated funds other than the FRS (Defined Benefit) Trust Fund. As of June 30, 2017, the total market value of these funds equaled $37,890,376,569.62. Each fund is independently managed by the Board of Administration in accordance with the applicable documents, legal requirements and investment plan. Liquidity and preservation of capital are preeminent investment objectives for most of these funds, so investments for these are restricted to high quality money market instruments (e.g., cash, short-term treasury securities, certificates of deposit, banker's acceptances, and commercial paper). The term of these investments is generally short, but may vary depending upon the requirements of each trust and its investment plan.

Investment of bond sinking funds is controlled by the resolution authorizing issuance of a particular series of bonds. The Board of Administration's investment policy with respect to sinking funds is that only U.S. Treasury securities, and repurchase agreements backed thereby, be used.

Bond Ratings

Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings (herein referred to collectively as "Rating Agencies"), have assigned their municipal bond ratings of Aa3, AA- and AA-, respectively, to the 2017A Bonds. Such ratings reflect only the respective views of such Rating Agencies at the time such ratings were issued, and an explanation of the significance of such ratings may be obtained from any of the respective rating agencies.

The Division of Bond Finance and the Department furnished to such Rating Agencies certain information and material in respect to the State and the 2017A Bonds. Generally, Rating Agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the Rating Agencies. There is no assurance that such ratings will be maintained for any given period of time or that they may not be lowered, suspended or withdrawn entirely by the Rating Agencies, or any of them, if in their or its judgment, circumstances warrant. Any such downward change in, suspension of or withdrawal of such ratings may have an adverse effect on the market price of the 2017A Bonds.

Certain companies provide either bond insurance or reserve account surety bonds on various series of Outstanding Bonds. The Rating Agencies have evaluated (and are continuing to evaluate) the effects of the downturn in the market for certain structured finance instruments, including collateralized debt obligations and residential mortgage backed securities, on the claims-paying ability of financial guarantors. The results of these evaluations have included and may include additional ratings affirmations, changes in rating outlook, reviews for downgrade, and downgrades. To date, the Rating Agencies have downgraded the following companies as indicated: Assured Guaranty Corp. (Assured) - Moody's/A3; S&P/AA, Assured Guaranty Municipal Corp. (AG Muni - formerly, Financial Security Assurance Inc.) - Moody's/A2, S&P/AA, and MBIA Insurance Corporation - Moody's/Caa1, S&P/CCC. Assured has a stable outlook by Moody's and S&P. AG Muni has a stable outlook by both Moody's and S&P. MBIA has a negative outlook by S&P and a developing outlook by Moody's. Fitch has withdrawn its ratings for Ambac Assurance Corporation (Ambac), Financial Guaranty Insurance Company (FGIC), MBIA, Syncora Guarantee Inc. (Syncora), Assured and AG Muni; Moody's and S&P have withdrawn their ratings for FGIC, Ambac and Syncora. Potential investors are directed to the Rating Agencies for additional information on their ongoing evaluations of the financial guaranty industry and individual financial guarantors.

Verification of Mathematical Calculations

The mathematical accuracy of the computations relating to the amount of potential cash receipts from funds held in a fund invested by the State Treasury and interest earnings thereon to pay the principal of, redemption premium, and interest on the Refunded Bonds, and the mathematical accuracy of the computations supporting the conclusion of Bond Counsel that the

2017A Bonds will not be “arbitrage bonds” under the Internal Revenue Code of 1986, will be verified by Causey Demgen & Moore, Inc., Certified Public Accountants, as a condition of the delivery of the 2017A Bonds. The Refunded Bonds will be economically, but not legally, defeased. See “THE REFUNDING PROGRAM,” above.

Litigation

Currently there is no litigation pending, or to the knowledge of the Department or the Division of Bond Finance threatened, which if successful would have the effect of restraining or enjoining the issuance or delivery of the 2017A Bonds or questioning or affecting the validity of the 2017A Bonds or the proceedings and authority under which such 2017A Bonds are to be issued. The Department and the Division of Bond Finance from time to time engage in certain routine litigation the outcome of which would not be expected to have any material adverse effect on the issuance and delivery of the 2017A Bonds.

Legal Opinion and Closing Certificate

The approving legal opinion of Squire Patton Boggs (US) LLP will be provided on the date of delivery of the 2017A Bonds. Such legal opinion expresses no opinion as to the accuracy, completeness or fairness of any statement in this Official Statement or the appendix hereto or in any other report, financial information, offering or disclosure document or other information pertaining to the State or the 2017A Bonds that may be prepared or made available by the State, the Department, the Division of Bond Finance or others to the purchasers or holders of the 2017A Bonds or other parties. Proposed form of the legal opinion is attached as Appendix E. The actual legal opinion to be delivered may vary from the text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise will create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

A certificate, executed by appropriate State officials, to the effect that to the best of their knowledge this Official Statement, as of its date and as of the date of delivery of the 2017A Bonds, does not contain an untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which this Official Statement is intended to be used, or which is necessary to make the statements contained herein, in the light of the circumstances under which they were made, not misleading, will also be provided at delivery.

Continuing Disclosure

The Department will undertake, for the benefit of the beneficial owners and the Registered Owners of the 2017A Bonds to provide, or cause to be provided, certain financial information and operating data and to provide notices of certain material events. Such financial information and operating data will be transmitted to the Municipal Securities Rulemaking Board (the “MSRB”) using its Electronic Municipal Market Access System (“EMMA”). Any notice of material events will also be transmitted to the MSRB using EMMA. The form of the undertaking is set forth in Appendix F, Form of Continuing Disclosure Agreement. This undertaking is being made in order to assist the underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission.

Neither the Department nor the Division of Bond Finance has failed, in the previous five years, to comply in all material respects with any prior disclosure undertakings.

Underwriting

Wells Fargo Bank, National Association (the "Underwriter") has agreed to purchase the 2017A Bonds at an aggregate purchase price of $89,205,414.44 (which represents the par amount of the 2017A Bonds plus an original issue premium of $14,124,110.90 and minus the Underwriter’s discount of $43,696.46). The Underwriter may offer and sell the 2017A Bonds to certain dealers (including dealers depositing bonds into investment trusts, including trusts managed by the Underwriter) at prices lower than the initial offering prices. The offering prices or yields on the 2017A Bonds set forth on the inside front cover may be changed after the initial offering by the Underwriter.

Execution of Official Statement

The execution and delivery of this Official Statement have been duly authorized by the Division of Bond Finance and the Department.

DIVISION OF BOND FINANCE of the STATE BOARD OF ADMINISTRATION OF FLORIDA, on behalf of the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

RICK SCOTT
Governor, as Chairman of the Governing Board
of the Division of Bond Finance

NOAH VALENSTEIN
Secretary
Department of Environmental Protection

J. BEN WATKINS III
Director
Division of Bond Finance

APPENDIX A

STATE OF FLORIDA

STATISTICAL, DEMOGRAPHIC AND FINANCIAL INFORMATION

The information contained in this Appendix is intended to provide an overview of the organization of the State's government, as well as general economic, financial and demographic data which might be of interest in connection with the foregoing Official Statement. All information contained herein has been obtained from sources believed to be accurate and reliable. Estimates of future results are statements of opinion based on the most recent information available, which is believed to be accurate. Such estimates are subject to risks and uncertainties which may cause actual results to differ materially from those set forth herein.

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STATE OF FLORIDA

GENERAL HISTORY AND GEOGRAPHY

Juan Ponce de Leon made the first recorded landing in Florida in 1513, and subsequently claimed the territory for Spain. The Spaniards founded the first permanent settlement, St. Augustine, in 1565. Florida was acquired by the United States from Spain in 1821, became a territory of the United States in 1822, and was admitted to statehood in 1845 as the 27th state. The State capital is the city of Tallahassee.

Florida is the 26th largest state with land area of 54,252 square miles and a water area of 4,308 square miles, with tidal shoreline in excess of 2,200 miles.

Florida has 67 counties and approximately 405 municipalities.

STATE GOVERNMENT

Florida's governmental powers are divided among the executive, legislative and judicial branches.

Executive Branch

In 1998, voters approved amendments to the State constitution which restructured the State Cabinet. Since adoption of the amendments, the State legislature has adopted several measures to implement the constitutional changes and to otherwise reorganize the executive branch of the State government.

The supreme executive power is vested in the Governor. The Lieutenant Governor acts as Governor upon a vacancy in the office or incapacity of the Governor. The executive branch consists of the Governor and Cabinet, which is comprised of the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture, each of whom is elected for four years. All executive functions are allotted among not more than 25 departments under the direct supervision of the Governor, Lt. Governor, Governor and Cabinet, or a Cabinet Member. The State Constitution limits cabinet members to eight consecutive years in office. A governor who has served for more than 6 years in two consecutive terms may not be re-elected for the succeeding term.

Legislative Branch

The legislative power of the State is vested in a bicameral legislature, consisting of a senate and a house of representatives. There are 40 senatorial districts and 120 representative districts within the State. Senators are elected for four-year terms and representatives for two-year terms. The State Constitution also limits legislators to eight consecutive years in office.

Regular sessions of the legislature convene on the first Tuesday after the first Monday in March of each odd-numbered year, and on the first Tuesday after the first Monday in March, or such other date as may be fixed by law, of each even-numbered year, and shall not exceed 60 days. Special sessions may be called by the Governor or by joint proclamation of the President of the Senate and the Speaker of the House of Representatives.

Judicial Branch

The judicial power is vested in a supreme court, 5 district courts of appeal, 20 circuit courts and 67 county courts. As a result of a constitutional amendment adopted in 1998, as of July 1, 2004 the legislature began funding certain costs of the judicial system previously borne by the counties.

Services Provided by State Government

The State provides a wide range of services to its residents and to its local government units. The education system is the most extensive service provided by the State. On November 5, 2002, voters approved constitutional amendments requiring class size reductions and providing for a free, voluntary pre-kindergarten program for 4-year-olds.

Over half of the State's general revenue appropriations are for education. All tax supported schools, from kindergarten through postsecondary, constitute a single, unified system of public education under the State Board of Education. Each of Florida's 67 counties comprises a single school district operating under an elected district school board. In addition, there are 49 area vocational-technical centers administered by the local school boards. The State's 28 Florida College System institutions (formerly community colleges) and twelve State universities are operated by local boards of trustees, under the oversight of the State Board of Education.

Government services are generally organized along functional or program lines into departments, which constitute the principal administrative units within the executive branch. Listed below are the departments and a brief summary of their respective responsibilities.

Agency for Health Care Administration is the State's chief health policy and planning entity, and oversees the health care industry in the State.

Department of Agriculture and Consumer Services inspects food and other consumer products to assure public safety, and assists in producing and promoting agricultural products as well as conserving agricultural resources. It also protects consumers against unfair and deceptive business practices and licenses private security, investigative and repossession services.

Department of Business and Professional Regulation ensures that regulated industries and certain non-medical professionals meet prescribed standards of education, competency and practice. It also administers the State's child and farm labor laws and oversees workplace regulation and enforcement.

Department of Children and Families provides family and health services to promote self sufficiency. The department addresses neglect, abuse or exploitation of children and adults unable to protect themselves, and provides services to preserve families, prevent inappropriate institutional care and improve quality of life for people with mental illnesses. The *Agency for Persons With Disabilities*, an independent entity housed within the department, is responsible for providing services to developmentally disabled persons.

Department of Citrus exercises its powers to stabilize and protect the citrus industry of the State.

Department of Corrections is responsible for the incarceration, supervision and rehabilitation of criminal offenders. The *Florida Corrections Commission* monitors the State's correctional system and makes correctional policy recommendations.

Department of Economic Opportunity oversees and coordinates economic development, housing, growth management, and community development programs, and unemployment compensation. The department was created by Chapter 2011-142, L.O.F. The department is required to develop a statewide five-year strategic plan to address the promotion of business formation, expansion, recruitment, and retention in order to create jobs for all regions of the state. The department includes the former Office of Tourism, Trade, and Economic Development as well as portions of the former Department of Community Affairs (DCA) and the former Agency for Workforce Innovation (AWI), and the Ready to Work Program from the Department of Education. Remaining portions of DCA and AWI were transferred to several other existing state agencies.

Department of Education, under the direction of the State Board of Education, implements education policy and oversees Florida's education system through curriculum development, student assessment, teacher standards and certification, financial assistance, instructional support, community services, and workforce development and vocational rehabilitation programs. It also participates in oversight of higher education by providing support for the State's Florida College System institutions (formerly community colleges) and the State University System.

Department of Elderly Affairs (also, Elder Affairs) administers services to assist the elderly in maintaining independence and quality of life, and to support their families and caregivers. The department also develops policy recommendations for long-term care.

Department of Environmental Protection implements programs to protect against air and water pollution, ensure domestic water supplies, and coordinate the State's stormwater program. This department also oversees Florida's 160 State parks and other outdoor recreational facilities.

Department of Financial Services, under the Chief Financial Officer, administers the State treasury and oversees accounting and auditing of State agencies. It also administers the State's risk management and fire marshal offices, regulates insurance agents and investigates insurance fraud, and participates in administration of the workers compensation system. *The Financial Services Commission*, an independent agency housed within the Department but consisting of the Governor and Cabinet, regulates securities transactions, financial institutions and insurers operating in the State.

Department of Health oversees a State health plan, as well as a wide range of State and community efforts to prevent diseases and disabilities. The department monitors disease trends, provides health care and early intervention services, gives medical direction for child protection and sexual abuse treatment, promotes innovative and cost effective health care delivery systems, and serves as statewide repository of health data.

Department of Highway Safety and Motor Vehicles promotes safe driving through law enforcement, public education, titling and registering motor vehicles and vessels, licensing drivers, and regulating vehicle exhaust.

Department of Juvenile Justice coordinates the State's programs for juvenile offenders including prevention, diversion, residential and non-residential commitment, delinquency institutions, training, reentry and aftercare.

Department of Law Enforcement conducts criminal investigations, provides criminal analysis laboratories, offers criminal justice training, and compiles statistics and maintains records of criminal activities.

Department of Legal Affairs represents the State in civil lawsuits and in criminal appeals. It also issues formal advisory opinions and is the chief enforcement agency for antitrust, consumer protection, and civil racketeering laws.

Department of the Lottery manages Florida's state lottery as a self-supporting, revenue producing department designed to generate additional funding for public education.

Department of Management Services is responsible for various administrative functions of State government, including facilities management, information technology, administrative hearings, retirement, and state group insurance programs.

Department of Military Affairs implements the National Defense Act as it applies to Florida, and administers the Florida National Guard with the Governor as Commander in Chief.

Department of Revenue administers the collection, enforcement and auditing of taxes, manages tax information systems, provides taxpayer assistance, and administers the federal child support enforcement program in the State.

Department of State oversees the elections process, corporate records, Florida's international relations, cultural entities, libraries and historic preservation.

Department of Transportation is charged with providing a safe, interconnected statewide transportation system. Its responsibilities include planning and implementing transportation policies, designing and constructing facilities, and administering motor carrier compliance and toll operations.

Department of Veterans' Affairs assists military veterans and their dependents in securing benefits to which they are entitled under federal or State law by virtue of their military service.

The Public Employees Relations Commission is a neutral adjudicatory body which resolves public sector labor disputes, career service appeals, veteran's preference appeals, drug testing cases, certain age discrimination cases, and whistle blower appeals.

The *Public Service Commission*, an arm of the legislature, regulates the operation of electric utilities, telecommunications and telephone companies, and water or wastewater utilities within the State.

The State is divided into five *water management districts* to provide water resource planning and development.

In addition to statutorily created departments and commissions, there are several constitutional boards responsible for governmental functions.

A 17-member *Board of Governors* is responsible for managing the State University System. The Board consists of 14 members appointed by the governor, plus the commissioner of education, a faculty representative and a student representative.

Fish and Wildlife Conservation Commission, comprised of seven members appointed by the Governor, exercises the State's regulatory and executive powers with respect to wild animal life, fresh water aquatic life, and marine life.

Government Efficiency Task Force, comprised of members of the public and private sectors, develops recommendations to improve government operations and reduce costs, beginning in 2007 and each fourth year thereafter.

Florida Commission on Ethics enforces the State's code of ethics for public employees and officers not under the jurisdiction of the Judicial Qualification Commission.

Joint Legislative Budget Commission, composed of an equal number of members of the respective houses of the legislature, develops the State's long-range financial outlook and reviews certain proposed budget amendments.

Judicial Qualification Commission investigates and makes recommendations to the Supreme Court with respect to action against any justice or judge whose conduct may warrant disciplinary measures.

Florida Commission on Offender Review is made up of three members appointed by the Governor. It is responsible for determining which prisoners will be granted parole and the terms of conditional release, whether a person has violated parole, and for reporting on persons under consideration for clemency.

Taxation and Budget Reform Commission, established in 2007 and each 20th year thereafter to examine the State's budgetary process, revenue needs and tax policy, to determine funding methods favored by citizens, and to recommend changes.

State Board of Administration, comprised of the Governor, Attorney General and Chief Financial Officer, is the long-term investment body for the State. It also serves as fiscal agent or trustee with respect to bonds issued by the State or its agencies, and manages investment of Florida's retirement system monies.

State Board of Education is the chief policy making and coordinating body of public education and vocational rehabilitation in Florida. It consists of seven members appointed by the Governor.

DEMOGRAPHIC & ECONOMIC INFORMATION

Population

Florida ranks as the third most populous state, with an estimated population of 20.5 million as of April 1, 2017. This represents a 1.6% increase from April 1, 2016.

While the State's population grew by 28.0% between 2000 and 2017, annual population growth has slowed considerably in recent years. Florida's average annual population growth rate was 1.7% from 2000 to 2010, which exceeded the nation's average annual population growth rate of 0.9% over the same period. However, Florida's average annual population growth rate decreased to 0.8% between 2011 and 2013, which was on pace with the US average annual growth rate of 0.8% for the same time period. In 2015 and 2016 Florida's average annual population growth rate rebounded to 1.63% while the U.S. average annual growth rate remained at 0.82%. Typically there are two drivers of population growth – natural increases (births minus deaths) and net migration (people moving into the state minus people moving out of the State). Historically, Florida's population growth has been driven by positive net migration; however, net migration fell to record low levels during much of 2008 and into 2009, during which period natural increase exceeded net migration. Net migration has returned as a decisive factor in 2016 as Florida's population continues to increase.

The age distribution of Florida's population differs from that of the nation because Florida has a somewhat larger elderly population and a slightly smaller working age population than the nation. Florida's 2010 population aged 65 or older was 17.3% of the State's population and is projected to increase to 20.5% by 2020. Whereas the nation's population aged 65 or older is approximately 14.9% and is expected to increase to 16.9% by 2020. Florida's 2010 working age population (18-64) was 61.4% of total population and is expected to decline to 59.3% in 2020, and by comparison, the working age population (18-64) in the US is 59.5% of total population currently and projected to increase to 61%.

Population Change
Florida and U.S., 1980 - 2020
(April 1 census day figures)

	Florida		U. S.	
Year	(in thousands)	% change	(in thousands)	% change
1980	9,747	-	226,546	-
1990	12,938	32.7%	248,710	9.8%
2000	15,983	23.5	281,422	13.2
2010	18,801	17.6	310,233	10.2
2020 (projected)	21,439	14.0	334,503	7.8

Source: Office of Economic and Demographic Research, The Florida Legislature (July, 2017) and U.S. Census Bureau.

Florida Population Age Trends, 2010-2030

	2010		2020		2030	
Age	Population	% of total	Population	% of total	Population	% of total
0-4	1,073,506	5.7%	1,176,869	5.5%	1,305,795	5.4%
5 to 17	2,928,585	15.6%	3,135,226	14.7%	3,450,195	14.3%
18-24	1,739,657	9.3%	1,827,319	8.5%	1,982,195	8.2%
25-44	4,720,799	25.1%	5,306,182	24.8%	5,932,035	24.6%
45-64	5,079,161	27.0%	5,548,386	26.0%	5,507,323	22.9%
65+	3,259,602	17.3%	4,378,225	20.5%	5,893,435	24.5%
Total	18,801,310		21,372,207		24,070,978	

Source: Office of Economic and Demographic Research, The Florida Legislature. (Demographic Estimating Conference, June 2017).

Florida's Gross Domestic Product

Florida's Gross Domestic Product ("GDP") represents the value of goods and services produced by the State, and serves as a broad measure of the State's economy. The State's GDP for 2016 is estimated at $815 billion, which is about 3% higher than 2015 GDP of $791 billion.

Florida's GDP has increased 12.7% over the past five years from $723 billion in 2011 to $815 billion in 2016. Private industry accounted for 88% of the State's 2016 GDP and government accounted for the remaining 12%. Real estate was the largest single industry, accounting for 16% of Florida's 2016 GDP.

The following table compares the components of the State's GDP over the most recent five-year period available.

Florida's Gross Domestic Product by Major Industry
2011 and 2016

(millions of chained 2009 dollars)[1]

Industry	2011	% of Total	2016	% of Total
Agriculture, forestry, fishing and hunting	$4,678	0.6%	$5,423	0.7%
Mining	1,534	0.2	1,147	0.1
Utilities	15,772	2.2	14,997	1.8
Construction	34,299	4.7	38,312	4.7
Manufacturing	36,566	5.1	41,884	5.1
Wholesale trade	47,122	6.5	56,001	6.9
Retail trade	53,524	7.4	63,583	7.8
Transportation and warehousing,	22,491	3.1	25,173	3.1
Information	31,427	4.3	39,419	4.8
Finance and insurance	36,978	5.1	44,561	5.5
Real estate and rental and leasing	120,062	16.6	130,545	16.0
Professional, scientific, and technical services	49,081	6.8	59,740	7.3
Management of companies and enterprises	10,615	1.5	14,215	1.7
Administrative and waste management services	29,309	4.1	36,244	4.4
Educational services	7,590	1.0	7,153	0.9
Health care and social assistance	61,369	8.5	71,879	8.8
Arts, entertainment and recreation	13,235	1.8	15,067	1.8
Accommodation and food services	33,180	4.6	33,512	4.1
Other services, except government	19,470	2.7	21,747	2.7
Government	95,322	13.2	95,038	11.7
Total [2]	$723,624		$815,640	

Source: U.S. Department of Commerce, Bureau of Economic Analysis (June 2017).

[1] A measure of real output and prices using 2009 as the base year and applying annual - weighted indexes to allow for changes in relative prices and associated purchasing patterns over time, as developed by the Bureau of Economic Analysis.

[2] May not add, due to chaining formula and rounding.

Tourism is not treated as a separate industry sector, but remains an important aspect of the Florida economy. Its financial impact is reflected in a broad range of market sectors, such as transportation, communications, retail trade and services, and in State tax revenues generated by business activities which cater to visitors, such as hotels, restaurants, admissions and gift shops. According to *Visit Florida*, the direct support organization for the Florida Commission on Tourism, approximately 112.3 million people visited the State in 2016, a 5.4% increase over the final 2015 total. Leisure and hospitality services accounted for 14% of the State's non-farm employment in 2015. According to the Florida Department of Business and Professional Regulation, as of July 1, 2017, 52,973 food service establishments were licensed with seating capacity of 4,035,799, and 41,931 lodging establishments were licensed with 1,681,163 total units. According to the Florida Department of Environmental Protection, visitors to the State's public parks and recreation areas totaled 31.1 million for Fiscal Year 2015, a 14.8% increase from the prior year. In 2015, accommodation and food services contributed 4.4% of the State's GDP, and arts, entertainment and recreation contributed 2.0%.

Transportation of goods and passengers is facilitated by Florida's integrated transportation system. The State has approximately 122,659 miles of roads, 15 freight railroads with 2,895 miles of track, and AMTRAK passenger train service. There are 31 fixed route transit systems. There are 779 aviation facilities, of which 128 are available for public use; 20 provide scheduled commercial service and 15 provide international service. According to Federal Aviation Administration figures, based on calendar year 2015 enplanements, five Florida airports were among the top 50 in the U.S. and three were among the top 50 based on cargo weight. In that year, Miami International Airport ranked 10th in North America in passenger traffic and ranked 4th in North America in cargo volume. Florida also has 15 deep water ports, 9 major shallow water ports, and 4 significant river ports, many of which are interconnected by the State's inland waterway system.

In 2016, agriculture, forestry and fishing constituted only about 0.7% of GDP. According to the US Department of Agriculture, in 2015, the State ranked 1st in production of oranges, sugar cane, grapefruit, watermelon, tomatoes, snap beans and cucumbers and ranked 2nd for production of bell peppers, strawberries and corn.

Construction activity, which constituted approximately 4.7% of Florida's 2016 GDP, is another factor to consider in analyzing the State's economy. The following table shows housing starts and construction values from 2006- 2016.

Florida Housing Starts and Construction Value: 2006-2016[1]

	Housing Starts (thous)		Construction Value (millions of current dollars)			
Year	Single Family	Multi-Family	Single Family	Multi-Family	Non-Residential	Total
2006	132.6	84.1	$30,251.0	$11,472.8	$22,002.9	$63,726.6
2007	63.8	53.9	15,484.4	6,406.7	28,431.6	50,322.8
2008	34.5	25.3	9,110.1	3,015.8	20,268.5	32,394.4
2009	24.6	7.7	6,513.0	943.7	17,590.7	25,047.4
2010	29.0	10.2	7,708.0	1,124.4	15,871.7	24,704.1
2011	29.3	12.3	8,180.6	1,486.2	13,140.0	22,806.7
2012	40.0	20.6	11,806.2	2,693.8	14,186.4	28,686.5
2013	53.4	29.6	16,923.1	3,805.7	12,892.3	33,621.1
2014	53.5	39.3	17,212.1	6,900.9	15,861.8	39,975.6
2015	64.5	48.7	21,406.3	7,907.3	21,466.1	50,779.8
2016	71.2	48.1	22,733.8	9,442.1	22,278.7	54,454.5

Source: Office of Economic and Demographic Research, The Florida Legislature (July, 2017).
[1] Data is subject to revision on a monthly basis for up to five years.

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Employment

The following tables provide employment information for Florida and the U.S. As shown below, total employment in Florida increased from 9.0 million in Fiscal Year 2015 to more than 9.2 million in Fiscal Year 2016. The unemployment rate decreased for a sixth consecutive year to 5.0% in Fiscal Year 2016. Florida's unemployment rate continues to trend in line with the nation's unemployment rate.

The total number of non-agricultural jobs in Florida has increased 12.8% since 2010 to 8.1 million in 2015. At the same time, total US non-agricultural jobs have increased 8.8% since 2010 to 141.9 million in 2015.

Unemployment Rate, Florida vs. U.S.
Fiscal Years 2006-2016

Fiscal Year	Total Civilian Labor Force (in thousands)		Total Employment (in thousands)		Annual Average Unemployment Rate (percent)	
	Florida	U.S.	Florida	U.S.	Florida	U.S.
2005-06	8,806.6	150,400.0	8,499.6	143,100.0	3.5%	4.8%
2006-07	9,055.5	152,500.0	8,727.1	145,500.0	3.6	4.5
2007-08	9,220.9	153,700.0	8,790.2	146,100.0	4.7	4.9
2008-09	9,183.0	154,600.0	8,420.6	142,800.0	8.3	7.6
2009-10	9,159.4	153,900.0	8,143.6	138,900.0	11.1	9.7
2010-11	9,195.1	153,600.0	8,186.6	139,400.0	11.0	9.3
2011-12	9,319.9	154,300.0	8,441.0	141,200.0	9.4	8.5
2012-13	9,409.8	155,300.0	8,670.6	143,200.0	7.9	7.8
2013-14	9,497.9	155,500.0	8,869.7	145,000.0	6.6	6.8
2014-15	9,597.0	156,600.0	9,046.0	147,700.0	5.7	5.7
2015-16	9,729.1	158,000.0	9,243.8	150,100.0	5.0	5.0

Source: Office of Economic and Demographic Research, The Florida Legislature (February 2017).

Composition of Nonagricultural Employment
Florida and the Nation
2010 and 2015 [1]
(thousands)

	2010				2015			
	Florida		United States		Florida		United States	
	# of Jobs	% of Total	# of Jobs	% of Total	# of Jobs	% of Total	# of Jobs	% of Total
Mining and Logging	5.4	0.1	705.0	0.5	5.8	0.1	820.0	0.6
Construction	350.8	4.9	5,518.0	4.2	429.3	5.3	6,446.0	4.5
Manufacturing	309.1	4.3	11,528.0	8.8	342.8	4.2	12,318.0	8.7
Transportation & Warehousing	204.5	2.9	4,190.7	3.2	243.3	3.0	4,844.9	3.4
Utilities	22.6	0.3	552.8	0.4	22.4	0.3	558.7	0.4
Wholesale Trade	313.2	4.4	5,452.1	4.2	334.6	4.1	5,875.3	4.1
Retail Trade	934.1	13.0	14,440.4	11.1	1,079.6	13.3	15,641.3	11.0
Information	137.1	1.9	2,707.0	2.1	135.9	1.7	2,750.0	1.9
Financial Activities	478.0	6.7	7,695.0	5.9	534.8	6.6	8,124.0	5.7
Professional & Business Services	1,006.1	14.0	16,728.0	12.8	1,223.0	15.1	19,672.0	13.9
Education & Health Services	1,070.9	14.9	19,975.0	15.3	1,199.4	14.8	22,055.0	15.5
Leisure & Hospitality Services	931.5	13.0	13,049.0	10.0	1,130.4	14.0	15,128.0	10.7
Other Services	297.4	4.1	5,331.0	4.1	331.3	4.1	5,625.0	4.0
Government	1,112.3	15.5	22,490.0	17.3	1,080.9	13.4	22,007.0	15.5
Total Non-farm	7,172.9		130,361.0		8,093.4		141,865.0	

Source: US Department of Labor, Bureau of Labor Statistics (July, 2016).
[1] Not Seasonally adjusted.

Income

Historically, Florida's total personal income has grown at rates similar to those of the U.S. and the other southeastern states. From 2007 to 2016, Florida's total personal income grew by 29% and per capita income increased approximately 15%. For the nation and the Southeast, total personal income increased by 34% and 30%, respectively, while per capita income grew 24% and 20%, respectively, over the same time period.

Florida per capita income remains above the Southeast region, but below the nation. The following table shows total and per capita personal income for the U.S., the Southeast, and Florida for the past ten calendar years.

The table on the following page shows Florida personal income and earnings by major source for calendar years 2011 and 2016. Total Income in Florida has increased approximately 22.9% over the five year time period. Increases and decreases in income varied across industries, with health care realizing the largest increase and construction seeing the biggest decrease.

Total and Per Capita Personal Income U.S., Southeast and Florida

	Total Personal Income (In millions of Current Dollars)						Per Capita Personal Income (In Current Dollars)					
Year	U.S.	% Change	S.E.	% Change	Florida	% Change	U.S.	% Change	S.E.	% Change	Florida	% Change
2007	$11,995,419	5.4%	$2,760,150	5.4%	$730,814	3.8%	$39,821	4.4%	$36,259	4.0%	$39,788	2.7%
2008	12,429,705	4.1	2,856,698	3.5	734,691	0.5	41,082	3.2	37,072	2.2	39,655	(0.3)
2009	12,079,444	(3.3)	2,769,842	(3.0)	691,355	(5.9)	39,376	(4.2)	35,595	(4.0)	37,065	(6.5)
2010	12,459,613	3.1	2,859,182	3.2	728,063	5.3	40,277	2.3	36,392	2.2	38,626	4.2
2011	13,233,436	6.2	3,017,052	5.5	773,315	6.2	42,461	5.4	38,067	4.6	40,494	4.8
2012	13,904,485	5.1	3,136,007	3.9	793,103	2.6	44,282	4.3	39,216	3.0	41,000	1.2
2013	14,068,960	1.2	3,148,451	0.4	798,885	0.7	44,493	0.5	39,066	(0.4)	40,797	(0.5)
2014	14,801,624	5.2	3,312,176	5.2	853,317	6.8	46,464	4.4	40,734	4.3	42,905	5.2
2015 [1]	15,463,981	4.5	3,465,301	4.6	900,636	5.5	48,190	3.7	42,212	3.6	44,487	3.7
2016	16,017,781	3.6	3,601,270	3.9	944,443	4.9	49,571	2.9	43,450	2.9	45,819	3.0

Source: U.S. Department of Commerce, Bureau of Economic Analysis (March, 2017).
[1] 2015 information is preliminary.

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Florida Personal Income and Earnings by Major Source: 2011 vs. 2016

(thousands of current dollars)

	2011	% Total	2016	% Total
Earnings:				
Wages and Salaries:				
Farm	$2,142,362	0.2%	$3,075,691	0.3%
Non Farm	445,589,186	50.3%	575,587,806	52.8%
Private:				
Forestry, fishing and other	1,539,898	0.2%	1,953,932	0.2%
Mining	260,252	0.0%	205,760	0.0%
Utilities	2,738,792	0.3%	3,742,075	0.3%
Construction	26,035,914	2.9%	35,352,634	3.2%
Manufacturing	22,125,261	2.5%	27,989,257	2.6%
Wholesale Trade	24,966,627	2.8%	31,916,337	2.9%
Retail Trade	33,880,004	3.8%	44,688,258	4.1%
Transportation & Warehousing	14,579,094	1.6%	20,827,486	1.9%
Information	13,289,430	1.5%	16,999,679	1.6%
Finance and insurance	28,013,719	3.2%	39,489,906	3.6%
Real estate and rental and leasing	5,393,932	0.6%	13,025,536	1.2%
Professional and technical services	42,153,590	4.8%	57,477,614	5.3%
Management of companies and enterprises	8,936,186	1.0%	12,533,614	1.2%
Administrative and waste services	24,167,402	2.7%	33,252,930	3.1%
Educational services	7,176,602	0.8%	8,536,308	0.8%
Health care and social assistance	58,313,365	6.6%	73,952,163	6.8%
Arts, entertainment and recreation	8,642,495	1.0%	11,250,368	1.0%
Accommodation and food services	22,500,429	2.5%	28,404,470	2.6%
Other services, except public administration	20,424,608	2.3%	26,521,860	2.4%
Total Private	365,137,600	41.2%	488,120,187	44.8%
Government & government enterprises	80,424,586	9.1%	87,467,619	8.0%
Total Wages & Salaries	445,562,186	50.3%	575,587,806	52.8%
Other Income:				
plus: Dividends, Interest & Rent	211,460,697	23.9%	238,616,471	21.9%
plus: Personal current transfer receipts	157,780,542	17.8%	190,486,060	17.5%
plus: Adjustment for residence	3,054,408	0.3%	3,571,053	0.3%
Less: Contributions for social insurance	(46,711,517)	(5.3)%	(66,894,048)	(6.1)%
Total Other Income:	325,584,130	36.7%	365,779,536	33.6%
Total Personal Income	771,146,316	87.0%	941,367,342	86.4%
Other Earnings:				
Supplements to wages and salaries	75,174,825	8.5%	93,155,368	8.5%
Proprietors' income:	40,090,148	4.5%	55,106,318	5.1%
Total Earnings:	115,264,973	13.0%	148,261,686	13.6%
TOTAL INCOME	$886,411,289	100.0%	$1,089,629,028	100.0%

Source: US Department of Commerce, Bureau of Economic Analysis (March 2017).

International Trade

Florida's location lends itself to international trade and travel. Florida was the 7th largest exporter in the nation in 2016. The State's international merchandise trade (imports and exports) totaled $142.8 billion in 2016, a decrease of 2.9% over 2015. Between 2015 and 2016, Florida's merchandise exports declined by 7.3% while imports increased 1.4%. During the same period, the nation's exports and imports decreased by 3.3% and 2.6%, respectively.

The State's top five exports for 2016 were aircraft, telecommunications equipment, vehicles computers and gold. The top imports were vehicles, gold, repairs and returns, aircraft and telecommunications equipment. Florida's top trading partners for 2016 were Brazil, China, Colombia, Japan and Chile. (Source: Enterprise Florida, June 2017)

Florida's International Trade: 2006-2016

(millions of U.S. dollars)

Year	Exports	% Change	Imports	% Change
2006	$51,767	17.3%	$57,399	12.2%
2007	58,915	13.8	55,925	(2.6)
2008	73,022	23.9	57,525	2.9
2009	59,884	(18.0)	43,107	(25.1)
2010	73,064	22.0	53,164	23.3
2011	86,753	18.7	62,413	17.4
2012	90,360	4.2	71,833	15.1
2013	85,460	(5.4)	73,119	1.8
2014	81,776	(4.3)	71,228	(2.6)
2015	73,295	(10.4)	73,835	3.7
2016	67,948	(7.3)	74,852	1.4

Source: Enterprise Florida (June 2017).

Primary Sources of Sales Tax

The following tables illustrate taxable sales by category of expenditure over the past ten years, and compare the top twenty-five types of businesses generating sales tax revenues in Fiscal Years 2010 and 2015.

Florida Taxable Sales and Sales Tax Liability by Category
Fiscal Years ended June 30, 2005-2017

(millions of current dollars)

	Consumer Non-durables				Consumer Durables				Building		Business	
Fiscal	Recreation/Tourism		Other		Autos & Accessories		Other		Investment		Investment	
Year	Sales	Taxes	Sales	Taxes	Sales	Taxes	Sales	Taxes	Sales	Taxes	Sales	Taxes
2005	$58,821	$3,517.3	$84,393	$5,099.0	$60,332	$3,607.6	$25,735	$1,538.9	$22,868	$1,367.4	$63,723	$3,733.4
2006	63,247	3,781.9	92,961	5,616.7	64,883	3,879.9	28,704	1,716.4	26,525	1,586.1	71,783	4,205.0
2007	65,019	3,887.9	97,809	5,909.6	62,511	3,737.9	27,831	1,664.2	23,745	1,419.8	72,464	4,245.5
2008	65,772	3,932.9	98,075	5,925.7	54,885	3,281.9	24,363	1,456.8	20,319	1,215.0	66,612	3,902.7
2009	61,767	3,693.4	92,760	5,604.6	43,547	2,603.9	19,938	1,192.2	16,362	978.4	59,961	3,513.0
2010	60,407	3,610.5	91,404	5,515.3	43,641	2,608.7	18,299	1,094.1	14,845	888.2	55,154	3,233.9
2011	63,818	3,816.1	94,741	5,724.3	45,889	2,744.0	19,271	1,152.3	15,129	904.6	56,836	3,329.9
2012	68,168	4,076.2	98,880	5,974.3	48,803	2,918.3	20,431	1,221.7	15,845	947.4	58,543	3,429.8
2013	72,029	4,306.9	102,711	6,205.6	53,922	3,224.5	21,711	1,298.1	17,893	1,069.8	61,397	3,597.1
2014	77,043	4,606.9	107,830	6,515.1	59,673	3,568.2	23,194	1,386.9	20,061	1,199.5	65,615	3,844.3
2015	83,618	5,000.0	113,922	6,883.2	65,391	3,910.1	25,044	1,497.5	22,039	1,317.8	70,668	4,140.3
2016	88,620	5,299.1	115,902	7,002.8	70,461	4,213.3	26,358	1,576.1	23,945	1,431.8	76,227	4,466.0
2017*	92,455	5,528.5	120,795	7,298.5	73,841	4,415.4	26,632	1,592.5	25,500	1,524.8	80,998	4,745.5

Source: Office of Economic and Demographic Research (June 2017).

* June 2017 data is unaudited. Therefore, June 2017 and Fiscal Year 2016-17 data is subject to change.

State Sales Tax Collections by Top 25 Business Types
Fiscal Years Ended June 30, 2011 vs. 2016 [1]

Type of Business	2011	2016
Automotive Dealers	$2,207,397,913	$3,540,199,739
General Miscellaneous Merchandise Stores	2,551,273,770	3,232,650,131
Restaurants, Lunchrooms, Catering Services	1,743,289,108	2,413,893,912
Leased or Rental of Commercial Real Property	1,324,912,670	1,580,569,765
Hotels/Motels Accommodations & Other Lodging Places	934,969,752	1,439,967,901
Food & Beverage Stores	916,626,654	1,191,456,802
Lumber and Other Building Materials Dealers	661,341,833	1,045,999,222
Apparel & Accessory Stores	710,401,468	906,198,508
Admissions, Amusement & Recreation Services	640,627,487	863,189,680
Wholesale Dealers	478,967,480	805,747,976
Radio, Television, Consumer Electronics, Computers, Music Stores	512,702,428	596,984,129
Manufacturing	414,469,513	594,499,157
Home Furniture, Furnishings & Equipment	358,132,113	547,782,034
Utilities, Electric, Gas, Water, Sewer	501,675,622	537,216,383
Automotive Accessories & Parts	237,533,347	335,514,486
Rental of Tangible Personal Property	244,530,001	325,638,094
Automobile Repair & Services	238,338,881	293,213,073
Communications[2]	131,800,957	241,197,870
Building Contractors	113,905,764	203,471,425
Paint, Wallpaper & Hardware Dealers	127,469,163	191,102,011
Taxable Services (per Chapter 212, F.S.)	145,577,059	172,804,559
Drinking Places (Alcoholic beverages served on premises)	137,933,990	156,840,545
Insurance, Banking, Savings and Loans	131,257,673	155,397,085
Repair of Tangible Personal Property	106,778,598	141,173,645
Boat Dealers	79,484,434	139,742,259

Source: Florida Department of Revenue, Office of Tax Research (July, 2017).

1 Arranged in descending order of collection amounts for Fiscal Year ended June 30, 2016. In that Fiscal Year, "Miscellaneous" and unspecified business types accounted for $188,160,866 in sales tax collections.

2 Includes sales and use tax portion of Communications Service Tax.

STATE FINANCIAL OPERATIONS

Florida law requires that financial operations of the State be maintained through the General Revenue Fund, trust funds, and the Budget Stabilization Fund administered by the Chief Financial Officer. The majority of State tax revenues are deposited in the General Revenue Fund. Trust funds consist of monies which under law or trust agreement are segregated for a specified purpose. State monies are disbursed by the Chief Financial Officer upon warrants or other orders pursuant to appropriations acts. The Governor and Chief Financial Officer are responsible for insuring that sufficient revenues are collected to meet appropriations and that no deficits occur in State funds.

The State Constitution mandates the creation and maintenance of a Budget Stabilization Fund, in an amount not less than 5% nor more than 10% of the last complete fiscal year's net revenue collections for the General Revenue Fund. Monies in the Budget Stabilization Fund may be transferred to the General Revenue Fund to offset a deficit therein or to provide emergency funding, including payment of up to $38 million with respect to certain uninsured losses to state property. Monies in this fund are constitutionally prohibited from being obligated or otherwise committed for any other purpose. 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.

The State Constitution prohibits the Legislature from appropriating nonrecurring general revenue funds for recurring purposes in an amount that exceeds three percent of the total general revenue funds estimated to be available at the time the appropriation is made. The Legislature may override this prohibition by a three-fifths vote of the membership of each house. Nonrecurring general revenue funds are general revenue funds (such as transfers to the general revenue fund from trust funds) that are not expected to be available on an ongoing basis.

The State budget must be kept in balance from current revenues each State fiscal year (July 1-June 30), and the State may not borrow to fund governmental operations. (See "***Budget Shortfalls"*** below.) Revenues in the General Revenue Fund which exceed amounts needed to fund appropriations or for transfers to the Budget Stabilization Fund are maintained as "unallocated general revenues."

Budgetary Process

The State's budgetary process is an integrated, continuous system of planning, evaluation and controls. State law requires that, no later than each September 15, the Joint Legislative Budget Commission prepare a long-range State financial outlook. The outlook includes major workloads and revenue estimates and recommends fiscal strategies to assist the legislature in making budget decisions. State agencies are also required to develop goals and objectives consistent with the State long-range planning document.

Individual State agencies prepare and submit appropriation requests to the Office of Planning and Budgeting, Executive Office of the Governor, generally no later than October 15 of the year preceding legislative consideration. The Office of Planning and Budgeting conducts a detailed evaluation of all agency requests, after which it makes budget recommendations to the Governor.

From recommended appropriations and revenue estimates, the Governor submits a recommended budget to the legislature. The House and Senate each adopt their respective versions of the appropriations bill and any differences are worked out by a conference committee composed of both House and Senate members. The conference committee adopts a committee version of the appropriations bill which is then voted on by each member of the House and Senate. After passage of the appropriations bill, the bill is sent to the Governor, who has 7 consecutive days (15 days if the Legislature has adjourned or taken a recess of more than 30 days) after the bill is presented to him to sign or exercise his line item veto power before the bill becomes law.

The State has routinely completed the budget for the next fiscal year prior to the end of the current fiscal year. Only one time in at least the last 60 years was the budget not completed prior to the start of the fiscal year. In 1992, the budget was implemented on the first day of the fiscal year, i.e., July 1. In this instance the payment of all financial obligations and the delivery of services occurred normally.

With almost all of the State's debt paid semi-annually, debt service payments generally occur at intervals which would provide additional time before a payment is due if a budget was not adopted before the start of the fiscal year. Debt service payments due at the beginning of a fiscal year are paid from appropriations of the prior fiscal year.

In the event a budget was not adopted before the beginning of the fiscal year, the Legislature and the Governor could authorize appropriations for debt service even if they did not agree on other appropriations.

Revenue Estimates

State law provides for consensus estimating conferences to develop official economic and demographic data and revenue forecasts for use in planning and budgeting. Each conference develops estimates within its area of expertise by unanimous consent of the conference principals. The four principals of the estimating conference are professional staff of the Governor's Office, Senate, House of Representatives and the Legislature's Office of Economic and Demographic Research. Once an estimating conference is convened, an official estimate does not exist until a new consensus is reached.

Consensus revenue estimating conferences are generally held three times each year to estimate revenue collections for the next fiscal year based on current tax laws and administrative procedures. General State and national economic scenarios are agreed upon by the conference principals. Consensus estimating conferences are held in late summer to refresh estimates for the Long Range Financial Outlook (Article III, Section 19(c)1, Florida Constitution), the fall to establish a forecast for the Governor's budget recommendations, and in the spring to determine the revenues available for appropriation during the legislative session. Conferences may reconvene at any time if it is felt that prior recommendations are no longer valid. Conferences are also held during legislative session to determine the fiscal impact of proposed tax law changes, and after each legislative session to review changes in tax legislation and to amend official conference recommendations accordingly.

There are currently ten estimating conferences formally identified in statute: Economic, Demographic, Revenue, Education, Criminal Justice, Social Services, Workforce, Early Learning, Self-Insurance, and Florida Retirement System Actuarial Assumptions.

State Revenue Limitation

The rate of growth in State revenues in a given fiscal year is limited to no more than the average annual growth rate in personal income over the previous five years. Revenues have never exceeded the limitation. Revenues collected in excess of the limitation are to be deposited into the Budget Stabilization Fund unless two-thirds of the members of both houses of the legislature vote to raise the limit. The revenue limit is determined by multiplying the average annual growth rate in personal income over the previous five years by the maximum amount of revenue permitted under the cap for the previous year. State revenues include taxes, licenses, fees, and charges for services imposed by the legislature on individuals, businesses, or agencies outside of State government as well as proceeds from the sale of lottery tickets. State revenues subject to the limitation do not include lottery receipts returned as prizes; balances carried forward from prior years; proceeds from the sale of goods (e.g. land, buildings); funds pledged for debt service on State bonds; State funds used to match federal money for Medicaid (partially exempt); charges imposed on the local governmental level; receipts of the Hurricane Catastrophe Trust Fund; and revenues required to be imposed by amendment to the Constitution after July 1, 1994. The revenue limitation may be adjusted to reflect the transfer of responsibility for funding governmental functions between the State and other levels of government.

Financial Control

After the appropriations bill becomes law, ***the Office of Planning and Budgeting prepares monthly status reports comparing actual revenue receipts to the estimates on which appropriations were based.*** This constant cash flow monitoring system enables the Governor and the Chief Financial Officer to insure that revenues collected will be sufficient to meet appropriations.

All balances of General Revenue Fund appropriations for operations in each fiscal year (except appropriations for fixed capital outlay) expire on the last day of such fiscal year. Amounts identified by agencies as incurred obligations which have not been disbursed as of June 30 are carried forward, with unused amounts expiring on September 30. Because capital projects are often funded on a multi-year basis, with the full appropriation being made in the first year even though payments are actually made over multiple years, unused appropriations for fixed capital outlay revert on February 1 of the second fiscal year (the third fiscal year if for an educational facility or a construction project of a State university).

Budget Shortfalls

Appropriations are maximum amounts available for expenditure in the current fiscal year and are contingent upon the collection of sufficient revenues. The Governor and the Chief Financial Officer are responsible for ensuring that revenues collected will be sufficient to meet appropriations and that no deficit occurs in any state fund. A determination that a deficit has occurred or will occur can be made by either the Governor or the Chief Financial Officer after consultation with the revenue estimating conference. If the Governor fails to certify a deficit, the Speaker of the House of Representatives and President of the Senate may do so after consultation with the revenue estimating conference. A determination made by the Chief Financial Officer is reported to the

Governor, the Speaker of the House and the President of the Senate, and subsequently to the Legislative Budget Commission for further action, if neither the Governor nor the House Speaker and Senate President certifies the existence of a deficit within 10 days after the report by the Chief Financial Officer. Within 30 days after determining that a budget shortfall will occur, the Governor is required to develop a plan of action to eliminate the budget shortfall for the executive branch and the Chief Justice of the Supreme Court is required to develop a plan of action for the judicial branch.

Budget shortfalls of less than 1.5% of the money appropriated from the General Revenue Fund during a fiscal year are resolved by the Governor for the executive branch and by the Chief Justice of the Supreme Court for the judicial branch, with the approval of the Legislative Budget Commission, subject to statutory guidelines and directives contained in the appropriations act. The statutory guidelines include a requirement that all branches of government are generally required to accept a proportional budget reduction. The Governor for the executive branch and the Chief Justice for the judicial branch may reduce appropriations by placing them in mandatory reserve, or withhold appropriations by placing them in budget reserve, in order to prevent deficits or implement legislative directives in the General Appropriations Act.

If the revenue estimating conference projects a shortfall in the General Revenue Fund in excess of 1.5% of the moneys appropriated from the General Revenue Fund during a fiscal year, the shortfall must be resolved by the legislature. Any available State funds may be used in eliminating shortfalls in the General Revenue Fund. Additionally, the legislature may eliminate a shortfall by reducing appropriations.

Evaluation, Accounting and Auditing Procedures

Florida has an integrated general ledger accounting system which provides on-line monitoring of budget commitments by individual agency units. This system prevents agencies from overcommitting available funds.

Each State agency supported by any form of taxation, licenses, fees, imposts, or exactions must file with the Chief Financial Officer financial and other information necessary for preparation of the State's annual financial statements. In addition, each such agency must prepare financial statements showing the financial position and results of agency operations as of June 30 for internal management purposes. The Chief Financial Officer is responsible for preparing the State's combined annual financial report, copies of which are available from the Chief Financial Officer, Division of Accounting and Auditing. The Auditor General conducts annual audits of all officers and agencies in the executive and judicial branches. Individual agency audits are made in accordance with generally accepted auditing standards and governmental auditing standards as adopted by the State Board of Accountancy. In addition to the annual financial and compliance audits, performance audits are made to determine the efficiency and effectiveness of agency operations.

Systems and procedures are in place to enable the State and its component units to comply in a timely manner with Governmental Accounting Standards Board Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.*

REVENUES

Major sources of tax revenues to the General Revenue Fund are the sales and use tax, corporate income tax, intangible personal property tax, beverage tax, and insurance premium tax. Unlike many other jurisdictions, ***the State of Florida does not levy ad valorem taxes on real property or tangible personal property, nor does it impose a personal income tax.***

Sales and Use Tax

The largest single source of tax receipts in Florida is the sales and use tax. It is a uniform tax upon either the sale of tangible personal property at retail or its use irrespective of where it may have been purchased. The sales tax is 6% of the sales price of tangible personal property sold at retail in the State, and the use tax is 6% of the cost price of tangible personal property used or stored for use in this State. In addition, local governments may (by referendum) assess a 0.5% or 1% discretionary sales surtax within their county.

The sales tax is also levied on the following: (1) rental of tangible personal property; (2) rental of transient lodging and non-residential real property; (3) admissions to places of amusement, most sports and recreation events; (4) non-residential utilities (at a 4.35% rate); (5) restaurant meals; (6) cable and non-residential telephone services (at a 6.8% rate-called Communication Services Tax); (7) coin operated amusement machines (at a 4% rate); and (8) mail order sales.

Exemptions include groceries, medicines, hospital rooms and meals, fuels used to produce electricity, electrical energy used in manufacturing, purchases by certain nonprofit institutions, most professional, insurance, and personal service transactions, apartments used as permanent dwellings, the trade-in value of motor vehicles, child car seats, and residential utilities. The Legislature has, from time to time, temporarily waived collection of sales taxes on such items as clothing under certain prices, school supplies, hurricane preparedness items, and energy efficient appliances through sales tax holidays.

Receipts of the ***sales and use tax***, with the exception of the tax on gasoline and special fuels, ***are credited to either the General Revenue Fund, counties and cities, the Ecosystem and Restoration Management Trust Fund, the Public Employees Relations Commission Trust Fund, or may be distributed for the use of sports facilities and to make emergency distributions to qualified counties.*** Legislation was enacted in 2000 which provides that 2.25% of sales tax receipts are to be deposited in the Revenue Sharing Trust Fund for Counties in lieu of intangible personal property taxes which were so distributed under prior law.

Motor Fuel Tax

The second largest source of State tax receipts is the tax on motor and diesel fuels. However, ***these revenues are almost entirely dedicated trust funds*** for specific purposes and are not included in the State General Revenue Fund.

Taxes on motor fuels (gasoline) and diesel fuels include several distinct fuel taxes: (1) the State sales tax on motor and diesel fuels, levied at 6.9 cents per gallon; (2) the State excise tax of four cents per gallon of motor and diesel fuel, with proceeds distributed to local governments; (3) the State Comprehensive Enhanced Transportation System (SCETS) tax, which is levied at a rate in each county equal to two-thirds of the sum of the county's local option motor fuel taxes, not to exceed 4 cents per gallon, for motor fuel and 4 cents per gallon for diesel fuel; (4) aviation fuel, at 6.9 cents per gallon; and (5) local option motor fuel taxes, which may range between one cent to 12 cents per gallon.

Most of the proceeds of the sales tax on motor and diesel fuels are deposited into the State Transportation Trust Fund for road maintenance and construction. The proceeds of the State excise tax of four cents per gallon is distributed by formula to local governments. The first two cents (described as the Constitutional Gas Tax) are primarily pledged for each county's debt service requirements, with any remaining balance deposited into the county's transportation trust fund. The remaining two cents of the excise tax (described as the County and Municipal Gas Taxes) are part of the State Revenue Sharing Program. Proceeds from the SCETS tax are, to the maximum extent possible, expended on road projects in the counties in which the revenues are derived. Local option gas taxes of one to 11 cents per net gallon, and the so-called "ninth cent fuel tax" of one cent per net gallon, of motor and diesel fuel may be levied by counties, for use by local governments for transportation expenditures. Local Option Gas Tax revenues may be pledged for payment of bonds issued by the Division of Bond Finance on behalf of local governments to fund transportation capital improvements.

Alcoholic Beverage Tax

Florida's alcoholic beverage tax is an excise tax on beer, wine, and liquor. Fifty percent of the revenues collected from the taxes on wine produced by manufacturers in this State from products grown in this State are deposited in the Viticulture Trust Fund. The remainder of revenues are deposited into the General Revenue Fund.

Corporate Income Tax

Florida collects a tax upon the net income of corporations, organizations, associations, and other artificial entities for the privilege of conducting business, deriving income, or existing within the State. This tax is currently levied at a rate 5.5% of net corporate income, less a $50,000 exemption. Net income is defined as that share of adjusted federal income which is apportioned to Florida.

All business income is apportioned by weighted factors of sales (50%), property (25%), and payroll (25%).

Florida adopted an emergency excise tax to recoup taxes lost through reductions in adjusted federal income resulting from the Accelerated Cost Recovery System under federal tax law. As a result of the 1986 Tax Reform Act, this tax has been repealed on assets placed in service after January 1, 1987.

All receipts of the corporate income tax are credited to the General Revenue Fund.

Documentary Stamp Tax

Deeds and other documents relating to realty are taxed upon execution or recording at 70 cents per $100 of consideration. Bonds, certificates of indebtedness, promissory notes, wage assignments, and retail charge accounts are taxed upon issuance or renewal at 35 cents per $100 of face value, or actual value if issued without face value.

At its inception, documentary stamp tax proceeds were credited to the General Revenue Fund. However, over the years a series of statutory amendments have dedicated portions of the proceeds to various trust funds for specific purposes. The 2005 legislature enacted legislation which dedicates a portion (currently $541.75 million) of documentary tax collections which otherwise would have gone to the General Revenue Fund, for growth management. In addition, a measure was adopted, effective July 1, 2007, which limits the dollar amount of distributions to certain funds, subject to adjustment, beginning July 1, 2008, if collections exceed the prior year's receipts.

Documentary stamp tax collections are currently distributed as follows:

All documentary stamp taxes are pledged and shall be first made available to pay debt service on Florida Forever Bonds and Everglades Restoration Bonds. Documentary stamp taxes not needed to pay debt service on bonds are subject to an 8% general revenue service charge and costs of the Department of Revenue necessary to collect and enforce the tax.

An amount equal to 33% of all documentary stamp taxes collected, less the amounts paid for debt service on Florida Forever Bonds and Everglades Restoration Bonds and the costs of collection and enforcement, shall be deposited into the Land Acquisition Trust Fund.

After providing for the uses described above, the remainder of the documentary stamp taxes are to be distributed as follows:

The lesser of 24.18442% of the remainder or $541.75 million to the State Transportation Trust Fund;

The lesser of 0.1456% of the remainder or $3.25 million to the Grants and Donations Trust Fund;

11.24% of the remainder to the State Housing Trust Fund;

- first $35 million to the State Economic Enhancement and Development Trust Fund;
- 50% of the remainder to the State Housing Trust Fund;
- 50% of the remainder to the Local Government Housing Trust Fund;

12.93% of the remainder to the State Housing Trust Fund;

- first $40 million to the State Economic Enhancement and Development Trust Fund;
- 12.5% of the remainder to the State Housing Trust Fund;
- 87.5% of the remainder to the Local Government Housing Trust Fund.

The lesser of 0.017% or $300,000 to the General Inspection Trust Fund; and

The balance of the remainder to the General Revenue Fund.

Intangible Personal Property Tax

The State formerly levied an annual, recurring tax on intangible personal property situated in the State, such as stocks, bonds, notes, governmental leaseholds, and interests in limited partnerships registered with the Securities and Exchange Commission. Obligations issued by the State or local governmental entities in Florida, or by the federal government, were exempt from such taxation. The Legislature abolished the annual, recurring tax as of January 1, 2007, effectively eliminating the tax on intangible personal property held on or after January 2, 2006.

A non-recurring 2 mill tax continues to be levied on mortgages and other obligations secured by liens on Florida realty. The tax is payable upon recording the instrument or within 30 days of creation of the obligation. The tax proceeds are deposited to the General Revenue Fund.

Insurance Premium Tax

The insurance premium tax is a tax on insurance premiums received by insurers. The tax is paid by insurance companies at the following rates: 1.75% on gross premiums minus reinsurance and return premiums; 1% on annuity premiums; 1.6% on self insurers; and 5% on surplus lines premiums and independently procured coverage. Corporation income taxes and emergency excise taxes paid to Florida are credited against premium tax liability, as are certain other taxes. In addition to the premium taxes imposed, a $2 surcharge is imposed on homeowner's policies, and a $4 surcharge is imposed on commercial policies issued or renewed on or after May 1, 1993.

Assessments for Police and Firefighter pension funds are distributed to local governments. Fire Marshal assessments, filing fees and $125,000 annually, adjusted by the lessor of 20 percent or the growth in total retaliatory taxes, are deposited into the Insurance Regulatory Trust Fund. The remainder of the Premium Tax is deposited to the General Revenue Fund. Surcharge collections are deposited to the Emergency Management, Preparedness, and Assistance Trust Fund, administered by the Department of Community Affairs.

Gross Receipts Tax

The gross receipts tax is imposed at a rate of 2.5% of the gross receipts of providers of electricity, natural gas, and telecommunications services. Telecommunications services are subject to a unified Telecommunications Services Tax, a portion of which is collected with the gross receipts tax at revenue-neutral rates.

All gross receipts tax collections are credited to the Public Education Capital Outlay and Debt Service Trust Fund. The potential impact of electric utility deregulation on gross receipts tax collections cannot be determined at this time.

Communications Services Tax

The communications services tax is imposed on retail sales of communications services which originate and terminate in Florida, or originate or terminate in Florida and are billed to a Florida address. Communications services include all forms of telecommunications previously taxed by the gross receipts tax plus cable television and direct-to-home satellite service. The communications services tax replaced certain sales and use taxes and gross receipts taxes, at revenue-neutral rates. Communications services tax receipts are included in sales tax and gross receipts tax collections, as appropriate.

Other State Taxes

To the extent not pre-empted to the federal government, the State levies a one-time excise tax on cigarettes, at rates based on their weight and package quantity, and on other tobacco products at the rate of 25% of the wholesale price. The State also imposes a tax on racing and jai-alai admissions, and on contributions to pari-mutuel pools, or "handle."

Tobacco Litigation Settlement

As a result of settling litigation by the State against the tobacco industry in 1997, Florida expects to receive more than $11 billion over 25 years. Payments are subject to adjustment for various factors, including inflation and tobacco product sales volume. Proceeds of the settlement are expected to be used for children's health care coverage and other health-related services, to reimburse the State for medical expenses, for improvements in State efforts to reduce sales of tobacco products to minors, and to promote production of reduced risk tobacco products.

A portion of the tobacco settlement revenues have been deposited in the Lawton Chiles Endowment Fund to provide a perpetual source of funding for health and human services for children and elders, and for biomedical research activities. As of May 31, 2014, the market value of the endowment was $618.2 million.

Lottery

In order to provide additional funding for education, the 1987 Legislature created the Department of the Lottery to operate a State lottery. Revenues generated by the Florida Lottery are used to pay prizes, fund the Educational Enhancement Trust Fund, and pay the administrative costs of operating the lottery.

FLORIDA FINANCIAL INFORMATION

The following tables present information regarding the State's historical and projected financial resources, as well as budgets by program area and appropriations by department.

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Five Year History of Trust Fund and General Revenues[1]

(millions of dollars)

General Revenue Receipts[2]	2011-12	2012-13	2013-14	2014-15	2015-16
Sales and Use Tax[3]	$17,422.0	$18,417.6	$19,707.7	$21,062.7	$21,998.0
Beverage Licenses and Taxes	520.4	481.5	443.8	451.4	357.7
Corporation Income Tax	2,010.8	2,081.0	2,042.5	2,236.3	2,272.1
Documentary Stamp Tax	208.6	381.0	603.7	756.3	744.1
Corporate Filing Fees	275.8	284.1	298.6	309.8	317.4
Tobacco Tax	199.8	202.1	178.2	181.2	187.5
Insurance Premium Tax	662.6	675.9	675.6	666.9	682.8
Indian Gaming	146.3	221.6	230.3	248.5	207.7
Pari-mutuel Fees, Licenses and Taxes	12.5	12.6	14.8	13.8	12.8
Slot Machine Licenses GR	12.0	10.8	10.5	13.0	11.0
Intangible Personal Property Tax	184.6	276.5	256.1	303.9	338.7
Earnings on Investments	117.3	107.3	75.6	106.5	115.8
Auto Title and Lien Fees	242.2	58.2	65.3	92.0	108.9
Oil and Gas Severance Tax	9.0	8.0	7.0	4.2	1.2
Solid Mineral Severance Tax	12.3	13.2	12.9	10.5	10.7
Drivers Licenses and Fees	200.5	194.5	178.4	147.8	106.0
HSMV Misc Fees, Licences & Fines	59.4	72.7	64.4	61.4	66.8
Motor Vehicle and Mobile Home Licenses	425.0	437.2	451.4	180.6	114.9
Article V Fees & Transfers	165.4	284.3	173.7	151.1	138.8
Counties' Medicaid Share GR	235.3	332.1	296.1	289.6	301.6
Motor Vehicle Fees and Charges	101.2	106.2	117.7	104.6	2.9
Fines/Foreitures/Judgements GR	60.9	276.5	24.2	4.0	13.6
Other GR	192.1	183.9	182.0	177.5	201.1
Total GR Collections and Transfers	**23,476.0**	**25,118.7**	**26,110.6**	**27,573.7**	**28,312.0**
Plus Service Charges to GR	449.0	486.2	466.8	500.1	455.2
Less Refunds of GR	(306.2)	(290.3)	(379.5)	(392.7)	(441.7)
Net GR Collections and Transfers	**23,618.8**	**25,314.6**	**26,198.0**	**27,681.1**	**28,325.4**
Trust Fund Revenues[2]					
Major Transportation Revenues:					
Auto Title and Lien Fees	105.7	303.9	319.9	323.8	329.8
Motor Fuel Tax	1,835.5	1,864.7	1,955.3	2,052.0	2,158.5
Motor Vehicle and Mobile Home Licenses	810.5	840.5	867.2	891.0	928.5
Motor Vehicle Fees and Charges	218.3	230.5	250.8	302.0	435.7
Subtotal	2,970.1	3,239.7	3,393.1	3,568.8	3,852.4
Workers Insurance Tax:					
Workers Compensation Assessment	47.8	74.3	82.4	81.6	81.7
Workers' Comp. Special Disability	39.4	43.0	46.6	43.6	45.1
Reemployment Assistance Tax	2,156.2	2,247.8	1,937.4	1,541.6	1,074.1
Subtotal	2,243.4	2,365.1	2,066.4	1,666.7	1,201.0
Conservation and Recreational Lands:					
Documentary Stamp Tax	1,004.9	1,199.4	1,147.3	1,303.1	1,532.8
Solid Mineral Severance Tax	11.8	14.3	15.5	14.0	13.7
Oil and Gas Severance Tax	2.6	1.2	2.2	0.1	0.1
Sales and Use Tax	23.3	23.3	23.3	22.7	22.3
Subtotal	1,042.6	1,238.3	1,188.3	1,340.0	1,568.9
Education - Tuition , Fees and Charges:					
Slot Machine Tax to Education	142.7	142.2	173.1	182.2	187.3
Lottery to Education	1,321.7	1,382.0	1,475.0	1,479.0	1,582.0
Unclaimed Property (State School Trust Fund)	163.6	206.2	142.3	213.0	175.6
Subtotal	1,627.9	1,730.4	1,790.4	1,874.2	1,944.9
Agencies' Administrative Trust Funds:					
Beverage Licenses and Taxes	29.8	28.0	32.0	31.4	33.1
Insurance Premium Tax	52.8	52.3	53.3	50.6	54.0
General Inspection Fees and Licenses	59.9	72.9	57.6	72.0	58.0
Citrus Inspection Fees and Licenses	18.4	15.4	15.4	14.0	13.0
D.F.S. and Treas Fees, Licenses & Taxes	130.1	128.1	132.6	155.8	157.2
Citrus Taxes	42.3	38.7	31.1	25.0	23.3
Hunting and Fishing Licenses	50.8	49.2	53.5	59.1	57.6
Pari-mutuel Fees, Licenses and Taxes	14.4	12.5	12.3	12.4	13.5
Professional Fees and Licenses	71.4	88.2	78.2	86.5	82.7
Drivers' Licenses and Fees	145.9	143.1	139.4	154.6	145.9
HSMV, Misc Fees, Licenses & Fines	32.1	33.2	33.6	33.6	32.5
Slot Machine Licenses and Fees	1.9	7.5	5.6	3.1	7.3
Lottery to Administration	349.7	418.9	420.1	450.9	555.4
Subtotal	999.5	1,088.0	1,064.6	1,149.0	1,233.4

(Five Year History of Trust Fund and General Revenues - continued)

Other Trust Fund Revenues for State Use:	2011-12	2012-13	2013-14	2014-15	2015-16
Tobacco Tax	1,033.6	1,017.4	987.3	1,004.4	1,020.3
Lottery Prizes	2,792.5	3,223.2	3,482.9	3,664.8	3,938.1
Unclaimed Property DFS Trust (Residual)	213.4	267.8	241.2	269.4	296.8
Tobacco Fines/Forfeitures/Judgements Trust	358.9	366.2	378.0	367.8	368.8
Other Fines/Forfeitures/Judgements Trust	235.8	296.3	260.5	254.2	205.1
Article V Fees	697.6	557.5	122.2	114.8	109.1
Earnings on Investments	162.1	146.1	104.8	184.3	203.5
Miscellaneous Revenues[4]	221.5	180.3	187.4	196.4	237.1
Refunds & Reimbursement	1,377.6	1,573.8	1,468.8	1,833.0	1,959.4
Sales, Concessions, Rent & Leases	53.4	68.7	77.3	136.7	77.2
Other Fees, Licenses and Taxes	3,376.6	3,261.6	3,569.2	3,502.6	2,947.2
Subtotal	10,523.1	10,959.0	10,879.6	11,528.3	11,362.6
Total Trust Fund Revenue for State Use	**19,406.6**	**20,620.4**	**20,382.6**	**21,126.9**	**21,163.2**
Revenues Shared With Local Governments and School Districts					
Sales and Use Tax	2,127.9	2,245.5	2,396.3	2,554.7	2,692.7
Beverage Licenses and Taxes	14.5	14.9	15.5	16.0	16.1
Documentary Stamp Tax	48.1	63.0	61.5	61.4	0.0
Insurance Premium Tax	162.6	165.9	173.1	169.7	175.9
Indian Gaming	3.8	4.5	7.0	7.1	7.7
Motor Fuel Tax	358.9	360.1	368.8	381.7	399.3
Oil and Gas Severance Tax	1.9	2.0	1.8	1.2	0.4
Solid Mineral Severance Tax	10.4	8.3	8.1	6.8	9.4
Gross Receipts Tax[3]	1,035.3	1,003.0	1,005.4	1,152.4	1,157.7
Mtr Vehicle and Mobile Home Licenses	133.6	138.7	147.1	156.9	165.8
Tobacco Taxes	7.6	7.7	7.0	7.2	7.4
Other Fees, Licenses and Taxes[3]	55.2	51.1	54.9	56.9	60.3
Total Local Government	**3,959.7**	**4,064.7**	**4,246.5**	**4,572.1**	**4,692.7**
Federal and Local Assistance					
Counties and Cities	66.5	63.9	66.3	59.1	80.0
U.S. Government	22,826.3	22,778.4	23,874.8	23,915.3	24,946.1
Other Assistance and Donations Grants	123.8	131.8	109.3	180.5	134.7
Total Federal and Local Assistance	**23,016.5**	**22,974.1**	**24,050.4**	**24,155.0**	**25,160.8**
Summary of Trust Fund and General Revenue					
General Revenue	23,618.8	25,314.6	26,198.0	27,681.1	28,325.4
Trust Fund	19,406.6	20,620.4	20,382.6	21,126.9	21,163.2
Revenues Shared with Local Governments	3,959.7	4,064.7	4,246.5	4,572.1	4,692.7
Donations & Fed Assistance	23,016.5	22,974.1	24,050.4	24,155.0	25,160.8
Total Direct Revenues	**$70,001.6**	**$72,973.8**	**$74,877.5**	**$77,535.1**	**$79,342.1**

Source: Florida Office of Economic and Demographic Research (January, 2017).

1 Numbers may not add due to rounding.

2 The Trust Fund portion of each tax source may include an obligatory General Revenue service charge, thereby reducing the dollars available for appropriations out of the trust fund.

3 Includes portion of Communications Services Tax.

4 Includes an unknown amount of General Revenue appropriations.

GENERAL REVENUE FUND
FINANCIAL RETROSPECT AND OUTLOOK STATEMENTS

Retrospect Statement [1]

Fiscal Years 2014-15 and 2015-16

(millions of dollars)

	Recurring Funds	Non-Recurring Funds	Total All Funds
FUNDS AVAILABLE 2014-15			
Balance Forward from 2013-14	$0.0	$2,581.3	$2,581.3
Revenue Collections[1]	27,621.3	66.1	27,687.4
Transfers from Trust Funds	0.0	278.0	278.0
Miscellaneous Adjustments	0.0	0.2	0.2
Fixed Capital Outlay Reversions	0.0	0.3	0.3
Federal Funds Interest Payment	0.0	0.0	0.0
Total 2014-15 Funds Available	$27,621.3	$2,926.0	$30,547.3
EXPENDITURES 2014-15			
Operations	$13,139.2	$452.8	$13,592.0
Aid to Local Governments	13,475.4	94.3	13,569.7
Fixed Capital Outlay	82.6	126.4	209.0
Fixed Capital Outlay/Aid to Local Governments	9.9	223.2	233.1
Transfer to Budget Stabilization Fund	0.0	214.5	214.5
Transfer to PECO Trust Fund	0.0	169.9	169.9
Transfer to Florida Forever Trust Fund	0.0	10.0	10.0
Miscellaneous Nonoperating Expenditures	0.0	9.3	9.3
Total 2014-15 Expenditures	$26,707.1	$1,300.4	$28,007.4
ENDING BALANCE	$914.2	$1,625.6	$2,539.8
Budget Stabilization Fund	-	-	$1,139.2
Available Reserves	-	-	$3,679.0
FUNDS AVAILABLE 2015-16			
Balance Forward from 2014-15	$0.0	$2,539.8	$2,539.8
Revenue Collections[2]	28,490.5	(161.5)	28,329.0
Transfers from Trust Funds	0.0	190.0	190.0
DMS/DOC Bond Proceeds Reimbursement	0.0	7.2	7.2
Miscellaneous Adjustments	0.0	0.1	0.1
Fixed Capital Outlay Reversions	0.0	7.9	7.9
Federal Funds Interest Payment	0.0	0.0	0.0
Total 2015-16 Funds Available	$28,490.5	$2,583.6	$31,074.0
EXPENDITURES 2015-16			
Operations	$14,017.3	$329.7	$14,347.0
Aid to Local Governments	14,120.0	48.8	14,168.8
Fixed Capital Outlay	59.2	80.4	139.6
Fixed Capital Outlay/Aid to Local Governments	3.2	157.4	160.6
Transfer to Budget Stabilization Fund	0.0	214.5	214.5
Transfer to PECO Trust Fund	0.0	128.9	128.9
Transfer to Clerk of Courts Trust Fund	0.0	12.9	12.9
Miscellaneous Nonoperating Expenditures	0.0	10.0	10.0
Total 2015-16 Expenditures	$28,199.7	$982.5	$29,182.3
ENDING BALANCE	$290.7	$1,601.0	$1,891.8
Budget Stabilization Fund	-	-	$1,353.7
Available Reserves	-	-	$3,245.5

Source: Office of Economic and Demographic Research.

[1] The revenue collections for Fiscal Year 2014-15 do not include $136.5 million of receipts associated with the 2.6% commercial electricity tax swap authorized by Chapter 2014-38, Laws of Florida. Pursuant to this law, these funds are now reported as Gross Receipts Tax revenue and are deposited in the PECO Trust Fund.

[2] The revenue collections for Fiscal Year 2015-16 do not include payments received by the State that are related to the continuation of banked card games. These payments are being accounted for separately (effectively held in reserve) and totaled $57.5 million in Fiscal Year 2015-16.

FINANCIAL OUTLOOK STATEMENT [1]

Including Results of August 15, 2017 Revenue Estimating Conference
Fiscal Year 2016-17 through Fiscal Year 2022-23
(millions of dollars)

	Recurring Funds	Non-Recurring Funds	Total All Funds
FUNDS AVAILABLE 2016-17			
Balance Forward from 2015-16	$0.0	$1,891.8	$1,891.8
Estimated Revenues	29,621.9	(27.4)	29,594.5
BP Settlement Agreement Payment[5]	26.7	73.3	100.0
HB 5001 (2016) Transfers from Trust Funds (Net of Vetoes)	0.0	260.9	260.9
FEMA Reimbursements	0.0	19.5	19.5
Fixed Capital Outlay Reversions	0.0	1.5	1.5
Federal Funds Interest Earnings Rebate	(0.3)	0.0	(0.3)
Total 2016-17 Funds Available[2,5]	$29,648.3	$2,219.6	$31,867.9
EFFECTIVE APPROPRIATIONS 2016-17			
State Operations	$15,009.7	$354.6	$15,364.3
Aid to Local Government	14,395.8	170.1	14,565.9
Fixed Capital Outlay	58.9	121.8	180.7
Fixed Capital Outlay/Aid to Local Government	3.2	200.4	203.6
HB 5001 (2016) Transfer to Budget Stabilization Fund[1]	0.0	30.7	30.7
HB 5001 (2016) Reappropriations (Net of Vetoes)	0.0	75.8	75.8
Budget Amendments - Zika Virus Response	0.0	61.2	61.2
Budget Amendment - Bridge Loans	0.0	5.0	5.0
Budget Amendments - Hurricane Response	0.0	71.2	71.2
Budget Amendments - Campaign Finance Match	0.0	0.2	0.2
SB 2500 (2017) Transfer to Clerks of Court Trust Fund	0.0	7.0	7.0
SB 2500 (2017) Reversions	0.0	(55.3)	(55.3)
SB 2500 (2017) Supplemental Appropriations	0.0	61.5	61.5
Regular Session Bills with Appropriations (Net of Vetoes)	0.0	3.0	3.0
SB 2500 (2017) Reversions with Reappropriations (Net of Vetoes)	0.0	(48.0)	(48.0)
Reversion with Reappropriation (Zika Response)	0.0	(22.7)	(22.7)
Reversion with Reappropriation (Chapter 2016-163, L.O.F.)	0.0	(0.1)	(0.1)
Total 2016-17 Effective Appropriations	$29,467.6	$1,036.4	$30,504.0
Ending Balance [2,3,5]	$180.7	$1,183.2	$1,363.9
FUNDS AVAILABLE 2017-18			
Balance Forward from 2016-17	$0.0	$1,363.9	$1,363.9
Estimated Revenues	30,649.4	276.6	30,926.0
BP Settlement Agreement Payment[5]	26.7	(26.7)	0.0
SB 2500 (2017) Transfers from Trust Funds (Net of Vetoes)	0.0	456.3	456.3
Release of Indian Gaming Reserve[4]	0.0	226.8	226.8
Unused Appropriations/Reversions	0.0	95.4	95.4
Fixed Capital Outlay Reversions	0.0	2.0	2.0
Federal Funds Interest Earnings Rebate	(0.7)	0.0	(0.7)
Total 2017-18 Funds Available[2,3,4,5]	$30,675.4	$2,394.3	$33,069.7
EFFECTIVE APPROPRIATIONS 2017-18			
State Operations	$15,545.5	$411.0	$15,956.5
Aid to Local Government	15,101.3	8.0	15,109.3
Fixed Capital Outlay	57.4	234.0	291.4
Fixed Capital Outlay/Aid to Local Government	1.7	149.4	151.1
SB 2500 (2017) Transfer to Budget Stabilization Fund[1]	0.0	32.1	32.1
SB 2500 (2017) Reappropriations (Net of Vetoes)	0.0	48.0	48.0
Reappropriation - Zika Response	0.0	22.7	22.7
Reappropriation (Ch. 2016-163, L.O.F.)	0.0	0.1	0.1
Total 2017-18 Effective Appropriations	$30,705.9	$905.3	$31,611.2
Ending Balance[2,3]	($30.5)	$1,489.0	$1,458.5

FINANCIAL OUTLOOK STATEMENT [1] (cont)

FUNDS AVAILABLE 2018-19			
Balance Forward from 2017-18	$0.0	$1,458.5	$1,458.5
Estimated Revenues	31,925.2	276.2	32,201.4
BP Settlement Payment[5]	26.7	0.0	26.7
Unused Appropriations/Reversions	0.0	96.3	96.3
Fixed Capital Outlay Reversions	0.0	2.0	2.0
Federal Funds Interest Earnings Rebate	(0.4)	0.0	(0.4)
Total 2018-19 Funds Available[1,2,3,5]	$31,951.5	$1,833.0	$33,784.5
FUNDS AVAILABLE 2019-20			
Estimated Revenues	$33,193.7	$281.2	$33,474.9
BP Settlement Payment[5]	26.7	0.0	26.7
Unused Appropriations/Reversions	0.0	96.3	96.3
Fixed Capital Outlay Reversions	0.0	2.0	2.0
Federal Funds Interest Earnings Rebate	(0.4)	0.0	(0.4)
Total 2019-20 Funds Available[1,2,3,5]	$33,220.0	$379.5	$33,599.5
FUNDS AVAILABLE 2020-21			
Estimated Revenues	$34,428.3	$286.2	$34,714.5
BP Settlement Payment[5]	26.7	0.0	26.7
Unused Appropriations/Reversions	0.0	96.3	96.3
Fixed Capital Outlay Reversions	0.0	2.0	2.0
Federal Funds Interest Earnings Rebate	(0.4)	0.0	(0.4)
Total 2020-21 Funds Available[1,2,3,5]	$34,454.6	$384.5	$34,839.1
FUNDS AVAILABLE 2021-22			
Estimated Revenues	$35,686.0	$291.9	$35,977.9
BP Settlement Payment[5]	26.7	0.0	26.7
Unused Appropriations/Reversions	0.0	96.3	96.3
Fixed Capital Outlay Reversions	0.0	2.0	2.0
Federal Funds Interest Earnings Rebate	(0.4)	0.0	(0.4)
Total 2021-22 Funds Available[1,2,3,5]	$35,712.3	$390.2	$36,102.5
FUNDS AVAILABLE 2022-23			
Estimated Revenues	$36,918.8	$295.2	$37,214.0
BP Settlement Payment[5]	26.7	0.0	26.7
Unused Appropriations/Reversions	0.0	96.3	96.3
Fixed Capital Outlay Reversions	0.0	2.0	2.0
Federal Funds Interest Earnings Rebate	(0.4)	0.0	(0.4)
Total 2021-22 Funds Available[1,2,5]	$36,945.1	$393.5	$37,338.6

Source: Office of Economic and Demographic Research.

1 The cash balance in the Budget Stabilization Fund (not shown here) at the time of this statement was $1,384.4 million and included the Fiscal Year 2016-17 transfer of $30.7 million. The required balance for Fiscal Year 2017-18 is $1,416.5 million, requiring a transfer of $32.1 million. Based on the August 2017 forecast, transfers of $68.2 million in Fiscal Year 2018-19, $72.9 million in Fiscal Year 2019-20, $53.8 million in Fiscal Year 2020-21, $63.7 million in Fiscal Year 2021-22, and $62.0 million in Fiscal Year 2022-23 will be required.

2 This financial statement is based on current law as it is currently administered. It does not include the potential effect of any legal actions which might affect revenues or appropriations. The Attorney General periodically issues an update on any such litigation. In addition, it does not recognize any projected deficits or surpluses in any spending programs unless specifically stated.

3 The 2012 General Appropriations Act transferred $350.0 million from the Lawton Chiles Endowment Fund to the General Revenue Fund. House Bill 5301 (Chapter 2012-33, Laws of Florida) requires that an amount equal to the amount of Medical-Hospital Fees collected above the January 2012 revenue estimate be transferred back to the Endowment in the following fiscal years until repayment is complete. The actual revenues collected in Fiscal Year 2016-17 were lower than the January 2012 estimate; thus, no transfer is required for Fiscal Year 2017-18. The estimates of repayments for the term of this outlook statement are zero for Fiscal Year 2018-19, Fiscal Year 2019-20, and Fiscal Year 2020-21. The final repayment of $304.7 million (not shown on this Outlook) will be due in Fiscal Year 2021-22, in accordance with section 409.915(8), F.S.

4 Based on the Settlement Agreement and Stipulation entered into between the Seminole Tribe of Florida and the State of Florida in July 2017, the payments associated with banked card games that the state has held in reserve ($233.8 million) are released as of this Outlook, and no future payments will be placed in reserve. The total reserve release shown on this Outlook is net of the expected $7.0 million local distribution.

5 Payments are associated with the settlement reached in In re: Oil Spill by the Oil Rig "Deepwater Horizon" in the Gulf of Mexico, MDL No. 2179 (April 20, 2010). The payments are in consideration of the full and complete settlement and release of claims by the State for various damages. It provides a total payment to the State of Florida of $2.0 billion over the period Fiscal Year 2016-17 through Fiscal Year 2032-33. The first payment of $400 million was received on July 1, 2016. Annual payments of $106.7 million will begin in Fiscal Year 2018-19. Pursuant to Chapter 2017-63, L.O.F., 75 percent of all payments to the state must be transferred immediately from the General Revenue Fund to the Triumph Gulf Coast Trust Fund for subsequent transfer to a trust account held by Triumph Gulf Coast, Inc. The revenue numbers shown here are net of this transfer.

Actual and Projected General Revenues

The actual general revenue collections for Fiscal Year 2016-17 of $29,594.5 million were $1.27 billion, or 4.5%, more than collections for Fiscal Year 2015-16. General revenue projections adopted at the August 15, 2017, meeting of the Revenue Estimating Conference for Fiscal Years 2017-18 through 2020-21, are shown in the following table.

General Revenues
Fiscal Years 2016-17 through 2020-21
(millions of dollars)

	Actual 2016-17	Est. 2017-18		Est. 2018-19		Est. 2019-20		Est. 2020-21	
	Actual	Estimate	% Change[1]	Estimate	% Change[1]	Estimate	% Change[1]	Estimate	% Change[1]
Sales Tax- GR	$22,987.4	$23,948.2	4.2%	$25,016.8	4.5%	$26,085.6	4.3%	$27,193.2	4.2%
Beverage Tax & Licenses	314.7	293.8	(6.6)%	311.7	6.1%	326.5	4.7%	340.5	4.3%
Corporate Income Tax	2,366.4	2,404.7	1.6%	2,447.9	1.8%	2,455.3	0.3%	2,484.7	1.2%
Documentary Stamp Tax[2]	762.2	871.8	14.4%	903.7	3.7%	934.6	3.4%	965.6	3.3%
Tobacco Tax	183.0	176.5	(3.6)%	177.6	0.6%	176.9	(0.4)%	175.3	(0.9)%
Insurance Premium Tax	708.4	761.7	7.5%	760.2	(0.2)%	803.9	5.7%	823.8	2.5%
Pari-Mutuels Tax	22.8	22.6	(0.9)%	22.2	(1.8)%	22.1	(0.5)%	22.2	0.5%
Intangibles Tax	372.9	390.0	4.6%	406.4	4.2%	422.2	3.9%	437.9	3.7%
Earnings on Investments	131.0	184.0	40.5%	245.1	33.2%	310.3	26.6%	324.9	4.7%
Indian Gaming Revenues	116.0	272.5	134.9%	280.1	2.8%	283.8	1.3%	287.6	1.3%
Highway Safety Licenses & Fees	489.8	525.7	7.3%	546.8	4.0%	554.4	1.4%	555.6	0.2%
Counties Medicaid Share	301.5	292.0	(3.2)%	304.8	4.4%	309.4	1.5%	300.4	(2.9)%
Severance Tax	11.5	10.8	(6.1)%	10.5	(2.8)%	10.5	0.0%	11.0	4.8%
Corporation Filing Fees	352.9	351.7	(0.3)%	354.7	0.9%	360.5	1.6%	366.2	1.6%
Service Charges	464.9	470.5	1.2%	480.5	2.1%	484.3	0.8%	493.8	2.0%
Other Taxes, License & Fees	337.3	304.3	(9.8)%	300.2	(1.3)%	297.1	(1.0)%	296.3	(0.3)%
Total Revenue	29,922.7	31,280.8	4.5%	32,569.2	4.1%	33,837.4	3.9%	35,079.0	3.7%
Less: Refunds	(328.2)	(354.8)	8.1%	(367.8)	3.7%	(362.5)	(1.4)%	(364.5)	0.6%
Net General Revenue:[3]	$29,594.5	$30,926.0	4.5%	$32,201.4	4.1%	$33,474.9	4.0%	$34,714.5	3.7%

Source: Office of Economic and Demographic Research, August 15, 2017 Consensus Revenue Estimating Conference.
[1] Represents percentage change from prior year, based on current estimates.
[2] Florida law redirects to various trust funds Documentary Stamp Tax Collections which otherwise would go into the General Revenue Fund.
[3] May not add due to rounding.

The projections are based on the best information available when the estimates are made. ***Investors should be aware that there have been material differences between past projections and actual general revenue collections; no assurance can be given that there will not continue to be material differences relating to such amounts.***

Operating and Fixed Capital Outlay Budget By Program Area
Fiscal Years 2013-14 through 2017-18

(In Millions of Dollars)

Program	2013-14 Operating	2013-14 FCO	2014-15 Operating	2014-15 FCO	2015-16 Operating	2015-16 FCO	2016-17 Operating	2016-17 FCO	2017-18 Operating	2017-18 FCO
General Revenue										
Education	$ 14,141.5	$ 9.0	$ 14,523.6	$ 2.0	$ 15,101.7	$ 1.7	$ 15,580.0	$ 29.0	$ 16,616.2	$ 143.8
Human Services	7,580.2	2.9	8,067.4	31.6	8,761.6	12.0	9,479.2	8.4	9,390.8	12.2
Criminal Justice & Corrections	3,318.7	51.4	3,457.2	74.2	3,494.2	77.3	3,586.3	85.1	3,603.1	71.5
Natural Resources , Environment Growth Mngmt, & Transportation	220.1	91.9	274.4	242.2	158.6	140.6	185.7	174.9	190.0	167.2
General Government	629.9	46.9	678.7	73.6	655.6	54.7	678.4	73.0	846.7	44.5
Judicial Branch	362.6	5.5	404.7	10.1	411.1	15.4	420.5	14.0	419.0	3.4
Total General Revenue	$ 26,252.8	$ 207.6	$ 27,406.0	$ 433.7	$ 28,582.7	$ 301.7	$ 29,930.1	$ 384.3	$ 31,065.8	$ 442.5
Trust Funds										
Education	$ 6,131.2	$ 1,761.1	$ 6,172.9	$ 1,944.6	$ 6,014.7	$ 1,804.9	$ 6,291.4	$ 2,009.5	$ 6,457.9	$ 1,699.7
Human Services	22,789.0	15.6	23,637.3	35.5	24,194.8	27.7	24,822.5	20.2	26,452.6	53.6
Criminal Justice & Corrections	670.1	-	679.5	-	681.8	-	808.2	-	797.8	-
Natural Resources , Environment Growth Mngmt, & Transportation	2,760.9	9,451.1	2,792.3	10,272.5	2,823.3	10,246.6	3,142.4	11,082.6	3,088.8	10,992.5
General Government	3,273.9	57.9	3,461.0	92.0	3,573.7	84.4	3,642.8	60.1	3,759.7	50.5
Judicial Branch	111.5	-	116.5	-	92.7	-	91.2	-	91.4	-
Total Trust Funds	$ 35,736.7	$ 11,285.7	$ 36,859.4	$ 12,344.7	$ 37,381.0	$ 12,163.5	$ 38,798.3	$ 13,172.4	$ 40,648.3	$ 12,796.3
Total All Funds										
Education	$ 20,272.7	$ 1,770.1	$ 20,696.4	$ 1,946.6	$ 21,116.5	$ 1,806.6	$ 21,871.3	$ 2,038.5	$ 23,074.1	$ 1,843.4
Human Services	30,369.2	18.5	31,704.7	67.1	32,956.4	39.7	34,301.7	28.6	35,843.4	65.8
Criminal Justice & Corrections	3,988.8	51.4	4,136.7	74.2	4,176.0	77.3	4,394.5	85.1	4,400.9	71.5
Natural Resources , Environment Growth Mngmt, & Transportation	2,981.0	9,543.0	3,066.8	10,514.7	2,981.9	10,387.2	3,328.1	11,257.5	3,278.8	11,159.7
General Government	3,903.8	104.8	4,139.6	165.6	4,229.2	139.1	4,321.2	133.1	4,606.4	95.1
Judicial Branch	474.1	5.5	521.2	10.1	503.8	15.4	511.7	14.0	510.4	3.4
Total All Funds	$ 61,989.5	$ 11,493.2	$ 64,265.4	$ 12,778.4	$ 65,963.7	$ 12,465.2	$ 68,728.5	$ 13,556.8	$ 71,714.1	$ 13,238.8

Source: Executive Office of the Governor. Includes appropriations in annual General Appropriations Bills and other legislation after Governor's vetos.

STATE DEBT

As a general rule, bonds of the State or its agencies are issued by the Division of Bond Finance pursuant to the State Bond Act, ss. 215.57-.83, Florida Statutes. During the 2001 Session the Florida Legislature formalized in statute an annual Debt Affordability Study to be used as a tool for measuring, monitoring and managing the State's debt. The State debt fiscal responsibility policy, s. 215.98, Florida Statutes, establishes debt service to revenues as the benchmark debt ratio to estimate future debt capacity, using a target ratio of 6% and a cap of 7%. The estimated future debt capacity is intended to provide legislative policy makers with information to measure the financial impact of new financing programs and to assist them in formulating capital spending plans.

The study first looks at total State debt outstanding, separating the debt into net tax-supported debt and self supporting debt. Net tax-supported debt is repaid by the State from a specified tax revenue source or general appropriation of the State. Self supporting debt is reasonably expected to be repaid from project revenue or loan repayments. Some but not all of State debt is additionally secured by the full faith and credit of the State.

State Full Faith and Credit Debt

Article VII, Section 11(a) of the Florida Constitution authorizes the issuance of bonds pledging the full faith and credit of the State to finance or refinance State capital outlay projects upon approval by vote of the electors, provided that the outstanding principal amount may not exceed 50% of total State tax revenues for the two preceding fiscal years. There are currently no bonds outstanding under this authorization.

All of Florida's full faith and credit debt which is currently outstanding has been issued under separate constitutional authority which also authorizes the pledge of a dedicated tax or other revenue source as well. Such debt includes bonds for pollution control and abatement and solid waste disposal (operating revenues, assessments); right-of-way acquisition and bridge construction (motor fuel or special fuel taxes); public education capital outlay (gross receipts taxes); roads within a county (second gas tax); and school districts or community colleges (motor vehicle license revenues). Although these bonds are not subject to the above-referenced debt limitation, each program has debt service coverage tests which must be met prior to issuance.

State Revenue Bonds

The Florida Constitution authorizes the issuance of bonds to finance or refinance State capital outlay projects, which are payable from funds derived directly from sources other than State tax revenues. Bonds outstanding under this authorization include financings for the State University System, individual universities, community colleges, public schools, State owned office facilities, toll roads, ports, and other transportation projects. The Constitution specifically authorizes the issuance of bonds to fund student loans; to finance housing; and to refund outstanding bonds at a lower net interest cost. The Constitution was amended in 1998 to expressly permit the issuance of bonds pledging a dedicated State tax source for the purposes of conservation, outdoor recreation, water resource development, restoration of natural systems, or historic preservation.

Bonds may also be issued, which are payable from documentary stamp taxes deposited in the Land Acquisition Trust Fund for conservation and recreation purposes, including Everglades restoration.

Other Obligations

Although most debt of the State or its agencies is issued through the Division of Bond Finance, there are other entities which issue bonds or incur other long term obligations which are secured by State revenues. These include the Florida Housing Finance Corporation, the Florida Correctional Finance Corporation, the Department of Corrections, the Department of Juvenile Justice, the Department of Children and Families, the Florida Hurricane Catastrophe Fund Finance Corporation and the Inland Protection Financing Corporation. The Florida Legislature has also dedicated 2.59% of cigarette tax collections to the H. Lee Moffitt Cancer Center and Research Institute, for 10 years, which are pledged to secure bonds issued by the City of Tampa. The City of Tallahassee issued bonds to finance relocation of the developmental research school of Florida State University. The bonds are payable from lease revenues appropriated to the University each year. The State's Chief Financial Officer has a consolidated equipment financing program for State agencies and a lease purchase financing for replacement of the State's accounting and cash management systems, which are subject to annual appropriation. The State's five water management districts have authority to issue bonds secured by certain moneys from the Water Management Lands Trust Fund.

The Florida Water Pollution Control Financing Corporation was created to finance projects through the State's Department of Environmental Protection which are authorized under the federal Clean Water Act. The corporation is authorized to issue bonds secured through the repayment of loans to local government entities. The principal amount of such bonds which may be issued shall not exceed $300 million in any Fiscal Year.

Direct Debt Outstanding by Type and Program
As of June 30, 2016
(In Millions Dollars)

Debt Type		Amount
Net Tax-Supported Debt		$20,121.0
Self-Supporting Debt		4,002.1
Total State Debt Outstanding		**$24,123.1**

Net Tax-Supported Debt		
Education		
Public Education Capital Outlay	$8,708.9	
Capital Outlay	222.6	
Lottery	1,771.1	
University System Improvement	136.3	
University Mandatory Fee	79.8	
State (Community) Colleges	87.3	
Total Education		$11,006.1
Environmental		
Florida Forever Bonds	1,051.8	
Everglades Restoration Bonds	246.7	
Inland Protection	60.6	
Total Environmental		$1,359.2
Transportation		
Right-of-Way Acquisition and Bridge Construction	1,450.7	
State Infrastructure Bank	3.1	
PPP Obligations L-T Projects	4,654.0	
PPP Obligations S-T Contracts	44.3	
Florida Ports	347.6	
Total Transportation		$6,499.8
Appropriated Debt / Other		
Facilities	262.0	
Prisons	470.1	
Children & Families	89.3	
Juvenile Justice	4.9	
Lee Moffitt Cancer Center	122.8	
Master Lease	17.3	
Energy Saving Contracts	39.0	
Sports Facility Obligations	250.6	
Total Appropriated Debt / Other		$1,256.0
Total Net Tax-Supported Debt Outstanding		**$20,121.0**
Self-Supporting Debt		
Education		
University Auxiliary Facility Revenue Bonds		$797.8
Environmental		
Florida Water Pollution Control		365.1
Transportation		
Toll Facilities	2,801.4	
State Infrastructure Bank Revenue Bonds	37.8	
Total Transportation		2,839.2
Total Self-Supported Debt Outstanding		**$4,002.1**

*Includes $44.3 million of short-term Department of Transportation P3 contract payments to be made from 2017 through 2018.
Source: State of Florida Division of Bond Finance, 2016 debt analysis.

Per Capita Tax Supported Debt
For Fiscal Years Ended June 30

Year	Population[1] (thousands)	Total Principal Outstanding[2] (millions)	Per Capita
2007	18,602	$18,340	$986
2008	18,783	20,329	1,082
2009	18,767	22,373	1,192
2010	18,761	23,557	1,256
2011	18,880	22,945	1,215
2012	19,028	21,593	1,135
2013	19,214	20,348	1,059
2014	19,440	20,013	1,029
2015	19,738	21,406	1,085
2016	20,051	20,077	1,001

[1] Population estimate by the Office of Economic and Demographic Research, Florida Legislature (August, 2016).
[2] State of Florida 2016 Debt Affordability Report; excludes refunded debt.

State of Florida

Total Debt Outstanding

As of June 30, 2016

Fiscal Year	Net Tax-Supported Debt Outstanding Principal*	Interest	Total	Self-Supporting Debt Outstanding Principal	Interest	Total	Total Debt Outstanding Principal	Interest	Total
2017	$ 1,412,484,046	$ 771,847,801	$ 2,184,331,847	$ 216,973,826	$ 185,578,359	$ 402,552,186	$ 1,629,457,872	$ 957,426,160	$ 2,586,884,033
2018	1,571,097,626	729,660,849	2,300,758,475	224,778,906	175,278,324	400,057,230	1,795,876,532	904,939,173	2,700,815,705
2019	1,370,314,878	680,262,137	2,050,577,015	233,259,000	164,540,514	397,799,514	1,603,573,878	844,802,651	2,448,376,529
2020	1,435,330,120	631,647,360	2,066,977,480	223,126,000	153,109,763	376,235,763	1,658,456,120	784,757,123	2,443,213,243
2021	1,440,862,488	629,014,494	2,069,876,982	228,943,000	142,084,960	371,027,960	1,669,805,488	771,099,454	2,440,904,942
2022	1,548,922,944	578,591,851	2,127,514,795	206,657,000	130,852,111	337,509,111	1,755,579,944	709,443,961	2,465,023,905
2023	1,134,923,366	510,875,558	1,645,798,925	204,040,000	120,671,444	324,711,444	1,338,963,366	631,547,003	1,970,510,369
2024	1,053,736,335	461,747,077	1,515,483,413	207,024,000	110,681,584	317,705,584	1,260,760,335	572,428,661	1,833,188,996
2025	1,000,124,013	415,977,241	1,416,101,254	212,114,000	101,052,253	313,166,253	1,212,238,013	517,029,494	1,729,267,507
2026	855,306,921	372,631,709	1,227,938,630	196,004,000	91,362,039	287,366,039	1,051,310,921	463,993,748	1,515,304,669
2027	785,955,946	337,420,163	1,123,376,109	195,273,000	82,745,626	278,018,626	981,228,946	420,165,789	1,401,394,735
2028	707,584,099	307,781,711	1,015,365,810	171,238,000	74,487,301	245,725,301	878,822,099	382,269,013	1,261,091,111
2029	624,649,364	280,981,088	905,630,452	163,688,000	66,849,767	230,537,767	788,337,364	347,830,855	1,136,168,219
2030	579,942,010	258,359,136	838,301,147	151,871,000	59,809,568	211,680,568	731,813,010	318,168,705	1,049,981,715
2031	524,103,815	239,166,421	763,270,236	141,870,000	53,115,121	194,985,121	665,973,815	292,281,542	958,255,357
2032	515,467,337	219,955,306	735,422,644	134,040,000	47,002,195	181,042,195	649,507,337	266,957,501	916,464,839
2033	470,708,263	203,218,486	673,926,749	134,560,000	41,164,233	175,724,233	605,268,263	244,382,719	849,650,982
2034	414,146,510	188,826,854	602,973,364	122,910,000	35,161,465	158,071,465	537,056,510	223,988,319	761,044,829
2035	387,923,926	175,046,934	562,970,860	109,740,000	29,515,146	139,255,146	497,663,926	204,562,080	702,226,006
2036	370,424,878	161,989,994	532,414,872	108,075,000	24,372,358	132,447,358	478,499,878	186,362,351	664,862,229
2037	343,796,483	150,606,473	494,402,956	81,180,000	19,420,434	100,600,434	424,976,483	170,026,907	595,003,390
2038	255,368,080	139,814,874	395,182,954	72,190,000	15,417,279	87,607,279	327,558,080	155,232,153	482,790,233
2039	187,285,587	133,804,250	321,089,836	75,295,000	11,756,421	87,051,421	262,580,587	145,560,671	408,141,258
2040	148,870,346	127,725,128	276,595,475	57,325,000	7,936,363	65,261,363	206,195,346	135,661,491	341,856,837
2041	122,679,787	127,086,767	249,766,554	42,555,000	5,372,075	47,927,075	165,234,787	132,458,842	297,693,629
2042	116,044,291	127,796,830	243,841,121	34,735,000	3,555,331	38,290,331	150,779,291	131,352,161	282,131,452
2043	123,631,576	131,040,605	254,672,181	27,210,000	2,176,925	29,386,925	150,841,576	133,217,530	284,059,106
2044	90,793,935	62,982,919	153,776,854	15,800,000	1,018,200	16,818,200	106,593,935	64,001,119	170,595,054
2045	51,202,045	22,601,781	73,803,826	9,655,000	386,200	10,041,200	60,857,045	22,987,981	83,845,026
2046	38,250,467	20,249,293	58,499,760	-	-	-	38,250,467	20,249,293	58,499,760
2047	40,057,791	18,441,969	58,499,760	-	-	-	40,057,791	18,441,969	58,499,760
2048	41,950,512	16,549,248	58,499,760	-	-	-	41,950,512	16,549,248	58,499,760
2049	43,932,662	14,567,097	58,499,759	-	-	-	43,932,662	14,567,097	58,499,759
2050	46,008,470	12,491,291	58,499,761	-	-	-	46,008,470	12,491,291	58,499,761
2051	48,182,357	10,317,402	58,499,759	-	-	-	48,182,357	10,317,402	58,499,759
2052	50,458,962	8,040,798	58,499,760	-	-	-	50,458,962	8,040,798	58,499,760
2053	52,843,134	5,656,625	58,499,759	-	-	-	52,843,134	5,656,625	58,499,759
2054	55,339,959	3,159,800	58,499,759	-	-	-	55,339,959	3,159,800	58,499,759
2055	16,004,001	150,500	16,154,501	-	-	-	16,004,001	150,500	16,154,501
	$ 20,076,709,334	$ 9,288,085,819	$ 29,364,795,153	$ 4,002,129,732	$ 1,956,473,358	$ 5,958,603,090	$ 24,078,839,066	$ 11,244,559,177	$ 35,323,398,243

*Department of Transportation Public/Private Partnership ("P3") short-term contract payments totaling $44.3 million from 2017 through 2018 are excluded. The Department's long-term P3 obligations are included in net tax-supported debt at the total annual payment obligation. Although certain payments are expected to be made from non-tax sources, they have not been considered in showing net tax-supported payments.

Source: State of Florida Division of Bond Finance, 2016 debt analysis.

Net Tax-Supported Bonds Issued Since July 1, 2016
(chronological, by date of issuance)

State Board of Education Public Education Capital Outlay Refunding Bonds, 2016 Series C	$147,640,000
Less: Public Education Capital Outlay Bonds refunded	(164,505,000)
Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series 2016B	92,520,000
State Board of Education Public Education Capital Outlay Refunding Bonds, 2016 Series D	218,885,000
Less: Public Education Capital Outlay Bonds refunded	(244,235,000)
State Board of Education Lottery Revenue Refunding Bonds, Series 2016B	211,180,000
Less: Lottery Revenue Bonds refunded	(246,435,000)
State Board of Education Public Education Capital Outlay Bonds, 2016 Series E	206,025,000
Less: Public Education Capital Outlay Bonds refunded	(175,695,000)
Department of Environmental Protection Florida Forever Revenue Refunding Bonds, Series 2016A	159,765,000
Less: Florida Forever Revenue Bonds refunded	(184,970,000)
State Board of Education Public Education Capital Outlay Refunding Bonds, 2016 Series F	148,400,000
Less: Public Education Capital Outlay Bonds refunded	(161,035,000)
Department of Environmental Protection Everglades Restoration Revenue Refunding Bonds, Series 2017A	42,465,000
Less: Everglades Restoration Bonds refunded	(56,065,000)
State Board of Education Capital Outlay Refunding Bonds, 2017 Series A	35,805,000
Less: Capital Outlay Bonds refunded	(39,900,000)
State Board of Education Public Education Capital Outlay Bonds, 2016 Series G	92,350,000
Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series 2017A	288,705,000
Department of Management Services, Florida Facilities Pool Revenue Refunding Bonds, Series 2017A	190,835,000
Less: Florida Facilities Pool Revenue Bonds refunded	(232,585,000)
State Board of Education, Public Education Capital Outlay Refunding Bonds, 2017 Series A	148,555,000
Less: Public Education Capital Outlay Bonds refunded	(162,065,000)
State Board of Education, Public Education Capital Outlay Refunding Bonds, 2017 Series B	261,635,000
Less: Public Education Capital Outlay Bonds refunded	(285,670,000)
Department of Environmental Protection Florida Forever Revenue Refunding Bonds, Series 2017A*	75,125,000
Less: Florida Forever Revenue Bonds refunded*	(98,805,000)
	$267,925,000

*Subject to the delivery of the Department of Environmental Protection Florida Forever Revenue Refunding Bonds, Series 2017A on November 30, 2017.

Self Supporting Bonds Issued Since July 1, 2016
(chronological, by date of issuance)

University of Florida Dormitory Revenue Refunding Bonds, Series 2016A	$19,390,000
Less: University of Florida Dormitory Bonds refunded	(20,705,000)
University of South Florida Parking Facility Revenue Refunding Bonds, Series 2016A	21,545,000
Less: University of South Florida Parking Bonds refunded	(21,270,000)
Florida Atlantic University Dormitory Revenue Refunding Bonds, Series 2016A	53,040,000
Less: Florida Atlantic University Dormitory Bonds refunded	(57,250,000)
Department of Transportation Turnpike Revenue Refunding Bonds, Series 2016C	142,595,000
Less: Turnpike Revenue Bonds refunded	(157,950,000)
Florida State University Parking Facility Revenue Refunding Bond, Series 2017A	7,857,000
Less: Florida State University Parking Facility bonds refunded	(7,555,000)
University System Improvement Revenue Refunding Bonds, Series 2017A	25,610,000
Less: University System Improvement Bonds refunded	(29,280,000)
Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2017A	21,635,000
Less: Alligator Alley Revenue Bonds refunded	(26,640,000)
	($28,978,000)

STATEMENT OF ASSETS AND LIABILITIES

Administered by State Chief Financial Officer

		ASSETS	
		JUNE 30, 2017	JUNE 30, 2016
Currency and Coins		$0.00	$0.00
Unemployment Compensation Investments Due From U.S Treasury -Unemployment TF	(1)	3,597,148,273.72	3,175,547,178.82
Deferred Compensation Assets	(2)	4,041,387,838.90	3,680,087,209.18
Bank Accounts	(3)	(119,159,502.32)	(93,908,757.25)
Consolidated Revolving Account	(4)	213,933.04	115,539.40
Total Cash, Receivables, and Other Assets		$7,519,590,543.34	$6,761,841,170.15
Certificates of Deposit		$1,046,500,000.00	$958,000,000.00
Securities	(5)	22,434,139,155.06	23,069,878,610.63
Total Investments		23,480,639,155.06	24,027,878,610.63
Total Assets of the Division of Treasury		$31,000,229,698.40	$30,789,719,780.78

		LIABILITIES	
		JUNE 30, 2017	JUNE 30, 2016
Due to:			
General Revenue Fund		$3,256,232,411.23	$3,244,177,330.38
Trust Fund	(6)	15,927,054,158.59	15,631,633,443.57
Budget Stabilization Fund		1,384,390,000.00	1,353,690,000.00
Total State Liabilities		$20,567,676,569.82	$20,229,500,773.95
Interest Payable & Securities Liability	(7)	$211,764,928.79	$9,209,363.40
Due to Special Purpose Investment Accounts	(8)	6,179,186,427.85	6,870,806,894.85
Due to Deferred Compensation Participants and/or Program	(2)	4,041,387,838.90	3,680,087,209.18
Due to Consolidated Revolving Account Agency Participants	(4)	213,933.04	115,539.40
Total Liabilities of the Division of Treasury		$31,000,229,698.40	$30,789,719,780.78

Source: Annual Report of the State Chief Financial Officer for the Fiscal Year Ended June 30, 2017.

[1] Unemployment Trust Fund represents U.C. Benefit Funds invested by the Federal Government and due from U.S. Treasury.

[2] Plan assets held in the Deferred Compensation Trust Fund for the exclusive benefit of participants and their beneficiaries.

[3] Represents the "Per Reconciled Cash Balance" of $12,980,872.02 as of June 30, 2017 with receipted items in transit of $95,184,884.30 and disbursed items in transit of ($895,500.38) which nets to $94,289,383.92. These items have cleared the bank but have not been posted to the State ledger. The Total Bank Accounts figure does not include $77,889,001.34 held in clearing and\or revolving accounts outside the Treasury.

[4] The amount due to agency participants in the Consolidated Revolving Account as of June 30, 2017 is $7,025,933.04. Of this, $213,933.04 is in a financial institution account and $6,812,000.00 is invested in Special Purpose Investment Accounts.

[5] Includes Purchased Interest in the amount of $3,370,615.68.

[6] Included in the Trust Fund Balance is $7,706,218,353.32 earning interest for the benefit of Trust Funds, Unemployment Trust Fund balance of $3,597,148,273.72; the remaining balance of $4,623,687,531.55 earning interest for General Revenue.

[7] Represents $9,464,014.03 in interest not yet receipted to State Accounts and Securities Liability Cost of $202,300,914.76 which settled July 2017.

[8] Represents Chief Financial Officer's Special Purpose Investment Accounts held in the Treasury Investment Pool and interest due to those accounts. The Chief Financial Officer's Special Purpose Investment Accounts are investments on behalf of state agencies with funds outside the Chief Financial Officer's Cash Concentration System and other statutorily or constitutionally created entities.

Note:	June 30, 2017	June 30, 2016
Total Market Value of all Securities held by the Treasury.	$23,328,701,501.85	$24,402,542,617.00

FLORIDA RETIREMENT SYSTEM

(Source: Florida Department of Management Services, Division of Retirement)

General. The Florida Retirement System ("FRS") was established by the Florida Legislature effective December 1, 1970 pursuant to Chapter 121, Florida Statutes (the "Act") by consolidating the state's existing State-administered retirement systems into one system. In addition to Chapter 121, the FRS is governed by Article X, Section 14 of the State Constitution, which prohibits increasing benefits without concurrently providing for funding the increase on a sound actuarial basis. The FRS provides retirement, disability and death benefits for participating public employees. The FRS is a cost-sharing, multiple employer, retirement plan. The FRS Defined Benefit Program (also referred to as the FRS Pension Plan) is administered by the Division of Retirement in the Department of Management Services. The assets of the FRS Defined Benefit Program are held in the FRS Trust Fund and are invested by the State Board of Administration. The FRS Investment Plan was created by the Florida Legislature as a defined contribution plan alternative to the FRS Pension Plan and is administered by the State Board of Administration. In addition to these two primary, integrated programs there are non-integrated defined contribution plan alternatives available to targeted employee groups in the State University System, the State Community College System, and members of the Senior Management Service Class.

In the defined benefit pension plan, a monthly benefit is paid to retired employees in a fixed amount calculated at the time of retirement as determined by a statutory formula. The amount of the monthly benefit is generally based on the years of service credits and salary. The benefit is paid to the retiree for life and, if applicable, a survivor benefit is paid to the designated beneficiary at the death of the retiree.

In the defined contribution plan, the employee's benefit is comprised of the accumulated required contributions and investment earnings on those contributions. Instead of guaranteed benefits based on a formula, the contributions to the member account are guaranteed by the plan and the investment risk is assumed by the employee. Since the employer's obligation to make contributions to the defined contribution plan does not extend beyond the required contribution from current payroll, the employer's funding obligation for a defined contribution plan is fully funded as long as these contributions are made.

FRS membership is compulsory for employees working in regularly established positions for a state agency, county governmental unit, district school board, state university, state college or participating city, independent special district, charter school or metropolitan planning district, except for retirees initially reemployed on or after July 1, 2010 who may not be enrolled. There are five classes of plan membership: Regular Class, Special Risk Class, Special Risk Administrative Support Class, Elected Officers' Class ("EOC"), and Senior Management Service Class ("SMSC"). Elected officials who are eligible to participate in the EOC may elect to withdraw from the FRS altogether or choose to participate in the SMSC in lieu of the EOC. Regular Class membership covers any position that is not designated to participate in any other membership class.

Participation by cities, municipalities, special districts, charter schools, and metropolitan planning districts although optional, is generally irrevocable once the election to participate is made. As of June 30, 2016, there were 1,029 participating employers, and 1,171,473 individual members, as follows:

Retirees & Beneficiaries	394,527[1]
Terminated Vested Members	116,994
DROP Participants	29,602
Active Vested Members	455,236
Active Non-vested members	175,114
TOTAL	1,171,473 [2]

[1] Excludes Teachers' Retirement System Survivors' Benefit ("TRS-SB"), General Revenue payment recipients and FRS Investment Plan members who received a distribution.

[2] Includes FRS Pension Plan and Investment Plan members.

Benefits. Chapter 2011-68, Laws of Florida, became law on July 1, 2011. Chapter 2011-68 created significant reforms to the FRS, most notably by requiring that FRS members contribute to the FRS and by establishing a "two-tier" benefit system with less generous benefits for employees who became members of the FRS on or after July 1, 2011 ("New Members"), as compared to those provided to employees who were members of the FRS prior to July 1, 2011 ("Existing Members"). See "2011 Legislation Affecting FRS Benefits and Funding" below for further details. FRS Pension Plan members receive one month of service credit for each month in which any salary is paid. Existing Members vest after 6 years of service for all membership classes and New Members vest after 8 years of service for all membership classes. Members vest after 8 years for non-duty related disability benefits. After they are vested, members are eligible for normal retirement when they have met the minimum age or service requirements for their membership class. For Existing Members of the Regular Class, SMSC and the EOC, normal retirement is age 62 and vested, or 30 years of service regardless of age, and age 65 and vested, or 33 years of service regardless of age for New members. For Existing Members of the Special Risk Class and the Special Risk Administrative Support Class, normal retirement is age 55 and vested, or 25 years of service regardless of age, and age 60 and vested, or 30 years of service regardless of age, for New Members. Early retirement may be taken any time after vesting subject to a 5% benefit reduction for each year prior to normal retirement age.

Summary of FRS Pension Plan Benefits

	Vesting Period	Regular Class, SMSC, EOC	Special Risk Classes
Existing Members	6 years	62 years old or 30 years of service	55 years old or 25 years of service
New Members	8 years	65 years old or 33 years of service	60 years old or 30 years of service

Retirement benefits under the FRS Pension Plan are computed using a formula comprised of age and/or years of service at retirement, average final compensation and total percentage based on the accrual value by plan or membership class of service credit.

FRS Pension Plan members who reach normal retirement may participate in the Deferred Retirement Option Program ("DROP"), which allows a member to effectively retire while deferring termination and to continue employment for up to 60 months (or 96 months for some educational personnel under certain conditions). The retirement benefit is calculated as of the beginning of DROP participation and no further service is accrued. During DROP participation the member's retirement benefits accumulate in the FRS Trust Fund, earning monthly interest at an equivalent annual rate of 6.50 percent for members with an effective DROP begin date before July 1, 2011, and an equivalent annual rate of 1.3 percent for members with a effective DROP begin date on or after July 1, 2011. At termination the member's DROP accumulation may be paid out as a lump sum, a rollover, or a combination of these two payout methods and the member begins receiving monthly benefits determined when DROP participation began, increased by annual cost of living adjustments.

FRS Investment Plan members invest their contributions in the investment options offered under the plan. FRS Investment Plan members receive one month of service credit for each month in which any salary is paid and vest in their employer contributions after one year of service under the FRS Investment Plan. Members are immediately vested in their employee contributions. If a present value amount is transferred from the FRS Pension Plan to the member's FRS Investment Plan account as the opening balance, the member must meet the FRS Pension Plan vesting requirement for any such transferred funds and associated earnings.

FRS members vest immediately for in-line-of-duty disability benefits or after eight years for non-duty related disability benefits if totally and permanently disabled from all employment. FRS Pension Plan members receive disability monthly benefits until no longer disabled. Periodic reexamination is conducted to verify continued disability retirement eligibility. FRS Investment Plan members may elect to surrender their account balance to the FRS Trust Fund to receive guaranteed monthly benefits under the FRS Pension Plan. Alternatively, FRS Investment Plan members may retain their account balance to fund their future retirement needs in lieu of guaranteed monthly benefits under the FRS Pension Plan. FRS Investment Plan members who retain their account balances to fund their disability retirement may leave their funds invested in the plan, structure periodic payments, purchase an annuity, receive a lump-sum payment of their account balance, rollover their monies into another eligible plan qualified under the Internal Revenue Code, or a combination of these options.

The service retirement benefits of FRS Investment Plan members are their account balances at the time they choose to retire as managed by the member throughout retirement. FRS Investment Plan members may leave their funds invested in the plan, structure periodic benefit payments under their investment contracts, purchase an annuity, rollover their funds to a different qualified plan, receive a lump-sum payment representing their account balance in part or in whole, annuitize some or all of their account, or a combination of these options.

Certain Senior Management Service Class members, State University System faculty, Executive Service staff, Administrative and Professional Service staff, and Florida College System faculty and certain administrators may elect to participate in the existing, non-integrated optional defined contribution programs for these targeted employee groups instead of either of the two primary integrated programs offered under the FRS, the FRS Pension Plan and the FRS Investment Plan.

Funding. From the establishment of the FRS through 1975 both employers and members were required to pay retirement contributions. Members contributions were made on a post-tax basis. From 1975 through June 30, 2011, employers paid all required contributions. Beginning July 1, 2011, both employer and members are required to pay retirement contributions. Members contribute 3% of their salary as retirement contributions, on a pre-tax basis, with the employer automatically deducting the employee contributions from the members' salary. The contribution rates for the FRS Investment Plan are set by statute and the FRS Pension Plan rates, which are determined annually by the Legislature based on an actuarial valuation and any plan changes adopted during the legislative session. (See "Schedule of Funding Progress" below). These two rates are "blended" to create the uniform contribution rate for the primary, integrated FRS programs as required under Part III of Chapter 121, F.S. FRS employers pay a single rate by membership class or sub-class for members of the two primary, integrated FRS plans. The portion of the required FRS Investment Plan contribution rate destined for the member's account is forwarded to the FRS Investment Plan's administrator and the portion for Pension Plan funding is forwarded to the FRS Trust Fund. The employer contribution rates for the non-integrated defined contribution plans are set by statute and forwarded to the specified provider company under the program.

2011 Legislation Affecting FRS Benefits and Funding. Chapter 2011-68, Laws of Florida, became law on July 1, 2011 and provided for significant reforms to the FRS, most notably by requiring that FRS members contribute to the FRS and phasing out post-retirement cost-of-living adjustments. The changes also effectively establish a "two-tier" benefit system with less generous benefits for employees who are initially enrolled in the FRS on or after July 1, 2011, as compared to those provided to employees who were initially enrolled in the FRS prior to July 1, 2011. Among other changes, Chapter 2011-68 provides:

Employee Contributions -

- Effective July 1, 2011, most FRS members must contribute 3% of their salary as retirement contributions, on a pre-tax basis, automatically deducted by the employer
- Members participating in the Deferred Retirement Option Program ("DROP") and re-employed retirees, who are not allowed to renew membership in the FRS, are not required to make 3% employee contributions

DROP -

- The annualized DROP interest rate will be 1.3% for members whose DROP participation begins on or after July 1, 2011
- Members with an effective DROP begin date on or before June 30, 2011 will retain an annual interest rate of 6.5%

Cost-of-Living Adjustment (COLA) -

- Members with an effective retirement date (includes DROP participation) before August 1, 2011 will retain their 3% post-retirement COLA
- Members with an effective retirement date or DROP begin date on or after August 1, 2011 will have an individually calculated COLA that is a reduction from 3% and will be calculated by dividing the total years of service before July 1, 2011 by the total years of service at retirement, and then multiplying the result by 3% to get the retiree's COLA
- Members initially enrolled on or after July 1, 2011, will not have a post-retirement COLA

Benefit changes for members first enrolled in the FRS on or after July 1, 2011 -

- Vesting requirement for FRS Pension Plan benefit eligibility is increased from 6 to 8 years of creditable service
- The average final compensation used in calculating retirement benefits is increased from the highest 5 fiscal years to the highest 8 fiscal years of salary
- Increased the "normal retirement date" for unreduced benefit eligibility
- For members of the Regular Class, Senior Management Service Class and Elected Officers Class, to
    - The first day of the month the member reaches age 65 (rather than 62) and is vested, or
    - The first day of the month following the month the member completes 33 (rather than 30) years of creditable service, regardless of age before age 65
- For members of the Special Risk Class, to
    - The first day of the month the member reaches age 60 (rather than 55) and is vested, or
    - The first day of the month following the month the member completes 30 (rather than 25) years of creditable service in the Special Risk Class, regardless of age before age 60

The table below shows the number of persons receiving benefits from the FRS Pension Plan, the total benefits paid, and the average benefits for the last five fiscal years.

Annuitants and Annualized Benefit Payments Under the FRS Pension Plan[1,2]

(in thousands where amounts are dollars)

Fiscal Year	2012	2013	2014	2015	2016
Annuitants	334,682	347,962	363,034	377,671	394,907
Benefits Payments (000 omitted)	$6,233,606	$6,691,437	$7,175,496	$7,731,851	$8,389,673
Average Benefits	$18,625	$19,230	$19,765	$20,472	$21,245

Source: Florida Department of Management Services, Division of Retirement. Florida Retirement System Annual Reports for Fiscal Years 2012 and 2013 and the FRS CAFRs for Fiscal Years 2014, 2015 and 2016.

[1] Figures include disability payments, General Revenue, Institute of Food and Agricultural Sciences Supplemental Program and TRS-SB, but do not include refunds of member contributions.

[2] Figures exclude FRS Investment Plan and DROP participants.

Funding and Financial Reporting of the FRS. The Governmental Accounting Standards Board (GASB) has adopted two accounting statements, GASB 67 (for reporting at the pension plan level) and GASB 68 (for employer reporting requirements including their allocation of net pension liability and pension expense), which require pension plans and employers to report total pension plan liabilities (Total Pension Liability), as well as the value of the plans' assets (Fiduciary Net Position) and the unfunded portion of the liability (Net Pension Liability or NPL) in both the plans' and the employers' financial statements. GASB 67 was effective for plan fiscal years beginning after June 15, 2013, and GASB 68 was effective for employer fiscal years beginning after June 15, 2014.

Prior to GASB 67 and GASB 68, GASB 25 and GASB 27 gave public pension plans latitude as to funding methodologies and assumptions used in the determination of liabilities and contributions to meet the accounting standards. As a result of this latitude, it was often difficult to make comparisons between pension plans. GASB 25 required actuaries to develop a schedule of funding progress and an actuarial required contribution (ARC) as tools both to compare to other plans and gage how the contributions from the funding valuation compared to the ARC. Over time, pensions plans adopted the same requirements in their funding valuation as the GASB valuation, blurring the comparison of the results from the funding valuation to the GASB valuation. GASB 67 and GASB 68 have once again separated the funding considerations from the financial reporting requirements. Employers will once again be able to compare the funding valuation contributions to the actuarially determined contribution (ADC) determined under the GASB 67 requirements and comparisons of retirement plans under GASB 67 and 68 will have a common basis. Total Pension Liability (TPL) is required to be reported under the individual entry age normal actuarial cost method regardless of the actuarial cost method used for funding purposes. The plans' Fiduciary Net Position (FNP) assets must be shown on a market value basis rather than the actuarial value of assets which is typically smoothed over a period of years to reduce volatility.

Valuation of Assets. The actuarial value of plan assets is necessary in order to determine the funded ratio of the plan by comparing the plan's actuarial liabilities to its actuarial value of assets. A plan's assets are generally valued either at the market value of assets (GASB valuation) or the Actuarial Value of Assets (funding valuation). The market value of assets looks at the fair market value of the assets as of a given point in time. The Actuarial Value of Assets reflects the value of plan assets as determined by the plans' actuary for purposes of an actuarial valuation. The actuarial valuation measure reflects a five-year smoothing methodology (the "Asset Smoothing Method"), as required by Section 121.031(3)(a), Florida Statutes. Under the Asset Smoothing Method, the expected actuarial value of assets in the Florida Retirement System Trust Fund is determined by crediting the rate of investment return assumed in the valuation to the prior year's actuarial value of assets and net cash flow. Then, 20% of the difference between the actual market value and the expected Actuarial Value of Assets is recognized each year in the smoothing period. The actuarial value of assets are also restricted by a 20% corridor around the market value of assets. The Actuarial Value of Assets used for the valuation is the lesser of the actuarial value described above or 120% of market value but not less than 80% of the market value. The Asset Smoothing Method prevents extreme fluctuations in the Actuarial Value of Assets, the Unfunded Actuarial Liability (UAL) and the funded ratio that may otherwise occur as a result of market volatility. Asset smoothing delays recognition of gains and losses and is intended to decrease the volatility of employer contribution rates. The Actuarial Value of Assets is not the market value of Florida Retirement System Trust Fund assets at the time of measurement. As a result, presenting the Actuarial Value of Assets using the Asset Smoothing Method might provide a more or less favorable presentation of the current financial position of a pension plan than would a method that recognizes the full value of investment gains and losses annually.

The actuarial valuation of the FRS uses a variety of assumptions to calculate the actuarial liability and the Actuarial Value of Assets. No assurance can be given that any of the assumptions underlying the actuarial valuations will reflect the actual results experienced by the FRS. Variances between the assumptions and actual results may cause an increase or decrease in the actuarial value of assets, the actuarial liability, the UAL, or the funded ratio.

As of July 1, 2016, FRS actuarial determinations for funding purposes are based on the following:

Actuarial Cost Method: Entry Age Normal (Alternative Ultimate Entry Age Calculation)

Amortization method:	30 year, Level Percentage of Pay, Closed, Layered
Asset valuation method:	5-year Smoothed Method
Investment rate of return:	7.65%[1]
Payroll growth rate:	3.25%
Inflation level:	2.60%
Post-retirement cost of living adjustments:	3.00%[2]

[1]Changed to 7.60% beginning July 1, 2016.
[2] Granted only for pre-July 1, 2011 service.

The FRS is required to conduct an actuarial valuation of the plan annually. The valuation process includes a review of the major actuarial assumptions used by the plan actuary, which may be changed during the FRS Actuarial Assumptions Conference that occurs each fall. In addition, the FRS conducts an actuarial experience study every five years. The purpose of the experience study is to compare the actual plan experience with the assumptions for the previous five-year period and determine the adequacy of the non-economic actuarial assumptions including, for example, those relating to mortality, retirement, disability, employment, and turnover of the members and beneficiaries of the FRS. Based upon the results of this review and the recommendation of the actuary, the FRS Actuarial Assumptions Conference may adopt changes to such actuarial assumptions as it deems appropriate for incorporation beginning with the valuation following the experience study period.

For GASB 67 reporting purposes, the following assumptions are used:

Actuarial Cost Method: Individual Entry Age Normal

Amortization method:	30 year, Level Percentage of Pay, Closed, Layered
Asset valuation method:	Fair market value
Investment rate of return:	7.65%[1]
Discount rate:	7.65%[2]
Payroll growth rate:	3.25%
Inflation level:	2.60%
Post-retirement cost of living adjustments:	3.00%[3]

[1]Changed to 7.60% beginning July 1, 2016.
[2] The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees in determining the projected depletion date. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.
[3] Granted only for pre-July 1, 2011 service.

Assumed Investment Rate of Return. Both the actuarial funding valuation and the financial reporting valuation assumes a long-term investment rate of return on the assets in the Florida Retirement System Trust Fund (7.75% through June 30, 2014; 7.65% from July 1, 2014 through June 30, 2016 and 7.60% beginning July 1, 2016). Due to the volatility of the marketplace, however, the actual rate of return earned by the Florida Retirement System Trust Fund on its assets may be higher or lower than the assumed rate. Changes in the Florida Retirement System Trust Fund's assets as a result of market performance will lead to an increase or decrease in the UAL/NPL and the funded ratio. The five-year Asset Smoothing Method required by Florida law for funding purposes attenuates the impact of sudden market fluctuations. Only a portion of these increases or decreases will be recognized in the current year, with the remaining gain or loss spread over the remaining four years.

Adverse market conditions resulted in negative investment returns on the Florida Retirement System Trust Fund's assets in Fiscal Years 2008 and 2009, contributing to (in conjunction with plan experience) a significant reduction in the Funded Ratio and a corresponding increase in the UAL. Investment returns in Fiscal Years 2012 and 2015 fell below the assumed rate, while returns in Fiscal Years 2013 and 2014 surpassed the assumed rate. No assurance can be given about future market performance and its impact on the UAL/NPL.

The assumed rate of investment return for Fiscal Year 2016 was 7.60 percent; the actual return calculated on the basis of fair value was 0.54 percent. As of June 30, 2016, the Florida Retirement System Trust Fund was valued at $141.8 billion (market value), and invested in the classes and approximate percentages as follows:

56.3%	Global Equity
18.9%	Fixed Income
9.4%	Real Estate
6.4%	Private Equity
8.2%	Strategic Investments
0.8%	Cash

For additional information, see the Florida Retirement System Pension Plan Annual Report under the "System Information" tab of the "Publications" page on their website at: http://frs.myflorida.com or contact the Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000.

Financial statements are prepared using the accrual basis of accounting, and reporting is done in accordance with Government Accounting Standards Board requirements.

For a discussion of investment policies, see "MISCELLANEOUS - Investment of Funds - *Investment by the Board of Administration*" in the body of this Official Statement.

Funded Status. As shown in the tables below, the value of the assets increased from $138.6 billion in Fiscal Year 2014 to $143.2 billion in Fiscal Year 2015 on an actuarial basis and decreased from $150.0 billion to $148.5 billion on a market value basis. The actuarial liabilities computed for funding purposes increased from $160.1 billion in Fiscal Year 2014 to $165.5 billion in Fiscal Year 2015. As of end of Fiscal Year 2015, the FRS had an aggregate UAL of approximately $22.3 billion on an actuarial basis (using the Asset Smoothing Method) and $17.1 billion on a market value basis. The respective Funded Ratios for these UALs are 86.50% and 89.67%. For financial reporting purposes, the Total Pension Liability increased from $156.1 billion in Fiscal Year 2014 to $161.3 billion in Fiscal Year 2015. As of the end of Fiscal Year 2015, the FRS had an aggregate NPL of approximately $12.9 billion. The Funded Ratio for the NPL was 92.0%.

The following tables summarize the current financial condition and the funding progress of the FRS. The first table shows the funded ratio using the Actuarial Value of Assets, based on the actuarial assumptions used to determine the appropriate funding level for the FRS each year. The second table shows the funded ratio using the same actuarial assumptions, but using the market value of assets. The third table shows the funding progress using the actuarial assumptions required for GASB 67 reporting purposes.

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Schedule of Funding Progress
Actuarial Value of Assets
(thousands of dollars)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AL) Entry Age (b)	Unfunded AL (UAL) (b-a)	Funded Ratio (%) (a/b)	Covered Payroll [1] (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	$125,584,704	$118,870,513	($6,714,191)	105.65%	$26,366,086	(25.47)%
July 1, 2008	130,720,547	124,087,214	(6,633,333)	105.35	26,872,418	(24.68)
July 1, 2009	118,764,692	136,375,597	17,610,905	87.09	26,554,114	66.32
July 1, 2010	120,929,666	139,652,377	18,722,711	86.59	25,747,369	72.72
July 1, 2011	126,078,053	145,034,475	18,956,422	86.93	25,668,958	73.85
July 1, 2012	127,891,781	148,049,596	20,157,815	86.38	24,476,272	82.36
July 1, 2013	131,680,615	154,125,953	22,445,338	85.44	24,553,693	91.41
July 1, 2014	138,621,201	160,130,502	21,509,301	86.56	24,723,565	87.00
July 1, 2015	143,195,531	165,548,928	22,353,397	86.50	32,726,034	68.30
July 1, 2016	145,451,612	170,374,609	24,922,997	85.37	33,214,217	75.04

Source: Florida Department of Management Services, Division of Retirement, Florida Retirement System Annual Reports for Fiscal Years 2007 through 2013 and the FRS CAFRS for Fiscal Years 2014 through 2016. Beginning in Fiscal Year 2014, some information is obtained from the FRS Pension Plan Actuarial Valuations.

[1] For the Fiscal Years ending 2014 and before, covered payroll shown includes defined benefit plan actives and members in DROP, but excludes the payroll for Investment Plan members and payroll on which only UAL rates are charged. For the Fiscal Years 2015 and later, covered payroll shown includes the payroll for Investment Plan members, reemployed retirees without membership and other optional program payrolls on which only UAL rates are charged. For comparative purposes, the payroll for Fiscal Year ending 2015 on the basis shown in years 2014 and earlier is $25,063,048,000.

Schedule of Funding Progress
Market Value of Assets
(thousands of dollars)

Fiscal Year	Market Value of Assets[1] (a)	Actuarial Liability (AL) Entry Age[2] (b)	Unfunded AL (UAL) (b-a)	Funded Ratio (%) (a/b)	Covered Payroll[3] (c)	UAL as a Percentage of Coverage Payroll (b-a)/c)
2007	$134,315,241	$118,870,513	($15,444,728)	112.99%	$26,366,086	(58.58)%
2008	124,466,800	124,087,214	(379,586)	100.31	26,872,418	(1.41)
2009	96,503,162	136,375,597	39,872,435	70.76	26,554,114	150.16
2010	107,179,990	139,652,377	32,472,387	76.75	25,747,369	126.12
2011	126,579,720	145,034,475	18,454,755	87.28	25,668,958	71.90
2012	119,981,465	148,049,596	28,068,131	81.04	24,476,272	114.67
2013	129,672,088	154,125,953	24,453,865	84.13	24,553,693	99.59
2014	150,014,292	160,130,502	10,116,210	93.68	24,723,565	40.92
2015	148,454,394	165,548,928	17,094,534	89.67	32,726,034	68.21
2016	141,780,921	170,374,609	28,593,688	83.22	33,214,217	86.09

[1] Source: Florida Department of Management Services, Division of Retirement, Florida Retirement System Annual Reports for Fiscal Years 2007 through 2013 and the FRS CAFRS for Fiscal Years 2014 through 2016. Beginning in Fiscal Year 2014, some information is obtained from the FRS Pension Plan Actuarial Valuations.

[2] Source: Florida Department of Management Services, Division of Retirement, Florida Retirement System Annual Reports for Fiscal Years 2007 through 2013 and the FRS CAFRS for Fiscal Years 2014through 2016. Beginning in Fiscal Year 2014, some information is obtained from the FRS Pension Plan Actuarial Valuations. Actuarial Liability is determined as of the July 1 immediately after the end of each Fiscal Year.

[3] Source: Florida Department of Management Services, Division of Retirement, Florida Retirement System Annual Reports for Fiscal Years 2007 through 2013 and the FRS CAFRS for Fiscal Years 2014 through 2016. Beginning in Fiscal Year 2014, some information is obtained from the FRS Pension Plan Actuarial Valuations. For the Fiscal Years ending 2014 and before, covered payroll shown includes defined benefit plan actives and members in DROP, but excludes the payroll for Investment Plan members and payroll on which only UAL rates are charged. For the Fiscal Years 2015 and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged. For comparative purposes, the payroll for Fiscal Year ending 2015 on the basis shown in years 2014 and earlier is $25,063,048,000.

Schedule of Funding Progress
GASB 67 Reporting
(thousands of dollars)

Fiscal Year	Fiduciary Net Position[1] (a)	Total Pension Liability (TPL) Entry Age[1] (b)	Net Pension Liability (NPL) (b-a)	Funded Ratio (%) (a/b)	Covered Payroll[2] (c)	NPL as a Percentage of Coverage Payroll (b-a)/c)
2013	$133,061,677	$150,276,128	$17,214,451	88.54%	$24,568,642	70.07%
2014	150,014,292	156,115,763	6,101,471	96.09	24,723,565	24.68
2015	148,454,394	161,370,735	12,916,341	92.00	32,726,034	39.47
2016	141,780,921	167,030,999	25,250,078	84.88	33,214,217	76.02

[1] Source: Florida Department of Management Services, Division of Retirement, Florida Retirement System Comprehensive Annual Financial Reports. Fiscal Year 2013 Fiduciary Net Position differs from the market value of assets shown in the previous table as the result of an adjustment for the removal of the DROP liability pursuant to implementation requirements of GASB 67.

[2] Source: Florida Department of Management Services, Division of Retirement, Florida Retirement System Comprehensive Annual Financial Reports. For the Fiscal Years ending 2014 and before, covered payroll includes the normal cost and UAL payroll of active Pension Plan members and reemployed retirees without renewed membership, but excludes the payroll for Investment Plan members and payroll on which only UAL rates are charged. For Fiscal Years 2015 and later, covered payroll includes the normal cost and UAL payroll for active Pension Plan and Investment Plan members and payroll of reemployed retirees without renewed membership and the salaries of SMSOAP, SUSORP, and SCCSORP members. For comparative purposes, the payroll for Fiscal Year ending 2015 on the basis shown in years 2014 and earlier is $25,063,048,000.

The following table shows employer contributions to the FRS Pension Plan for Fiscal Years 2007 through 2016. Annually, the FRS's actuary recommends rates, determined as a percentage of employee payrolls that FRS employers must contribute to fully fund their annual pension obligations. The Actuarially Determined Contribution (the "ADC") is a target contribution to the FRS Pension Plan for the reporting period, determined based on the funding policy and most recent measurement available when the contribution for the reporting period was adopted. The ADC is comprised of the FRS Pension Plan’s Normal Cost plus any Unfunded Actuarial Liability, which is also called the Actuarially Determined Contribution (the "ADC"). The ADC reflects only the actuarially determined employer contributions. The Florida Legislature adopts rates that all participating FRS employers must pay on behalf of their employees, which may or may not correspond to the actuary's recommended rates.

In the table below during Fiscal Years 2007 through 2009, the FRS Pension Plan was in an actuarial surplus position. Florida law allows a portion of the actuarial surplus assets to be recognized to reduce the ADC, therefore lowering the required rates and contributions FRS employers must make on behalf of employees to the FRS Pension Plan. In addition, the Florida Legislature failed to adopt rates sufficient to fully fund the ADC between Fiscal Years 2011 through 2013. Failure to adopt rates sufficient to fully fund the ADC exacerbates the impact of investment earnings below the return assumption that contribute to the decline in the funded status of the FRS.

For Fiscal Years 2014 through 2016, the Florida Legislature adopted the employer contribution rates recommended by the actuary which fully funded the ADC. The Florida Legislature continued to adopt the actuarially recommended employer contribution rates for the FRS Pension Plan for Fiscal Year 2017.

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Employer Contributions to the FRS Pension Fund

(thousands of dollars)

Fiscal Year	State Employer Contributions (a)	Non-State Employer Contributions (b)	Total Employer Contributions (a+b)	Actuarially Determined Contribution (ADC)[1] (c)	Percent of ADC Contributed (a+b)/c	Amount of ADC Unfunded c-(a+b)
2007	$589,123	$2,141,612	$2,730,735	$2,455,255	111.22%	($275,480)
2008	560,990	2,232,013	2,793,002	2,612,672	106.90	(180,330)
2009	575,035	2,229,146	2,804,181	2,535,854	110.58	(268,327)
2010	570,420	2,144,136	2,714,556	2,447,374	110.92	(267,182)
2011	648,006	2,377,183	3,025,189	3,680,042 [2]	82.21	654,853
2012 [3]	226,098	925,901	1,151,999	1,962,816	58.70	810,817
2013 [4]	273,351	1,064,090	1,337,441	2,091,343	63.95	753,902
2014 [5]	474,152	1,716,273	2,190,424	2,190,424	100.00	0
2015 [6]	563,947	1,874,137	2,438,085	2,438,085	100.00	0
2016 [7]	570,786	1,867,874	2,438,659	2,438,659	100.00	0

Source: Florida Department of Management Services, Division of Retirement, Florida Retirement System Annual Reports for Fiscal Years 2007 through 2013 and the FRS CAFRs for Fiscal Years 2014 and 2015. Beginning in Fiscal Year 2014, some information is obtained from the FRS Pension Plan Actuarial Valuations.

1 For fiscal years prior to 2014 the Annual Required Contribution ("ARC") under GASB Statement No. 27 is shown.

2 The increase in the ARC between Fiscal Year 2010 and 2011 primarily resulted from elimination of the surplus, which was used to reduce the rates and contributions necessary to fully fund the ADC, and significant market losses, which increased the unfunded liability, and therefore the ADC.

3 Beginning in Fiscal Year 2012, both the ADC and the employer contributions which fund the ADC, reflects FRS plan changes that reduced retirement benefits and required employees to contribute 3% of their salaries to the FRS. Required employer contributions decreased by the amount of the employee contributions totaling $674.2 million.

4 Employee contributions totaled $694.9 million.

5 Employee contributions totaled $699.6 million.

6 Employee contributions totaled $698.3 million.

7 Employee contributions totaled $710.7 million.

RETIREE HEALTH INSURANCE SUBSIDY AND OTHER POSTEMPLOYMENT BENEFITS

(The information contained under the heading "RETIREE HEALTH INSURANCE SUBSIDY AND OTHER POSTEMPLOYMENT BENEFITS" has been obtained from the State of Florida's and Florida Retirement System Pension Plan and other State Administered Systems Comprehensive Annual Financial Reports except as otherwise indicated.)

Retiree Health Insurance Subsidy Program

The Retiree Health Insurance Subsidy ("HIS") Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, F.S. The Florida Legislature establishes and amends the contribution requirements and benefit terms of the HIS Program. The benefit is a monthly payment to assist eligible retirees and surviving beneficiaries of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by $5. The payments are at least $30 but not more than $150 per month, pursuant to Section 112.363, F.S. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare. The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. Effective July 1, 2015, the statutorily required contribution rate pursuant to Section 112.363, F.S. increased to 1.66% of payroll. The State has 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.

Information relating to the statutorily required State contribution, benefits paid and the resulting trust fund assets is shown below, for Fiscal Years ending June 30.

Retiree Health Insurance Subsidy Program Information
(in thousands where amounts are dollars)

	2012	2013	2014	2015	2016
Recipients	297,303	310,139	323,098	336,529	349,865
Contributions	$322,610	$327,574	$342,566	$382,262	$512,564
Benefits Paid	$374,444	$390,973	$407,276	$425,086	$449,857
Trust Fund Net Assets	$220,346	$157,928	$93,385	$50,774	$113,859

Beginning with Fiscal Year 2007, the Department of Management Services has obtained biennial actuarial valuations of assets and liabilities of the HIS Program, and actuarially determined Annual Required Contributions for the HIS Program.

HIS actuarial determinations are based on the following:

Valuation Date: July 1, 2016
Actuarial Cost Method: Individual Entry Age
Amortization method: Level Percentage of Pay, Open
Equivalent Single amortization period: 30 years[1]
Asset valuation method: Fair Market Value
Actuarial Assumptions:
Discount rate: 2.85%[2,3]
Projected salary increases: 3.25%[2]
Cost of living adjustments: 0.00%

Source: Florida Department of Management Services, Division of Retirement.

[1] Used for GASB Statement #67 reporting purposes.

[2] Includes inflation at 2.60%.

[3] In general, the discount rate used for calculating the HIS liability under GASB 67 is equal to the single rate that results in the same Actuarial Present Value as would be calculated by using two different discount rates as follows: (1) Discount at the long-term expected rate of return for benefit payments prior to the projected depletion of the fiduciary net position (trust assets); and (2) Discount at a municipal bond rate for benefit payments after the projected depletion date. Because the HIS is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to a long-duration, high-quality, tax-exempt municipal bond rate selected by the plan sponsor. In September 2014 the Actuarial Assumptions Conference adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index. As a result, the discount rate will change annually.

The following two tables summarize the funding progress of the Retiree Health Insurance Subsidy Program. The first table shows the funded ratio, using the Actuarial Value of Assets, based on the actuarial assumptions used to determine the appropriate funding level for the Retiree Health Insurance Subsidy Program each year. The second table shows the funding progress using the actuarial assumptions required for GASB 67 reporting purposes.

Retiree Health Insurance Subsidy Program Schedule of Funding Progress
Actuarial Value of Assets
(dollars in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)[2]	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annualized Covered Payroll[1] (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2006	$192,808	$4,667,058	$4,474,250	4.13%	$27,712,320	16.15%
July 1, 2008	$275,139	$5,109,683	$4,834,544	5.38%	$30,665,477	15.77%
July 1, 2010	$291,459	$8,464,530	$8,173,071	3.44%	$31,717,281	25.77%
July 1, 2012	$220,346	$9,018,467	$8,798,121	2.44%	$31,345,990	28.07%

Source: State of Florida Comprehensive Annual Financial Reports and Florida Department of Management Services, Division of Retirement.

[1] Includes DROP and PEORP payroll.

[2] The actuarially assumed investment rate of return fluctuates annually as noted in HIS assumptions on prior page.

Retiree Health Insurance Subsidy Program Schedule of Funding Progress [1]
GASB 67 Reporting
(in thousands where amounts are dollars)

June 30	Fiduciary Net Position (FNP)[2] (a)	Total Pension Liability (TPL) Entry Age[2] (b)	Net Pension Liability (NPL) (b-a)	Funded Ratio (%) (FNP as % of TPL) (a/b)	Covered Payroll[2,3] (c)	NPL as a Percentage of Coverage Payroll (b-a)/c)
2014	$93,385	$9,443,629	$9,350,244	0.99%	$29,676,340	31.51%
2015	$50,774	$10,249,201	$10,198,427	0.50%	$30,340,449	33.61%
2016	$113,859	$11,768,445	$11,654,586	0.97%	$30,875,274	37.75%

1 This schedule will fill in to a ten year schedule as results for new fiscal years are calculated.

2 Source: Florida Department of Management Services, Division of Retirement, Florida Retirement System Comprehensive Annual Financial Reports.

3 Covered payroll includes the normal cost and UAL payroll for active Pension Plan and Investment Plan members and payroll of reemployed retirees without renewed membership.

Schedule of Employer Contributions
(dollars in thousands)

Fiscal Year Ended June 30	Annual Required Contribution (ARC)[1]	Actual Contribution	Contribution as a Percentage of ARC
2007	$363,175	$326,052	90%
2008	$391,847	$334,819	85%
2009	$395,256	$341,569	86%
2010	$409,546	$332,023	81%
2011	$563,907	$334,449	59%
2012	$584,600	$322,610	55%
2013	$539,831	$327,575	60%
2014	n/a	$342,566	n/a
2015	n/a	$382,262	n/a
2016	n/a	$512,564	n/a

Source: State of Florida Comprehensive Annual Financial Reports and Florida Department of Management Services, Division of Retirement.

1 The Annual Required Contribution is the actuarially determined cost of the benefits allocated to the current year, consisting of the normal cost, that is the portion of the actuarial present value of the benefits and expenses which is allocated to a valuation year, and a payment to amortize the unfunded actuarial accrued liability.

Other Postemployment Benefits (OPEB)

The following is based on the July 1, 2015 actuarial valuation of the State Employees' Health Insurance Program.

Plan Description

The State Employees' Group Health Insurance Program ("Program") operates as a cost-sharing multiple-employer defined benefit health plan; however, current administration of the Program is not through a formal trust and therefore disclosure requirements are those applicable to an agent multiple-employer plan. The Division of State Group Insurance within the Department of Management Services is designated by Section 110.123, F.S., to be responsible for all aspects of the purchase of healthcare for state and university employees and retirees under the Program.

The State implicitly subsidizes the healthcare premium rates paid by retirees by allowing them to participate in the same group health plan offered to active employees. Although retirees pay 100% of the premium amount, the premium cost to the retiree is implicitly subsidized due to commingling of the claims experience in a single risk pool with a single premium determination for active employees and retirees under age 65. Section 110.123, F.S., authorizes the offering of health insurance benefits to retired state and university employees. Section 112.0801, F.S., requires all public employers that offer benefits through a group insurance plan to allow their retirees to continue participation in the plan. The law also requires the claims experience of the retirees under 65 group to be combined with the claims experience of active employees for premium determination and the premium offered to retired employees to be no more than the premium applicable to active employees. Retirees under age 65 pay the same premium amounts as applicable to active employees. Retirees over age 65 are included in the overall risk pool but pay a lesser premium amount than is applicable to active employees because the plan is secondary payer to Medicare Parts A and B.

There are 21 participating employers including the primary government of the state, the 12 state universities, and other governmental entities. There was an average enrollment of 167,282 contracts including 36,288 retirees and 130,994 employees and COBRA participants for Fiscal Year 2015. Employees must make an election to participate in the plan within 31 days of the effective date of their retirement to be eligible to continue in the plan as a retiree. Four types of health plans are offered to eligible participants: a standard statewide Preferred Provider Organization ("PPO") Plan, a Health Investor PPO Plan, a standard Health Maintenance Organization ("HMO") Plan, and a Health Investor HMO Plan. HMO coverage is available only to those retirees who live or work in the HMO's service area. The four PPO and HMO options are considered managed-care plans and have specific provider networks.

Funding Policy

Benefit provisions are described by Section 110.123, F.S. and, along with contributions, can be amended by the Florida Legislature. The state has not pre-funded OPEB costs or the net OPEB obligation. The Self-Insurance Estimating Conference develops official information for determining the budget levels needed for the state's planning and budgeting process. The Governor's recommended budget and the General Appropriations Act provide for a premium level necessary for funding the program each year on a pay-as-you-go basis.

Monthly premiums, through June 2015 coverage, for active employees and retirees under the age of 65 for the standard plan were $641.52 and $1,444.06 for single and family contracts, respectively. Retirees over the age of 65 pay premiums for a Medicare supplement. Monthly premiums, through June 2015 coverage, for the standard Preferred Provider Organization Plan were $359.61 for a single contract, $719.22 for two Medicare eligible members, and $1,036.90 for a family contract when only one member is Medicare eligible.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The entry age actuarial cost method was used for the actuarial valuation as of July 1, 2015. This method allocates the value of a member's benefit as a level percentage of pay between entry age and retirement age. Allocating costs as a level percentage of pay, even though the benefits are not pay-related, helps with budgeting for these employee benefits costs as a percentage of payroll. Actuarial assumptions included a 3% inflation rate, a 4% return on invested assets, and a 3.25% payroll growth rate. Initial healthcare cost trend rates used for the Preferred Provider Organization ("PPO") Plans are 4.4%, 8.5%, and 9.3% for the first three years followed by 9.9% and 9.7% for pre-Medicare and post-Medicare, respectively, in the fourth year, then grading to 3.9% over the course of 60 years. For the Health Maintenance Organization ("HMO") Plans - Pre-Medicare, initial healthcare cost trend rates of 3.5%, 6.6% and 7.5% are used for the first three years followed by 8.1% in the fourth year, then grading to 3.9% over the course of 60 years. For the HMO Plans - Post-Medicare, initial healthcare cost trend rates of 3.5%, 6.6% and 7.5% are used for the first three years followed by 7.9% in the fourth year, then grading to 4.0% over the course of 60 years. The unfunded actuarial accrued liability is being amortized as a level percentage of pay - on an open basis, over a 30 year period.

Estimates are based on information available at the time of the estimates. Such estimates are subject to revision as additional information becomes available. Also, estimates are subject to risks and uncertainties which may cause results to differ materially from those estimates set forth above. No assurance is given that actual results will not differ materially from the estimates provided above.

The following disclosure regarding OPEB Schedule of Funding Progress and Schedule of Employer Contributions relate to the cost-sharing plan as a whole, of which the State of Florida is one participating employer.

Other Postemployment Benefits Schedule of Funding Progress
(thousands of dollars)

Actuarial Valuation Date	Actuarial Value of Assets (a)[1]	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annualized Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	--	$3,081,834	$3,081,834	0.00%	$6,542,945	47.10%
July 1, 2008	--	$2,848,428	$2,848,428	0.00%	$6,492,858	43.87%
July 1, 2009	--	$4,831,107	$4,831,107	0.00%	$7,318,965	66.01%
July 1, 2010[2]	--	$4,545,845	$4,545,845	0.00%	$7,574,317	60.02%
July 1, 2011	-	$6,415,754	$6,415,754	0.00%	$7,256,798	88.41%
July 1, 2012[2]	-	$6,782,210	$6,782,210	0.00%	$7,188,525	94.35%
July 1, 2013	-	$7,487,708	$7,487,708	0.00%	$7,467,560	100.27%
July 1, 2014[2]	-	$6,824,971	$6,824,971	0.00%	$7,308,275	93.39%
July 1, 2015	-	$8,900,312	$8,900,312	0.00%	n/a	n/a

Source: State of Florida Comprehensive Annual Financial Reports and Florida Department of Management Services, Division of State Group Insurance.
[1] The State of Florida does not hold assets in a formal trust, so none are actuarially valued to offset the liability.
[2] Update of the previous year's actuarial valuation. A new valuation was not performed.

Schedule of Employer Contributions
(thousands of dollars)

Fiscal Year Ended June 30	Annual Required Contribution (ARC)[1]	Actual Contribution as a Percentage of ARC
2008	$200,973	43.70%
2009	$186,644	54.36%
2010	$336,419	30.87%
2011	$313,415	32.80%
2012	$455,584	27.07%
2013	$452,658	28.50%
2014	$541,600	22.34%
2015	$489,619	21.48%

Source: State of Florida Comprehensive Annual Financial Reports.
[1] The Annual Required Contribution is the actuarially determined cost of the benefits allocated to the current year, consisting of the normal cost, that is the portion of the actuarial present value of the benefits and expenses which is allocated to a valuation year, and a payment to amortize the unfunded actuarial accrued liability.

The following disclosure relates only to the State of Florida's share of the OPEB. The State of Florida's participation in both the annual required contribution and the actuarial accrued liability is approximately 77%.

Actuarially-Determined Annual OPEB Cost and Net OPEB Obligation as of June 30, 2015 (dollars in thousands):

Annual Required Contribution (ARC)	$ 360,424
Interest on the Net OPEB Obligation	49,713
Adjustments to the ARC	(43,085)
Annual OPEB Cost	367,052
Employer Contribution	(86,057)
Increase/Decrease in the Net OPEB Obligation	280,995
Net OPEB Obligation - July 1, 2014	1,242,824
Net OPEB Obligation - June 30, 2015	$1,523,819
Percent of annual OPEB cost contributed	23.45%

Funded Status

The funded status of the plan as of June 30, 2015, was as follows (dollars in thousands):

Actuarial valuation date	July 1, 2015
Actuarial accrued liability (AAL)	$5,245,067
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$5,245,067
Actuarial value of assets as a percentage of the AAL	0.00%
Covered payroll	$4,399,327
UAAL as a percentage of covered payroll	119.22%

Source: State of Florida Comprehensive Annual Financial Reports.

State of Florida

FINANCIAL INFORMATION

The portion of the State of Florida Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016 meeting the minimum requirements for general purpose financial statement, including the Introductory Section through the Required Supplementary Information follows herein. The remainder of the Report as indicated in the Table of Contents, including Combining and Individual Fund Statements and Schedules - Nonmajor Funds and Statistical and Economic Data is not provided herewith, but is available upon request from the Office of the Chief Financial Officer, Att: Statewide Financial Reporting Section at 200 East Gaines Street, Tallahassee, FL 32399-0354 or at www.myfloridacfo.com/Division/AA/Reports/default.htm#.

STATE OF FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016

Rick Scott
GOVERNOR

Jeff Atwater
CHIEF FINANCIAL OFFICER

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

This document and related information is available via the Florida Department of Financial Services' homepage at: *www.myfloridacfo.com*

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION

CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

February 10, 2017

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

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

I am pleased to submit the State of Florida's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016, 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, 2016. 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 seventh year of positive growth in general fund collections in June 2016. While the state's recovery from the Great Recession has been protracted, most measures of the Florida economy had returned to or surpassed their prior peaks by the close of the 2015-16 fiscal year. The state's Economic Estimating Conference confirmed in mid-November that Florida's economy is continuing to improve as expected, although some of the projected increases were tamped down. Overall, the various forecasts adopted by the State's Estimating Conferences project that normal economic conditions will be in place by the end of fiscal year 2016-17. The key drivers underlying these forecasts are discussed in greater detail below.

Notably, Florida's population growth and other key indicators continue to show strength. Florida's real Gross Domestic Product in 2015 showed growth of 3.1 percent, moving Florida above the national average (2.4 percent in 2015) for the third year in a row. Newly released data for the second quarter (GDP for 2016:Q2) indicated a similar pattern of growth in the current year, ranking Florida seventh in the nation in real growth. On the more real-time measure of personal income, the calendar year results were similar: Florida ended 2015 with 5.2 percent growth over 2014—above the national growth rate of 4.4 percent and ranking sixth among all states. However, the latest data may provide a single note of caution to the most recently adopted forecast. Florida's pace for the third quarter of 2016 (2016:Q3) slightly slowed relative to

the second quarter. Even though the State's personal income continued to grow, it matched the national average at 1.1 percent and ranked Florida 22nd in the country. The forecast for 2016-2017 assumes Florida's personal income will reach $962.0 billion, with 4.6 percent growth over the prior year. Underpinning the projected growth in personal income is continued population growth; these projections were slightly strengthened in early November. In addition, new vehicle registrations and tourist visits continue to contribute strongly to Florida's economic recovery. In response to all of this, the state's revenue collections are expected to grow at an even higher pace than last year.

The level of employment in Florida also continues to improve from the low levels of the Great Recession. For the third quarter of the 2016 calendar year, total non-farm employment stood at nearly 8.4 million jobs. The forecast indicates that non-farm employment will add approximately 234.6 thousand jobs during the course of the 2016-17 fiscal year, representing a 2.9 percent increase over the prior fiscal year. According to the preliminary data for November 2016 relative to November 2015, the fiscal year estimate could easily be exceeded. As the labor force participation rate has begun to improve, Florida's unemployment rate has held relatively steady, roughly matching the movements in the national unemployment rate. Most importantly, there are significant indications that the improvements will be sustainable. Among all unemployed, the share of new entrants increased from 10.5 percent in November 2015 to 13.0 percent in November 2016.

While typical economic recoveries are led by increases in lending and housing construction; the recovery from the Great Recession has behaved differently. Overall, Florida economic growth rates are returning to more normal levels and show progress in spite of the drag from construction that still exists. For now, tourism strength is largely compensating for the persistent weakness in construction. In the current forecast, tourism is at record-breaking levels, while none of the key construction metrics show a return to peak levels until 2020-21.

Even though it remains at very 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% in each year). The final data for the 2014 calendar year revealed significantly slowing (but still positive) activity—posting only 1.6% growth over the prior year. However, calendar year activity for 2015 ran well above the same period in 2014; single family data was higher than the prior year by 20.3%. Despite the strong percentage growth rates in three of the last four calendar years, the level is still low by historic standards—not quite half of the long-run per capita level. For the first nine months of the 2016 calendar year, single-family building permit activity was running 16.0% over the same period in the prior year, continuing to fall below the 2015 annual growth rate. The latest forecast calls for continuing improvement in these starts, reaching annual rates of 75.5 thousand units in state fiscal year 2016-17 and 89.1 thousand units in state fiscal year 2017-18. To put these numbers in perspective, the peak year for starts was 2005-06 at nearly 272 thousand units.

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

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

ACKNOWLEDGEMENTS

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

Sincerely,

Jeff Atwater

Jeff Atwater
Chief Financial Officer

JA:pjb

ORGANIZATION AT JUNE 30, 2016

THE ELECTORATE OF FLORIDA

Legislative Branch
- Senate
- House of Representatives

- Public Service Commission
- Auditor General
- Office of Public Counsel
- Office of Program Policy Analysis and Government Accountability
- Legislative Support Services:
  - Office of Legislative Services
  - Office of Legislative Information Technology Services
  - Office of Economic and Demographic Research
  - Commission on Ethics

Executive Branch

Judicial Branch
- Supreme Court
- District Courts of Appeal - 5 Districts
  - Circuit Courts - 20 Circuits
  - County Courts - 67 Counties

- Justice Administrative Commission
  - Capital Collateral Regional Counsel
  - Criminal Conflict and Civil Regional Counsel
  - Guardian ad Litem Program
  - State Attorneys (elected officials)
  - Public Defenders (elected officials)
- Judicial Qualifications Commission

Governor
- Lieutenant Governor
- Executive Office of the Governor
- Agencies and Commissions of the Governor
  - Agency for Health Care Administration
  - Agency for Persons with Disabilities
  - Agency for State Technology
  - Department of Business and Professional Regulation
  - Department of Children and Families
  - Department of Citrus
  - Department of Corrections
  - Department of Economic Opportunity
  - Department of Elder Affairs
  - Department of Environmental Protection
  - Department of Health
  - Department of Juvenile Justice
  - Department of the Lottery
  - Department of Management Services
  - Department of Military Affairs
  - Department of State
  - Department of Transportation
  - Division of Administrative Hearings

Cabinet
- Attorney General
  - Department of Legal Affairs
- Chief Financial Officer
  - Department of Financial Services
- Commissioner of Agriculture
  - Department of Agriculture and Consumer Services

Agencies and Commissions of the Governor and Cabinet
- Department of Highway Safety and Motor Vehicles
- Department of Law Enforcement
- Department of Revenue
- Department of Veterans' Affairs
- Financial Services Commission
  - Office of Insurance Regulation
  - Office of Financial Regulation
- Florida Commission on Offender Review

Other Agencies, Boards, and Commissions
- Board of Governors of the State University System
- State Board of Education - Department of Education
- Fish and Wildlife Conservation Commission
- State Board of Administration

PRINCIPAL OFFICIALS AT JUNE 30, 2016

Legislative Branch
Senate
Andy Gardiner, President
House of Representatives
Steve Crisafulli, Speaker

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

Judicial Branch
Jorge Labarga, Chief Justice

FINANCIAL SECTION

AUDITOR GENERAL
STATE OF FLORIDA

Claude Denson Pepper Building, Suite G74
111 West Madison Street
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Sherrill F. Norman, CPA
Auditor General

Phone: (850) 412-2722
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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, 2016, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

- The Prepaid College Program Fund, which is a major enterprise fund and represents 31 percent and 13 percent, respectively, of the assets and revenues of the business-type activities.
- The Florida Turnpike System, which represents 88 percent and 90 percent, respectively, of the assets and revenues of the Transportation major enterprise fund.
- The Hurricane Catastrophe Fund, which is a major enterprise fund and represents 33 percent and 11 percent, respectively, of the assets and revenues of the business-type activities.
- The College Savings Plan and the trust fund maintained by the State Board of Administration to account for the investments of the Public Employee Optional Retirement Program, which collectively represent 5 percent of the assets and 3 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 14 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 65 percent and 33 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 thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for these funds and entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2016, 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 2, the State adopted the provisions of Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. Adoption of this statement resulted in additional disclosures related to fair value hierarchy and pricing sources in the notes to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 14 through 20 and the budgetary information, funding and contribution information for pension and other postemployment benefits, and information on infrastructure using the modified approach on pages 164 through 177 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The Introductory Section on pages 6 through 8 and the combining and individual fund statements, related budgetary comparison schedules, and Statistical Section on pages 181 through 293 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 10, 2017, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 10, 2017

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, 2016 (fiscal year 2015-16). Please read the MD&A in conjunction with the state's financial statements that are presented in the Financial Section of this Comprehensive Annual Financial Report (CAFR).

Financial Statements Overview

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

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

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

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

Table 1: Major Features of the Basic Financial Statements

	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	*Proprietary Funds*	*Fiduciary Funds*
Scope	Entire state government (except fiduciary funds) and the state's component units	Activities of the state that are not proprietary or fiduciary	Activities of the state that are operated similar to private businesses	Instances in which the state is the trustee or agent for someone else's resources
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, liability, and deferred outflow/inflow information	• All assets and liabilities, both financial and capital, and short-term and long-term • All deferred outflows and deferred inflows of resources	• Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included • All deferred outflows and deferred inflows of resources	• All assets and liabilities, both financial and capital, and short-term and long-term • All deferred outflows and deferred inflows of resources	• All assets and liabilities, both financial and capital, and short-term and long-term • All deferred outflows and deferred inflows of resources
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	• Revenues for which cash is received during or soon after the end of the year • Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Condensed Government-wide Financial Statements and Overall Financial Analysis

Statement of Net Position

Table 2 below presents the state's Condensed Statement of Net Position as of June 30, 2016, and 2015, derived from the government-wide Statement of Net Position. The state's net position at the close of the fiscal year was $63.68 billion for governmental activities and $27.26 billion for business-type activities which was a combined total of $90.94 billion for the primary government. The three components of net position include net investments in capital assets; restricted; and unrestricted. The largest component, totaling $74.0 billion as of June 30, 2016, 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 $27.7 billion as of June 30, 2016. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used.

Governmental activities reflect a negative or deficit fund balance in unrestricted net position of $12.0 billion at June 30, 2016. 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 $18.2 billion at June 30, 2016, an increase of $1.9 billion over the prior year. The increase in the restricted net position over that reported in prior years is explained in the Major Fund Analysis, Proprietary Funds section that follows.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 25,992	$ 24,826	$ 36,955	$ 33,175	$ 62,947	$ 58,001
Capital assets, net	71,872	69,624	11,268	10,873	83,140	80,497
Total assets	97,864	94,450	48,223	44,048	146,087	138,498
Total deferred outflows of resources	1,813	1,098	68	58	1,881	1,156
Other liabilities	3,284	3,377	1,870	2,220	5,154	5,597
Noncurrent liabilities	31,713	29,772	19,007	16,927	50,720	46,699
Total liabilities	34,997	33,149	20,877	19,147	55,874	52,296
Total deferred inflows of resources	1,003	1,874	157	173	1,160	2,047
Net position:						
Net investments in capital assets	66,197	63,937	7,767	7,544	73,964	71,481
Restricted	9,486	8,958	18,207	16,348	27,693	25,306
Unrestricted	(12,006)	(12,370)	1,283	894	(10,723)	(11,476)
Total net position	$ 63,677	$ 60,525	$ 27,257	$ 24,786	$ 90,934	$ 85,311

Statement of Activities

Table 3 presents the state's Condensed Statement of Activities for fiscal year 2015-16 and fiscal year 2014-15, as derived from the government-wide Statement of Activities. Over time, increases and decreases in the net position measure whether the state's financial position is improving or deteriorating. The state's total net position increased during the fiscal year by $5.7 billion. The net position of governmental activities increased by $3.2 billion, and the net position of business-type activities increased by $2.5 billion. The majority of the increase in total program expenses for governmental activities relates to a $930 million increase in Transportation expenses and a $519 million increase in Education expenses, while the largest increase in business-type activities expenses is the $563 million increase in Prepaid College Program expenses. Refer to the Major Fund Analysis section for information regarding the overall increase in revenues from governmental activities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	$ 7,664	$ 8,501	$ 11,388	$ 10,238	$ 19,052	$ 18,739
Operating grants and contributions	27,225	26,000	11	36	27,236	26,036
Capital grants and contributions	2,503	2,229	3	3	2,506	2,232
Total program revenues	37,392	36,730	11,402	10,277	48,794	47,007
General revenues and payments						
Sales and use tax	24,256	22,917	.....	.....	24,256	22,917
Other taxes	13,364	13,305	.....	.....	13,364	13,305
Investment earnings (loss)	328	139	7	2	335	141
Emergency assessments	.....	.....	3	257	3	257
Miscellaneous	.....	.....	1	4	1	4
Total general revenues and payments	37,948	36,361	11	263	37,959	36,624
Total revenues	75,340	73,091	11,413	10,540	86,753	83,631
Program expenses						
General government	6,700	6,451	.....	.....	6,700	6,451
Education	20,162	19,643	.....	.....	20,162	19,643
Human services	34,596	34,303	.....	.....	34,596	34,303
Criminal justice and corrections	4,022	3,863	.....	.....	4,022	3,863
Natural resources and environment	2,852	2,537	.....	.....	2,852	2,537
Transportation	4,962	4,032	514	471	5,476	4,503
State courts	521	480	.....	.....	521	480
Lottery	.....	.....	4,390	4,116	4,390	4,116
Hurricane Catastrophe Fund	.....	.....	68	91	68	91
Prepaid College Program	.....	.....	1,323	760	1,323	760
Reemployment Assistance	.....	.....	466	664	466	664
Nonmajor enterprise funds	.....	.....	333	323	333	323
Indirect interest on long-term debt	78	141	.....	.....	78	141
Total program expenses	73,893	71,450	7,094	6,425	80,987	77,875
Excess (deficiency) before gain (loss) and transfers	1,447	1,641	4,319	4,115	5,766	5,756
Gain (loss) on sale of capital assets	90	(94)	(154)	(13)	(64)	(107)
Transfers	1,671	1,568	(1,671)	(1,568)	.....	.....
Change in net position	3,208	3,115	2,494	2,534	5,702	5,649
Beginning net position, as restated (Note 1)	60,469	57,410	24,763	22,252	85,232	79,662
Ending net position	$ 63,677	$ 60,525	$ 27,257	$ 24,786	$ 90,934	$ 85,311

Major Fund Analysis

Governmental Funds

The state's governmental funds reported a combined ending fund balance of $18 billion at June 30, 2016, a $634 million or 3.7 percent growth from the prior year. Revenues increased by $1.8 billion or 2.4 percent, other financing sources and uses increased by $138 million or 7.2 percent, and expenditures increased by $1.5 billion or 1.9 percent. Overall increases in revenues and expenditures were primarily attributable to a rise in tax revenues.

Health and Family Services – The fund balance at June 30, 2016, totaled $1.7 billion, an increase of $337 million or 25.2 percent. Revenues and other financing sources increased by $223 million or 0.8 percent, while expenditures and other financing uses decreased $443 million or 1.6 percent. Overall changes in the fund were predominantly related to the state's move from a fee-for-service to managed care system of health care for the State's Medicaid program.

Proprietary Funds

The state's proprietary funds report combined ending net position of $27.3 billion at June 30, 2016, of which $7.8 billion is the net investment in capital assets, and $18.2 billion is restricted for specific purposes. The remaining $1.3 billion was unrestricted and available for purposes of the various funds. Information is provided below regarding major funds with significant variances relative to the prior year.

Reemployment Assistance — This fund reported a net position of $3.3 billion at June 30, 2016, an increase of $540 million or 19.3 percent. Revenues and operation transfers in decreased by $412 million or 28.3 percent while expenses and operating transfers out declined by $220 million or 31.2 percent. Revenues decreased as a result of lower unemployment tax rates due to the improving economy and lower unemployment rates relative to the prior fiscal year. The reduction in expenses is due to a decrease in benefit payments relative to the prior year as the economy and unemployment rate in Florida improved.

Hurricane Catastrophe Fund – The net position at June 30, 2016, totaled $12.8 billion, an increase of $1.1 billion or 9.8 percent. The declining increase in net position remained fairly consistent with the declining increase in the prior year. Revenues and operation transfers in decreased by $357 million or 22.7 percent, while expenses and operating transfers out declined by $23 million or 22.6 percent. The majority of the decrease in total revenues is due to emergency assessments no longer being collected on insurance policies issued or renewed on or after January 1, 2015. As a result, emergency assessment revenue decreased in fiscal years 2015 and 2016. The decrease in expenses is primarily attributable to bonding activity. See Note 14 to the financial statements for additional information on this fund.

Prepaid College Program – The net position at June 30, 2016, totaled $1.7 billion, an increase of $150 million or 10.0 percent. Revenues and operation transfers in increased by $997 million or 209.6 percent while expenses and operating transfers out increased by $562 million or 73.9 percent. The increase in revenues was primarily due to a change in the actuarial determination of the present value of future contract premiums and an increase in fair value of fixed income investments, while expenses increased primarily due to a change in the actuarial determination of the present value of future benefit payments.

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 $166 million increase between the original and final estimated revenues. Final budgeted total expenditures increased by $764 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, 2016, the state reported $71.9 billion in net capital assets for governmental activities and $11.3 billion in net capital assets for business-type activities. Net capital assets for governmental and business-type activities increased from fiscal year 2014-15 to fiscal year 2015-16 by approximately 3.3 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 $10.8 billion. Construction commitments by other state agencies for major projects including office buildings and correctional facilities decreased by $26 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 increased by $605 million, or approximately 2.7 percent, from the prior fiscal year to a total of $22.8 billion at June 30, 2016 due to new debt issued being greater than scheduled amortization and debt service payments. The majority of the outstanding bonded debt serves to finance educational facilities ($12.7 billion), the Florida Hurricane Catastrophe Fund ($3.2 billion) and transportation ($4.8 billion). New and refinanced bonded debt issues for 2016 totaled $3.8 billion. Public-Private Partnership (PPP) contracts outstanding increased from the prior year by $132 million or 5.2 percent to a total of $2.7 billion. The annual debt service requirements increased from $2 billion in 2015 to $2.1 billion in 2016 due to refinement of how PPP obligations are reflected in outstanding debt. In Fiscal Year 2015 and 2016, debt service increased by $84 million and $82 million, respectively, to nearly $2.1 billion in Fiscal Year 2016 reflecting impact of PPP payments. The annual debt service is projected to increase to $2.3 billion in Fiscal Year 2018 due to the addition of adding PPP obligations for the I-4 Project causing an increase in the benchmark debt ratio.

Pursuant to the provisions of Governmental Accounting Standards Board Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, the State of Florida recorded $4.5 billion in pension liabilities for the defined benefit plans it administers for the fiscal year ended June 30, 2016. The $4.5 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.)

The state maintained its credit ratings during the past year. During the fiscal year ended June 30, 2016, the three major rating agencies, Standard & Poor's Rating Services, Fitch Ratings, and Moody's Investors Service each affirmed the State's AAA, AAA, and Aa1 general obligation ratings and stable outlook, respectively. The State's benchmark debt ratio improved over the past year to 5.46 percent and remains below the 6 percent 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 2016 Debt Affordability Report* for more detailed information about the state's debt position. The report can be found at *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 2015-16 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, 2016, were 3.8 percent higher than the prior fiscal year. While this percentage is substantially lower than the reported 7.7 percent for fiscal year 2014-15, general fund tax collections in that fiscal year posted atypically strong growth as the State of Florida neared the end of its recovery from the Great Recession. This means that the growth rate for fiscal year 2015-16, albeit modest, falls more in line with the 3.5 percent long-run growth projected for the future.

Nearly all of the year-over-year increase in general fund receipts came from gains in sales tax collections. For fiscal year 2015-16, this revenue source slightly increased its dominant share of the fund, ending the year with 69.2 percent of total revenue. As the economic recovery continued to pick up momentum with strong gains in the state's Gross Domestic Product and personal income relative to other states, signs of an economy nearing full recovery were clear in the widespread improvement across all areas of sales tax collections (nondurables, tourism and recreation, autos and accessories, other durables, building investment and business investment). Total sales tax liability grew a solid 5.7 percent from fiscal year 2014-15 to fiscal year 2015-16. This equates to slightly over $1.3 billion in growth for this source, with $935.3 million flowing through to the general fund.

Including sales tax, only one-half of the state's general revenue sources posted gains over the prior year. Even though national corporate profits dropped slightly in fiscal year 2015-16 relative to fiscal year 2014-15, the state's corporate income tax collections managed to stay in positive territory. Still below peak collections, corporate income tax receipts prior to refunds posted 1.6 percent growth to achieve 93.0 percent of the previous high. However, once refunds are taken into account, net collections were slightly below the prior year. Of the sources clearly losing ground over the year, several were related to changes that had been anticipated. Notably among these were: (1) a loss of highway safety fees resulting from a statutory change to the general fund distribution, (2) a decline in beverage taxes as the use of an available tax credit significantly increased, and (3) a reduction in Indian Gaming revenues as the authorization to conduct banked card games expired and certain related collections were placed in an effective reserve.

Several revenue sources have continued to track the ebb and flow of the state's one lagging sector, the construction industry. Among them, documentary stamp and intangibles tax collections predominantly rely on activity in the state's real estate market. Since the end of the housing boom in 2005-06, Florida's sizable inventory of unsold homes, discounted home prices, and towering foreclosures have hindered a return to normal conditions in the real-estate market. Ten years since the boom's height, this is still true, although conditions continue to improve. For statewide existing home sales and the median sales price for existing homes, the direction has been positive with both sources exhibiting healthy percentage gains over the prior year, registering 3.1 percent and 11.0 percent growth, respectively. The picture also solidified for private housing starts and construction expenditures, allowing total documentary stamp taxes to grow 7.9 percent. This growth brought documentary stamp taxes to 56.1 percent of their prior peak. Reflecting a slightly different aspect of the market, the intangibles tax, which entirely benefits the general fund, regained its footing as refinancing activity firmed, posting an 11.9 percent increase over the prior year. However, the collection levels are still low by historic standards for the two sources, distorting the magnitude of percentage changes.

At the end of the 2015-16 state fiscal year, total general fund collections were only $50.6 million or just 0.2 percent above the estimate made by the state's Revenue Estimating Conference in January 2016. Coming in so close to the estimate made midway through the fiscal year signals the underlying stability in the economy. Further, general fund sources collectively outperformed the class of total revenue for the state. Including federal dollars, total revenue increased by 3.5 percent over this period.

The Revenue Estimating Conference met in December 2016 to revise the forecast for fiscal years 2016-17 and 2017-18. Total collections had been running over the prior estimate; however, more than half of the reported gain year-to-date was attributable to timing and other technical issues that were expected to be resolved prior to the end of the year. A review of both the corrected and unaffected sources indicated that the real gain to the estimate was much smaller. Based on this and the slightly weaker National and Florida Economic Forecasts adopted in November 2016, the Conference made only modest adjustments. Overall, anticipated revenues were revised upward by $119.3 million in fiscal year 2016-17 and by $22.6 million in fiscal year 2017-18, for a two-year total of $141.9 million. The revised fiscal year 2016-17 estimate exceeds the prior year's collections by $1.13 billion (or 4.0 percent). The revised forecast for fiscal year 2017-18 has projected growth of $1.26 billion (or 4.3 percent) over the revised fiscal year 2016-17 estimate. The growth rates for fiscal year 2018-19 and fiscal year 2019-20 were unchanged at 4.1 percent and 4.0 percent, respectively, with the resulting dollar levels staying similar to the prior forecast.

As a buffer against future financial shocks, the latest General Revenue Outlook shows that there will be just over $1.48 billion in unallocated general revenue remaining at the end of the current fiscal year. In addition, the state's major reserve for emergencies, the Budget Stabilization Fund, has a planned balance of at least $1.384 billion on June 30, 2017. The fund cash balance is now at the highest recorded level in its history. Refer to Note 1K, for additional information on the Budget Stabilization Fund. The other source most frequently mentioned as part of the state's informal reserve system is the Lawton Chiles Endowment

Fund which had a market value of $632 million on October 31, 2016, bringing the total of all reserves to just over $3.5 billion or 11.89 percent of the state's estimated general fund collections. According to the state's Long-Range Financial Outlook adopted in September 2016, the state is not anticipating a budget gap for the upcoming fiscal year, meaning the projected revenues should meet all anticipated needs. However, 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

FINANCIAL SECTION:

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
JUNE 30, 2016
(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Units
ASSETS				
Cash and cash equivalents	$ 117,407	$ 33,418	$ 150,825	$ 2,608,096
Pooled investments with State Treasury	15,402,602	4,944,227	20,346,829	3,528,840
Other investments	1,351,890	28,827,759	30,179,649	19,005,594
Receivables, net	4,596,592	846,509	5,443,101	2,121,435
Internal balances	391,798	(391,798)	......	......
Due from component units/primary	3,169	842	4,011	452,805
Inventories	70,252	3,104	73,356	67,970
Restricted cash and cash equivalents	......	96	96	534,817
Restricted pooled investments with State Treasury	......	44,243	44,243	676,248
Restricted investments	......	675,704	675,704	5,386,416
Advances to other entities	967,697	......	967,697	......
Other loans and notes receivable, net	3,088,552	1,938,361	5,026,913	2,150,219
Other assets	1,050	32,387	33,437	632,929
Capital assets, net	71,872,076	11,267,714	83,139,790	23,642,206
Total assets	97,863,085	48,222,566	146,085,651	60,807,575
DEFERRED OUTFLOWS OF RESOURCES				
Accum. decrease in fair value - hedging derivatives	......	......	......	95,327
Grants paid in advance	......	......	......	207
Amount deferred on refunding of debt	97,022	37,319	134,341	7,814
Pension-related items	1,716,159	31,169	1,747,328	969,358
Total deferred outflows of resources	1,813,181	68,488	1,881,669	1,072,706
LIABILITIES				
Accounts payable and accrued liabilities	2,206,299	490,202	2,696,501	2,566,526
Due to other governments	......	6,372	6,372	......
Due to component units/primary	41,263	366	41,629	70,524
Obligations under security lending agreements	1,036,736	1,373,242	2,409,978	......
Long-term liabilities				
Due within one year	3,734,315	1,662,521	5,396,836	2,761,482
Due in more than one year	27,978,546	17,344,283	45,322,829	15,001,488
Total liabilities	34,997,159	20,876,986	55,874,145	20,400,020
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangement receipts	......	139,040	139,040	255
Accum. increase in fair value - hedging derivatives	......	......	......	8,822
Amount deferred on refunding of debt	14,332	......	14,332	3,131
Pension-related items	988,217	17,839	1,006,056	481,847
Total deferred inflows of resources	1,002,549	156,879	1,159,428	494,055
NET POSITION				
Net investments in capital assets	66,196,839	7,766,815	73,963,654	19,323,701
Restricted for				
Environment, Recreation and Conservation	3,188,567	......	3,188,567	......
Public Education	742,292	......	742,292	......
Health and Family Services	1,592,259	......	1,592,259	......
Transportation	1,942,833	317,355	2,260,188	......
Nonmajor governmental funds	1,132,748	......	1,132,748	......
Debt service	252,056	......	252,056	63,787
Lottery	......	121,932	121,932	......
Prepaid College Program	......	1,657,880	1,657,880	......
Hurricane Catastrophe Fund	......	12,771,922	12,771,922	......
Reemployment Assistance	......	3,337,397	3,337,397	......
Other	635,617	1,296	636,913	5,992,778
Funds held for permanent endowment				
Expendable	......	......	......	618,141
Nonexpendable	......	......	......	3,786,585
Unrestricted	(12,006,653)	1,282,592	(10,724,061)	11,201,214
Total net position	$ 63,676,558	$ 27,257,189	$ 90,933,747	$ 40,986,206

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(in thousands)

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
General government	$ 6,699,521	$ 4,656,044	$ 802,443	$ 3,001	$ (1,238,033)
Education	20,162,012	291,798	2,310,679	218	(17,559,317)
Human services	34,595,840	1,702,416	22,547,710	484	(10,345,230)
Criminal justice and corrections	4,021,540	312,850	78,649	4,820	(3,625,221)
Natural resources and environment	2,852,005	367,177	1,429,838	8,993	(1,045,997)
Transportation	4,962,377	256,419	54,167	2,485,855	(2,165,936)
State courts	521,155	77,239	1,315	......	(442,601)
Indirect interest on long-term debt	78,225	......	......	......	(78,225)
Total governmental activities	73,892,675	7,663,943	27,224,801	2,503,371	(36,500,560)
Business-type activities:					
Transportation	514,248	1,131,342	......	2,724	619,818
Lottery	4,389,601	6,108,189	......	......	1,718,588
Hurricane Catastrophe Fund	68,294	1,214,518	......	......	1,146,224
Prepaid College Program	1,322,406	1,472,707	......	......	150,301
Reemployment Assistance	465,563	1,031,057	10,886	......	576,380
Nonmajor enterprise funds	332,551	431,022	......	......	98,471
Total business-type activities	7,092,663	11,388,835	10,886	2,724	4,309,782
Total primary government	$ 80,985,338	$ 19,052,778	$ 27,235,687	$ 2,506,095	$ (32,190,778)
Component units					
Florida Housing Finance Corporation	$ 195,169	$ 150,935	$	$	$ (44,234)
University of Florida	5,047,867	3,402,823	907,363	60,670	(677,011)
Citizens Property Insurance Corporation	912,204	762,882	......	......	(149,322)
Nonmajor component units	11,535,717	3,431,465	3,312,138	617,788	(4,174,326)
Total component units	$ 17,690,957	$ 7,748,105	$ 4,219,501	$ 678,458	$ (5,044,893)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Net (expense) revenue	$ (36,500,560)	$ 4,309,782	$ (32,190,778)	$ (5,044,893)
General revenues:				
Taxes				
Sales and use tax	24,255,828	......	24,255,828	......
Fuel taxes	2,934,580	......	2,934,580	......
Corporate income tax	2,181,244	......	2,181,244	......
Documentary stamp tax	2,284,854	......	2,284,854	......
Intangible personal property tax	341,418	......	341,418	......
Communications service tax	1,030,801	......	1,030,801	......
Beverage and tobacco taxes	1,589,210	......	1,589,210	......
Insurance premium tax	940,747	......	940,747	......
Gross receipts utilities tax	777,404	......	777,404	......
Property taxes	......	......	......	473,370
Other taxes	1,282,545	......	1,282,545	......
Investment earning (loss)	327,804	6,594	334,398	361,618
Gain (loss) on sale of capital assets	90,007	(154,186)	(64,179)	(29,136)
Payments from the State of Florida	......	......	......	4,073,980
Emergency assessments	......	3,064	3,064	......
Miscellaneous	......	555	555	659,127
Transfers	1,671,350	(1,671,350)	......	......
Contributions to permanent funds	......	......	......	86,297
Total general revenues, transfers and contributions	39,707,792	(1,815,323)	37,892,469	5,625,256
Changes in net position	3,207,232	2,494,459	5,701,691	580,363
Net position - beginning, as restated (Note 1)	60,469,326	24,762,730	85,232,056	40,405,843
Net position - ending	$ 63,676,558	$ 27,257,189	$ 90,933,747	$ 40,986,206

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

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Funds

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

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

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

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

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

Nonmajor Funds

Nonmajor governmental funds are presented, by fund type, beginning on page 181.

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016
(in thousands)

2016 STATE OF FLORIDA CAFR

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Totals 6/30/16
ASSETS							
Current assets							
Cash and cash equivalents	$ 16,086	$ 1,577	$	$ 21,209	$ 807	$ 22,945	$ 62,624
Pooled investments with State Treasury	5,820,185	2,077,323	1,140,322	1,923,172	2,123,627	1,652,989	14,737,618
Other investments	834,302	......	......	......	1,831	239,466	1,075,599
Receivables, net	1,694,452	181,077	59,220	1,291,782	405,234	338,202	3,969,967
Due from other funds	249,874	20,199	179,596	129,329	194,366	80,836	854,200
Due from component units/primary	519	586	1,090	......	......	23	2,218
Inventories	19,721	434	......	40,811	7,173	2,113	70,252
Other	798	......	......	......	......	252	1,050
Total current assets	8,635,937	2,281,196	1,380,228	3,406,303	2,733,038	2,336,826	20,773,528
Noncurrent assets							
Long-term investments	......	......	......	......	......	226,651	226,651
Advances to other funds	2,604	......	......	......	94,634	......	97,238
Advances to other entities	6,276	4,971	879,913	......	76,537	......	967,697
Other loans and notes receivable, net	22,581	1,218,025	1,733	23,624	902,731	919,858	3,088,552
Total noncurrent assets	31,461	1,222,996	881,646	23,624	1,073,902	1,146,509	4,380,138
Total assets	8,667,398	3,504,192	2,261,874	3,429,927	3,806,940	3,483,335	25,153,666
LIABILITIES							
Current liabilities							
Accounts payable and accrued liabilities	504,532	55,410	8,571	381,976	696,692	186,313	1,833,494
Due to other funds	286,128	25,190	2,624	86,052	50,976	139,695	590,665
Due to component units/primary	2,795	29,142	429	6,479	......	2,417	41,262
Compensated absences	10,173	1,529	......	1,288	5,699	796	19,485
Claims payable	102,027	......	......	573,135	......	4,573	679,735
Deposits	5,981	10,389	7,455	3,925	320,242	89,265	437,257
Obligations under security lending agreements	728,580	78,313	54,013	6,978	88,532	49,722	1,006,138
Total current liabilities	1,640,216	199,973	73,092	1,059,833	1,162,141	472,781	4,608,036
Noncurrent liabilities							
Advances from other funds	100	......	930,266	......	......	625	930,991
Deposits	......	......	......	......	......	10,939	10,939
Other	......	......	......	......	......	811	811
Total noncurrent liabilities	100	......	930,266	......	......	12,375	942,741
Total liabilities	1,640,316	199,973	1,003,358	1,059,833	1,162,141	485,156	5,550,777
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	198,751	833	......	693,703	701,967	43,735	1,638,989
Total deferred inflows of resources	198,751	833	......	693,703	701,967	43,735	1,638,989
FUND BALANCES							
Nonspendable	26,800	434	......	40,811	7,173	25,711	100,929
Restricted	74,750	2,306,949	1,713,368	165,341	50	1,800,571	6,061,029
Committed	1,032,466	996,003	396,423	1,470,239	1,935,609	1,128,162	6,958,902
Unassigned	5,694,315	......	(851,275)	......	......	......	4,843,040
Total fund balances	6,828,331	3,303,386	1,258,516	1,676,391	1,942,832	2,954,444	17,963,900
Total liabilities, deferred inflows and fund balances	$ 8,667,398	$ 3,504,192	$ 2,261,874	$ 3,429,927	$ 3,806,940	$ 3,483,335	$ 25,153,666

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

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RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2016
(in thousands)

Total fund balances for governmental funds		$ 17,963,900
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	18,644,330	
Nondepreciable infrastructure	46,962,923	
Buildings, equipment and other depreciable assets	6,748,403	
Accumulated depreciation	(4,169,371)	
Construction work in progress	2,634,280	
		70,820,565
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(705,787)	
Installment purchases/capital leases/public-private partnership agreements	(2,426,883)	
Claims payable	(2,289,562)	
Bonds payable	(16,411,960)	
Certificates of participation payable	(89,310)	
Net other post employment benefits	(1,868,451)	
Pension Liability	(4,387,849)	
Due to other governments	(417,246)	
Other	(17,500)	
		(28,614,548)
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.		84,467
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.		718,646
Accrued interest payable on bonds that is not recognized on the fund statements but is recognized on the Statement of Net Position.		(49,486)
Assets (receivables) not available to provide current resources are offset with deferred inflows of resources in the fund statements. The reduction of the the deferred inflow and recognition of revenue increases net position in the Statement of Net Position.		1,638,989
To record the net effect of assets not reported in the Governmental Funds (held in Agency Funds), but reported in the Statement of Net Position for liabilities not legally defeased.		511,834
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.		602,191
Net position of governmental activities		$ 63,676,558

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, 2016
(in thousands)

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Totals 6/30/16
REVENUES							
Taxes	$ 32,239,393	$ 291,709	$ 1,152,489	$ 1,049,357	$ 2,648,455	$ 269,073	$ 37,650,476
Licenses and permits	446,439	50,248	922	38,280	12,605	1,483,858	2,032,352
Fees and charges	1,487,836	174,568	58,311	885,270	467,230	765,652	3,838,867
Grants and donations	16,326	188,389	2,153,027	22,605,987	2,522,746	2,209,535	29,696,010
Investment earnings (losses)	237,504	71,099	89,335	5,867	54,190	54,567	512,562
Fines, forfeits, settlements and judgments	92,484	4,061	166,978	42,543	2,621	532,391	841,078
Other	5,441	4,393	3,380	660,041	5,653	55,035	733,943
Total revenues	34,525,423	784,467	3,624,442	25,287,345	5,713,500	5,370,111	75,305,288
EXPENDITURES							
Current:							
General government	4,499,748	36,492	......	160,175	200,841	1,771,976	6,669,232
Education	15,110,653	......	4,388,798	......	......	163,499	19,662,950
Human services	8,096,396	......	......	25,932,586	......	473,775	34,502,757
Criminal justice and corrections	3,424,179	......	......	......	......	484,073	3,908,252
Natural resources and environment	392,766	952,688	......	......	......	1,372,446	2,717,900
Transportation	15,803	......	......	......	4,410,733	......	4,426,536
State courts	423,559	......	......	......	......	80,513	504,072
Capital outlay	100,938	59,660	2,799	7,937	2,191,873	54,464	2,417,671
Debt service:							
Principal retirement	13,121	......	......	5,418	79,594	1,043,893	1,142,026
Interest and fiscal charges	5,422	......	......	445	72,335	771,778	849,980
Total expenditures	32,082,585	1,048,840	4,391,597	26,106,561	6,955,376	6,216,417	76,801,376
Excess (deficiency) of revenues over expenditures	2,442,838	(264,373)	(767,155)	(819,216)	(1,241,876)	(846,306)	(1,496,088)
OTHER FINANCING SOURCES (USES)							
Proceeds of bond issues	2,272	49,869	......	......	......	5,257	57,398
Proceeds of refunding bonds	......	......	......	......	......	1,791,321	1,791,321
Proceeds of financing agreements	9,714	......	......	......	223,417	......	233,131
Operating transfers in	543,494	851,168	2,359,808	1,602,900	1,511,692	2,866,733	9,735,795
Operating transfers out	(3,159,685)	(327,954)	(1,394,729)	(446,378)	(672,256)	(1,976,380)	(7,977,382)
Payments to refunded bond agent	......	......	......	......	......	(1,791,321)	(1,791,321)
Total other financing sources (uses)	(2,604,205)	573,083	965,079	1,156,522	1,062,853	895,610	2,048,942
Net change in fund balances	(161,367)	308,710	197,924	337,306	(179,023)	49,304	552,854
Fund balances - beginning, as restated (Note 1)	6,989,698	2,994,676	1,060,592	1,339,085	2,121,855	2,905,140	17,411,046
Fund balances - ending	$ 6,828,331	$ 3,303,386	$ 1,258,516	$ 1,676,391	$ 1,942,832	$ 2,954,444	$ 17,963,900

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

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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, 2016
(in thousands)

Net change in fund balance - total governmental funds		$ 552,854
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.		$ 15,548
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over the estimated useful lives of the assets and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation in the current period.		
Capital outlay expenditures	2,417,671	
Capital asset transfers, net	73,117	
Depreciation expense	(276,351)	
		$ 2,214,437
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.		$ (26,436)
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.		$ (5,696)
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.		
Decrease in compensated absences	28,262	
Decrease in accrued interest	1,994	
Decrease in claims payable	96,395	
Increase in net other post employment benefits	(403,949)	
Increase in due to other governments	(417,246)	
Decrease in other liabilities	2,492	
		$ (692,052)
The incurrence of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, deferred amounts on refundings when debt is issued, whereas these amounts are deferred and and amortized in the Statement of Activities.		
Bond proceeds	(57,398)	
Refunding bond proceeds	(1,791,321)	
Financing agreement proceeds	(233,131)	
Repayment of bonds	1,042,814	
Repayment of capital leases/installment purchase contracts	56,295	
Payment to refunded bond escrow agent	1,791,321	
Amortization of bond premium	188,302	
Amortization of deferred amount on refunding	(10,198)	
Accrued interest payable at refunding	(12,411)	
		$ 974,273
Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Also, governmental funds report current pension contribution expenses, whereas these amounts are deferred and amortized in the Statement of Activities.		$ 174,304
Change in net position of governmental activities		$ 3,207,232

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

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

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

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

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

Nonmajor Funds

Nonmajor enterprise funds are presented on page 217.

Internal Service Funds

Internal service funds are presented on page 223.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016
(in thousands)

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/16	Internal Service Funds
ASSETS								
Current assets								
Cash and cash equivalents	$ 2,941	$ 316	$ 11	$ 6,791	$ 1,303	$ 22,056	$ 33,418	$ 54,783
Pooled investments with State Treasury	1,103,750	280,792	......	......	3,184,254	375,431	4,944,227	664,984
Other investments	......	......	10,818,319	1,961,620	......	13,915	12,793,854	49,640
Receivables, net	30,540	32,347	182,093	289,512	199,657	9,496	743,645	24,123
Due from other funds	92,351	......	......	4,474	930	9,400	107,155	25,667
Due from component units/primary	......	......	......	......	507	335	842	951
Inventories	1,619	1,485	......	......	......	......	3,104	......
Other	240	2,389	......	1	......	1,225	3,855	......
Total current assets	1,231,441	317,329	11,000,423	2,262,398	3,386,651	431,858	18,630,100	820,148
Noncurrent assets								
Restricted cash and cash equivalents	96	......	......	......	......	......	96	......
Restricted pooled investments with State Treasury	15,975	28,268	......	......	......	......	44,243	......
Restricted investments	327,574	348,130	......	......	......	......	675,704	......
Long-term investments	......	......	5,086,241	10,889,502	......	58,162	16,033,905	......
Other loans and notes receivable, net	66,437	......	......	1,867,653	......	4,271	1,938,361	......
Capital assets								
Land and other non-depreciable assets	1,128,944	2,727	......	......	......	......	1,131,671	319
Non-depreciable infrastructure	8,587,365	......	......	......	......	......	8,587,365	......
Buildings, equipment, and other depreciable assets	815,790	12,037	37	33	......	150,958	978,855	1,582,429
Accumulated depreciation	(302,364)	(8,659)	(31)	(15)	......	(57,528)	(368,597)	(531,237)
Construction work in progress	935,382	......	......	......	......	3,038	938,420	......
Other	......	22,793	......	......	......	5,739	28,532	......
Total noncurrent assets	11,575,199	405,296	5,086,247	12,757,173	......	164,640	29,988,555	1,051,511
Total assets	12,806,640	722,625	16,086,670	15,019,571	3,386,651	596,498	48,618,655	1,871,659
DEFERRED OUTFLOWS OF RESOURCES								
Amount deferred on refunding of debt	37,319	......	......	......	......	......	37,319	1,547
Pension-related items	......	5,007	241	514	......	25,407	31,169	23,874
Total deferred outflows of resources	37,319	5,007	241	514	......	25,407	68,488	25,421
LIABILITIES								
Current liabilities								
Accounts payable and accrued liabilities	49,457	8,478	113,694	259,574	41,163	17,795	490,161	189,835
Accrued prize liability	......	174,388	......	......	......	......	174,388	......
Due to other governments	......	......	......	......	6,372	......	6,372	......
Due to other funds	133,932	158,655	285	35	1,719	7,770	302,396	33,953
Due to component units/primary	......	......	......	......	......	366	366	1
Compensated absences	......	384	47	60	......	5,345	5,836	2,787
Installment purchases/capital leases	36,034	......	......	......	......	1,757	37,791	5,871
Bonds payable	......	......	500,000	......	......	......	500,000	25,875
Bonds payable from restricted assets	135,605	......	......	......	......	......	135,605	......
Deposits	74,025	......	......	......	......	19,617	93,642	151,350
Obligations under security lending agreements	54,634	15,098	......	1,287,850	......	15,660	1,373,242	30,598
Certificates of participation payable	......	......	......	......	......	......	......	31,360
Tuition and housing benefits payable	......	......	......	713,654	......	......	713,654	......
Pension liability	......	219	13	12	......	1,361	1,605	765
Total current liabilities	483,687	357,222	614,039	2,261,185	49,254	69,671	3,835,058	472,395
Noncurrent liabilities								
Advances from other funds	93,734	......	......	......	......	......	93,734	2,779
Accrued prize liability	......	237,968	......	......	......	......	237,968	......
Bonds payable	2,820,030	......	2,700,000	......	......	......	5,520,030	241,868
Certificates of participation payable	......	......	......	......	......	......	......	452,480
Installment purchases/capital leases	285,428	......	......	......	......	15,101	300,529	18,549
Deposits	451	......	......	......	......	37,878	38,329	......
Compensated absences	......	3,456	127	214	......	13,646	17,443	10,152
Tuition and housing benefits payable	......	......	......	11,099,833	......	......	11,099,833	......
Pension liability	......	12,694	661	762	......	70,650	84,767	52,270
Other	......	6,683	59	74	......	38,568	45,384	26,494
Total noncurrent liabilities	3,199,643	260,801	2,700,847	11,100,883	......	175,843	17,438,017	804,592
Total liabilities	3,683,330	618,023	3,314,886	13,362,068	49,254	245,514	21,273,075	1,276,987
DEFERRED INFLOWS OF RESOURCES								
Deferred service concession arrangement receipts	139,040	......	......	......	......	......	139,040	......
Amount deferred on refunding of debt	......	......	......	......	......	......	......	3,324
Pension-related items	......	2,179	97	119	......	15,444	17,839	14,578
Total deferred inflows of resources	139,040	2,179	97	119	......	15,444	156,879	17,902
NET POSITION								
Net investment in capital assets	7,681,073	6,106	6	18	......	79,612	7,766,815	273,731
Restricted for Reemployment Assistance	......	......	......	......	3,337,397	......	3,337,397	......
Restricted for Lottery	......	121,932	......	......	......	......	121,932	......
Restricted for Hurricane Catastrophe Fund	......	......	12,771,922	......	......	......	12,771,922	......
Restricted for Prepaid College Program	......	......	......	1,657,880	......	......	1,657,880	......
Restricted for Transportation	317,355	......	......	......	......	......	317,355	......
Restricted - other	......	......	......	......	......	1,296	1,296	86,588
Unrestricted	1,023,161	(20,608)	......	......	......	280,039	1,282,592	241,872
Total net position	$ 9,021,589	$ 107,430	$ 12,771,928	$ 1,657,898	$ 3,337,397	$ 360,947	$ 27,257,189	$ 602,191

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

2016 STATE OF FLORIDA CAFR

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(in thousands)

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/16	Internal Service Funds
OPERATING REVENUES								
Sales - nonstate	$ 14,781	$ 6,067,790	$ 1,143,317	$ 375,225	$	$ 81,392	$ 7,682,505	$ 41,684
Change in actuarial value of contract premiums	......	......	......	250,118	......	......	250,118	......
Fees	1,070,620	......	1	2,588	956,567	259,118	2,288,894	......
Sales - state	......	......	41	225	......	38,302	38,568	2,298,698
Rents and royalties - nonstate	7,380	517	......	......	......	6	7,903	......
Rents - state	......	......	......	......	......	92	92	153,948
Fines, forfeits, settlements and judgments	912	179	......	......	......	11,540	12,631	292
Other	......	......	......	2	......	26,224	26,226	17,330
Total operating revenues	1,093,693	6,068,486	1,143,359	628,158	956,567	416,674	10,306,937	2,511,952
OPERATING EXPENSES								
Benefit payments	......	......	......	......	465,563	......	465,563	......
Payment of lottery winnings	......	3,868,970	......	......	......	......	3,868,970	......
Commissions on lottery sales	......	337,007	......	......	......	......	337,007	......
Contractual services	277,438	132,138	3,705	407,473	......	102,243	922,997	536,605
Change in actuarial value of contract benefit payments	......	......	......	902,171	......	......	902,171	......
Insurance claims expense	......	......	......	......	......	......	......	1,767,141
Personal services	20,608	28,235	1,380	1,419	......	181,617	233,259	96,031
Depreciation	54,748	959	3	5	......	7,986	63,701	38,591
Materials and supplies	19,742	870	13	31	......	5,469	26,125	7,253
Repairs and maintenance	......	381	......	......	......	2,222	2,603	11,262
Basic services	......	5,612	168	117	......	28,853	34,750	9,809
Interest and fiscal charges	......	......	15	30	......	1,962	2,007	......
Bad debt	......	......	......	......	......	117	117	12
Total operating expenses	372,536	4,374,172	5,284	1,311,246	465,563	330,469	6,859,270	2,466,704
Operating income (loss)	721,157	1,694,314	1,138,075	(683,088)	491,004	86,205	3,447,667	45,248
NONOPERATING REVENUES (EXPENSES)								
Grants and donations	2,724	......	......	......	10,886	......	13,610	210
Investment earnings (losses)	32,419	39,702	71,159	844,549	74,490	9,046	1,071,365	16,782
Interest and fiscal charges	(141,712)	(15,428)	(63,010)	(11,160)	......	(849)	(232,159)	(40,993)
Fines, forfeits, judgments and settlements	519	......	......	36	......	......	555	......
Property disposition gain (loss)	(154,167)	15	......	......	......	(34)	(154,186)	(1,653)
Grant expense and client benefits	......	......	......	......	......	(1,075)	(1,075)	......
Emergency assessment funds received	......	......	3,064	......	......	......	3,064	......
Other	5,539	......	......	......	......	(140)	5,399	69
Total nonoperating revenues (expenses)	(254,678)	24,289	11,213	833,425	85,376	6,948	706,573	(25,585)
Income (loss) before transfers and contributions	466,479	1,718,603	1,149,288	150,337	576,380	93,153	4,154,240	19,663
Operating transfers in	112,676	......	......	......	4,001	17,295	133,972	20,668
Operating transfers out	(54,343)	(1,692,716)	(10,000)	......	(19,230)	(90,581)	(1,866,870)	(25,967)
Capital contributions	73,117	......	......	......	......	......	73,117	1,184
Change in net position	597,929	25,887	1,139,288	150,337	561,151	19,867	2,494,459	15,548
Total net position - beginning, as restated (Note 1)	8,423,660	81,543	11,632,640	1,507,561	2,776,246	341,080	24,762,730	586,643
Total net position - ending	$ 9,021,589	$ 107,430	$ 12,771,928	$ 1,657,898	$ 3,337,397	$ 360,947	$ 27,257,189	$ 602,191

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

2016 STATE OF FLORIDA CAFR

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STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(in thousands)

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/16	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from customers	$ 1,084,071	$ 6,102,207	$ 1,143,000	$ 478,678	$ 1,039,807	$ 399,598	$ 10,247,361	$ 2,511,085
Cash paid to vendors	(217,521)	(478,210)	(4,043)	(514,543)	......	(141,784)	(1,356,101)	(567,807)
Cash paid to employees	(20,608)	(27,001)	(1,481)	(1,337)	......	(172,613)	(223,040)	(91,971)
Cash received/(paid) for grants	......	......	......	......	......	27,173	27,173	......
Lottery prizes	......	(3,867,418)	......	......	......	......	(3,867,418)	......
Cash paid for insurance claims	......	......	......	......	......	......	......	(1,758,305)
Reemployment assistance	......	......	......	......	(474,055)	......	(474,055)	......
Net cash provided (used) by operating activities	845,942	1,729,578	1,137,476	(37,202)	565,752	112,374	4,353,920	93,002
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in (out)	85,823	(1,601,166)	(10,000)	......	(14,938)	(75,215)	(1,615,496)	4,626
Advances from or repayment from other funds	(72,350)	......	......	......	......	(36)	(72,386)	(7,245)
Advances, grants or loans (to) from or repayment from others	(70,700)	......	......	......	......	(640)	(71,340)	......
Cash received from sale of bonds	......	......	1,196,615	......	......	......	1,196,615	......
Payment of bonds or loans (principal and interest)	......	......	(46,975)	......	......	......	(46,975)	(59,998)
Emergency assessment funds received	......	......	4,884	......	......	......	4,884	......
Net cash provided (used) by noncapital financing activities	(57,227)	(1,601,166)	1,144,524	......	(14,938)	(75,891)	(604,698)	(62,617)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Cash received from sale of capital assets	......	......	......	......	......	19	19	......
Cash received from the issuance of debt	178,672	......	......	......	......	1,054	179,726	......
Cash received from capital grants and donations	2,724	......	......	......	3,689	2,268	8,681	......
Payment of bond principal	(131,540)	......	......	......	......	......	(131,540)	......
Payment of principal on installment purchase/capital lease	......	......	......	......	......	(2,348)	(2,348)	(25,856)
Payment of interest on bonds/installment purchase/capital lease	(131,698)	......	......	......	......	......	(131,698)	(15,495)
Purchase or construction of capital assets	(571,303)	(1,229)	(4)	(8)	......	(3,507)	(576,051)	(1,733)
Net cash provided (used) by capital and related financing activities	(653,145)	(1,229)	(4)	(8)	3,689	(2,514)	(653,211)	(43,084)
CASH FLOWS FROM INVESTING ACTIVITIES								
Security lending	(6,145)	4,541	......	2,284	......	(2,581)	(1,901)	(9,324)
Proceeds from the sale or maturity of investments	1,672,645	5,101	108,687,828	10,554,098	......	94,717	121,014,389	1,890
Cash paid to grand prize winners upon maturity of grand prize investments	......	(66,419)	......	......	......	......	(66,419)	......
Investment earnings	30,983	70,358	48,279	121,690	75,988	7,993	355,291	15,643
Purchase of investments	(1,776,001)	(13,801)	(111,018,101)	(10,646,023)	......	(90,972)	(123,544,898)	(1)
Net cash provided (used) by investing activities	(78,518)	(220)	(2,281,994)	32,049	75,988	9,157	(2,243,538)	8,208
Net increase (decrease) in cash and cash equivalents	57,052	126,963	2	(5,161)	630,491	43,126	852,473	(4,491)
Cash and cash equivalents - beginning	1,065,710	182,413	9	11,952	2,555,066	354,361	4,169,511	724,258
Cash and cash equivalents - ending	$ 1,122,762	$ 309,376	$ 11	$ 6,791	$ 3,185,557	$ 397,487	$ 5,021,984	$ 719,767

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(in thousands)

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

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/16	Internal Service Funds
Operating income (loss)	$ 721,157	$ 1,694,314	$ 1,138,075	$ (683,088)	$ 491,004	$ 86,205	$ 3,447,667	$ 45,248
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization expense	54,748	959	3	5	......	7,986	63,701	38,591
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable	(5,707)	33,796	10,538	(1,145)	130,174	(578,992)	(411,336)	3,215
(Increase) decrease in due from other funds	(8,110)	......	......	(4,451)	38	219	(12,304)	(7,238)
Increase (decrease) in allowance for uncollectibles	......	(76)	(10,538)	......	(43,015)	582,145	528,516	......
(Increase) decrease in inventories	196	(394)	......	......	......	......	(198)	......
(Increase) decrease in future contract premiums and other receivables	......	......	......	(250,118)	......	......	(250,118)	......
(Increase) decrease in other non-current assets	(2,820)	(1,028)	......	......	......	6,097	2,249	......
Increase (decrease) in accounts payable	13,209	(1,809)	(523)	(685)	(12,857)	(2,904)	(5,569)	1,008
Increase (decrease) in compensated absences	......	(23)	(69)	62	......	674	644	(1,043)
Increase (decrease) in due to other funds	69,486	......	......	12	408	(2,265)	67,641	7,742
Increase (decrease) in tuition and housing benefits payable	......	......	......	902,171	......	......	902,171	......
Increase (decrease) in other non-current liability	......	1,598	4	31	......	8,863	10,496	4,940
(Increase) decrease in deposits and prepaid items	(6)	......	11	6	......	205	216	......
Increase (decrease) in unearned revenue	3,789	......	......	......	......	6,519	10,308	2,837
Increase (decrease) in prize liability	......	2,580	......	......	......	......	2,580	......
Increase (decrease) in pension liability and deferrals	......	(339)	(25)	(2)	......	(2,378)	(2,744)	(2,298)
Net cash provided (used) by operating activities	$ 845,942	$ 1,729,578	$ 1,137,476	$ (37,202)	$ 565,752	$ 112,374	$ 4,353,920	$ 93,002
Noncash investing, capital, and financing activities								
Borrowing under capital lease or installment purchase	$ 56,892	$	$	$	$	$	$ 56,892	$ ......
Change in fair value of investments	27,989	6,655	9,142	423,074	......	3,905	470,765	7,581
Contribution of capital assets	16,243	......	......	......	......	......	16,243	......
Other noncash items	(35,617)	......	......	......	......	33	(35,584)	......

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

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FIDUCIARY FUND FINANCIAL STATEMENTS

PRIVATE-PURPOSE TRUST FUNDS
Individual fund descriptions and financial statements begin on page 231.

PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
Individual fund descriptions and financial statements begin on page 237.

INVESTMENT TRUST FUNDS
Individual fund descriptions and financial statements begin on page 243.

AGENCY FUNDS
Individual fund descriptions and financial statements begin on page 247.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016
(in thousands)

	Private-Purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Agency Funds	Totals 6/30/16
ASSETS					
Cash and cash equivalents	$ 8,607	$ 173,882	$ 46,775	$ 41,035	$ 270,299
Pooled investments with State Treasury	700,168	112,754	1,442,188	1,359,709	3,614,819
Total cash and cash equivalents	708,775	286,636	1,488,963	1,400,744	3,885,118
Investments					
Certificates of deposit	......	775,062	2,044,556	......	2,819,618
U.S. government & federally guaranteed obligations	60,420	11,184,954	......	3,808	11,249,182
Federal agencies	44,323	7,811,598	......	......	7,855,921
Commercial paper	......	3,516,125	2,741,499	......	6,257,624
Repurchase agreements	......	850,000	119,020	......	969,020
Bonds and notes	70,177	8,380,054	313,913	......	8,764,144
International bonds and notes	5,836	1,737,583	115,383	......	1,858,802
Real estate contracts	......	10,581,549	......	......	10,581,549
Mutual fund investments	......	9,163,559	......	......	9,163,559
Money market and short-term investments	87,325	1,101,092	1,285,510	......	2,473,927
Domestic equity	186,562	41,051,769	......	......	41,238,331
Alternative investments	......	22,440,286	......	......	22,440,286
International equity	50,475	31,817,433	......	......	31,867,908
International equity commingled	......	5,452,110	......	......	5,452,110
Deferred compensation annuities	......	23,007	......	......	23,007
Self-directed brokerage investments	......	369,381	......	......	369,381
Other investments	......	38,673	......	100	38,773
Total investments	505,118	156,294,235	6,619,881	3,908	163,423,142
Receivables					
Accounts receivable	6,369	55,903	......	528,590	590,862
State contributions receivable	......	211	......	......	211
Nonstate contributions receivable	......	227,833	......	......	227,833
Interest receivable	3,592	122,118	5,866	1,065	132,641
Dividends receivable	602	175,904	......	......	176,506
Pending investment sales	26,016	1,553,413	......	......	1,579,429
Foreign currency contracts receivable	52	4,651,397	......	......	4,651,449
Due from state funds	35	83,690	......	132,079	215,804
Due from other governments	13,170	......	......	2,307	15,477
Total receivables	49,836	6,870,469	5,866	664,041	7,590,212
Security lending collateral	......	1,915,672	......	......	1,915,672
Advances to other funds	930,266	......	......	......	930,266
Advances to other entities	1,120,152	......	......	......	1,120,152
Other loans and notes receivable, net	410	......	......	......	410
Capital assets	1,403	1,121	......	......	2,524
Accumulated depreciation	(1,183)	(601)	......	......	(1,784)
Other assets	1,760	7,623	46	......	9,429
Total assets	3,316,537	165,375,155	8,114,756	2,068,693	178,875,141
DEFERRED OUTFLOWS OF RESOURCES					
Pension-related items	421	82	......	......	503
Total deferred outflows of resources	421	82	......	......	503
LIABILITIES					
Accounts payable and accrued liabilities	2,853	100,484	142	595,353	698,832
Due to other funds	6,759	88,836	55	180,162	275,812
DROP	......	411,260	......	......	411,260
Pending investment purchases	58,143	3,249,805	......	......	3,307,948
Short sell obligations	......	344,045	......	......	344,045
Foreign currency contracts payable	52	4,631,230	......	......	4,631,282
Broker rebate fees	......	504	......	......	504
Due to other governments	5,300	......	48,115	539,579	592,994
Obligations under security lending agreements	32,450	1,961,010	70,825	35,811	2,100,096
Claims payable	1,856	......	......	21,687	23,543
Deposits payable	19,462	10,081	......	696,002	725,545
Compensated absences	504	948	......	......	1,452
Other liabilities	1,006	3,096	......	99	4,201
Pension liability	1,512	265	......	......	1,777
Total liabilities	129,897	10,801,564	119,137	2,068,693	13,119,291
DEFERRED INFLOWS OF RESOURCES					
Pension-related items	240	43	......	......	283
Total deferred inflows of resources	240	43	......	......	283
NET POSITION					
Restricted for pension benefits and other purposes	$ 3,186,821	$ 154,573,630	$ 7,995,619	$	$ 165,756,070

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, 2016
(in thousands)

	Private-Purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Totals 6/30/16
ADDITIONS				
Contributions and other deposits				
Pension fund employer contributions - state	$	$ 661,783	$	$ 661,783
Pension fund employer contributions - nonstate	......	2,697,848	......	2,697,848
Pension fund employee contributions	......	935,527	......	935,527
Other contributions	......	154,861	......	154,861
Purchase of time by employees	......	7,684	......	7,684
Fees	2,958	1,580	......	4,538
Grants and contributions	169,396	......	......	169,396
Flexible benefits contributions	......	426,911	......	426,911
Fines, forfeits, settlements and judgments	192	......	......	192
Unclaimed property remittances	469,824	......	......	469,824
Receivership assets acquired	110,930	......	......	110,930
Transfers in from state funds	3,386	682,934	34,559	720,879
Total contributions and other deposits	756,686	5,569,128	34,559	6,360,373
Investment income				
Interest income	21,857	1,222,838	69,147	1,313,842
Dividends	4,807	1,869,176	......	1,873,983
Other investment income (loss)	(10)	1,555,270	......	1,555,260
Net increase (decrease) in fair market value	(4,358)	(3,348,167)	365	(3,352,160)
Total investment income (loss)	22,296	1,299,117	69,512	1,390,925
Investment activity expense	(4,021)	(558,243)	(2,923)	(565,187)
Net income (loss) from investing activity	18,275	740,874	66,589	825,738
Security lending activity				
Security lending income	......	52,955	......	52,955
Security lending expense	......	(12,960)	......	(12,960)
Net income from security lending	......	39,995	......	39,995
Total net investment income (loss)	18,275	780,869	66,589	865,733
Other additions	3,804	16,349	......	20,153
Total additions	778,765	6,366,346	101,148	7,246,259
DEDUCTIONS				
Benefit payments	......	11,974,524	......	11,974,524
Insurance claims expense	60,637	59,390	......	120,027
Supplemental insurance payments	......	77,189	......	77,189
Flexible reimbursement payments	......	19,808	......	19,808
Life insurance premium payments	......	31,608	......	31,608
Remittances to annuity companies	......	175,422	......	175,422
Program contribution refunds	......	10,644	......	10,644
Interest expense	1,167	1	......	1,168
Student loan default payments	107,456	......	......	107,456
Payments to unclaimed property claimants	268,849	......	......	268,849
Distribution to State School Fund	164,973	......	......	164,973
Administrative expense	29,731	25,303	50	55,084
Property disposition gain (loss)	......	15	......	15
Transfers out to state funds	4,729	701,807	34,559	741,095
Other deductions	38,313	6	......	38,319
Total deductions	675,855	13,075,717	34,609	13,786,181
Depositor activity				
Deposits	218,599	......	15,360,031	15,578,630
Withdrawals	(169,257)	......	(14,879,005)	(15,048,262)
Excess (deficiency) of deposits over withdrawals	49,342	......	481,026	530,368
Change in net position	152,252	(6,709,371)	547,565	(6,009,554)
Net position - beginning, as restated (Note 1)	3,034,569	161,283,001	7,448,054	171,765,624
Net position - ending	$ 3,186,821	$ 154,573,630	$ 7,995,619	$ 165,756,070

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 253.

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STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2016
(in thousands)

	Florida Housing Finance Corporation	University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/16
ASSETS					
Cash and cash equivalents	$ 229,872	$ 255,831	$ 1,396,561	$ 725,832	$ 2,608,096
Pooled investments with State Treasury	619,740	1,168,751	......	1,740,349	3,528,840
Other investments	1,577,076	695,739	11,797,865	4,934,914	19,005,594
Receivables, net	197,999	588,868	199,663	1,134,905	2,121,435
Due from component units/primary	......	42,690	......	410,115	452,805
Inventories	......	34,441	......	33,529	67,970
Restricted cash and cash equivalents	......	51,362	20,950	462,505	534,817
Restricted pooled investments with State Treasury	......	97,691	......	578,557	676,248
Restricted investments	......	2,346,486	......	3,039,930	5,386,416
Other loans and notes receivable, net	2,051,199	38,396	......	60,624	2,150,219
Other assets	3,506	168,416	114,299	346,708	632,929
Capital assets, net	......	3,282,180	10,121	20,349,905	23,642,206
Total assets	4,679,392	8,770,851	13,539,459	33,817,873	60,807,575
DEFERRED OUTFLOWS OF RESOURCES					
Accum. decrease in fair value -hedging derivatives	......	72,997	......	22,330	95,327
Grants paid in advance	......	......	......	207	207
Amount deferred on refunding of debt	......	416	......	7,398	7,814
Pension-related items	......	262,783	......	706,575	969,358
Total deferred outflows of resources	......	336,196	......	736,510	1,072,706
LIABILITIES					
Accounts payable and accrued liabilities	90,310	502,162	913,156	1,060,898	2,566,526
Due to component units/primary	......	30,756	......	39,768	70,524
Long-term liabilities					
Due within one year	291,427	235,885	1,617,377	616,793	2,761,482
Due in more than one year	2,148,452	2,349,017	3,541,942	6,962,077	15,001,488
Total liabilities	2,530,189	3,117,820	6,072,475	8,679,536	20,400,020
DEFERRED INFLOWS OF RESOURCES					
Deferred service concession arrangement receipts	......	......	......	255	255
Accum. increase in fair value -hedging derivatives	......	8,822	......	......	8,822
Amount deferred on refunding of debt	......	2,936	......	195	3,131
Pension-related items	......	116,304	......	365,543	481,847
Total deferred inflows of resources	......	128,062	......	365,993	494,055
NET POSITION					
Net investment in capital assets	......	1,956,289	10,121	17,357,291	19,323,701
Restricted for					
Debt service	......	4,811	......	58,976	63,787
Other	1,977,143	900,753	......	3,114,882	5,992,778
Funds held for permanent endowment					
Expendable	......	280,607	......	337,534	618,141
Nonexpendable	......	1,273,951	......	2,512,634	3,786,585
Unrestricted	172,060	1,444,754	7,456,863	2,127,537	11,201,214
Total net position	$ 2,149,203	$ 5,861,165	$ 7,466,984	$ 25,508,854	$ 40,986,206

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, 2016
(in thousands)

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Florida Housing Finance Corporation	$ 195,169	$ 150,935	$	$ ......
University of Florida	5,047,867	3,402,823	907,363	60,670
Citizens Property Insurance Corporation	912,204	762,882	......	......
Nonmajor component units	11,535,717	3,431,465	3,312,138	617,788
Total component units	$ 17,690,957	$ 7,748,105	$ 4,219,501	$ 678,458

Functions/Programs	Florida Housing Finance Corporation	University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/16
		Net (Expense) Revenue and Changes in Net Position			
Florida Housing Finance Corporation	$ (44,234)	$	$	$	$ (44,234)
University of Florida	......	(677,011)	......	......	(677,011)
Citizens Property Insurance Corporation	......	......	(149,322)	......	(149,322)
Nonmajor component units	......	......	......	(4,174,326)	(4,174,326)
Total component units	(44,234)	(677,011)	(149,322)	(4,174,326)	(5,044,893)
General revenues					
Property taxes	......	......	......	473,370	473,370
Investment earnings (losses)	......	(11,294)	110,555	262,357	361,618
Gain (loss) on sale of capital assets	......	989	......	(30,125)	(29,136)
Payments from the State of Florida	......	689,136	......	3,384,844	4,073,980
Miscellaneous	100,479	61,768	......	496,880	659,127
Contributions to permanent funds	......	48,592	......	37,705	86,297
Total general revenues and contributions	100,479	789,191	110,555	4,625,031	5,625,256
Change in net position	56,245	112,180	(38,767)	450,705	580,363
Net position - beginning, as restated (Note 1)	2,092,958	5,748,985	7,505,751	25,058,149	40,405,843
Net position - ending	$ 2,149,203	$ 5,861,165	$ 7,466,984	$ 25,508,854	$ 40,986,206

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Blended Component Units

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

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

- CareerSource Florida, Inc.
- Corrections Foundation, Inc.
- Florida Board of Governors
- Florida Citrus Commission (Department of Citrus)
- Florida Clerks of Court Operations Corporation
- Florida Commission on Community Service (Volunteer Florida)
- Florida Engineers Management Corporation
- Florida 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 this component unit. The assets of this component unit at June 30, 2016, are approximately $1,597,982.

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, 2016. The state's component units' financial statements are reported for the most recent fiscal year for which an audit report is available. Some component units have a fiscal year other than June 30. Accordingly, amounts reported by the state as due from and to component units on the statement of net position may not agree with amounts reported by the component units as due from and to the state. Refer to Section D of this note for more information on major fund determination and presentation. The state's discretely presented component units are grouped into the following categories:

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

State Universities

Major:

- University of Florida

Non-major:

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

Florida College System Institutions

Non-major:

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

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

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

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

Non-major:

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

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

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

Non-major:

- Commission for Florida Law Enforcement Accreditation, Inc.*
- Enterprise Florida, Inc.
- Florida Agricultural Museum*
- Florida Agriculture Center and Horse Park Authority*
- Florida Agriculture in the Classroom, Inc.*
- Florida Birth-Related Neurological Injury Compensation Plan
- Florida Board of Governors Foundation, Inc.*
- Florida Comprehensive Health Association
- Florida Concrete Masonry Education Council*
- Florida Development Finance Corporation*
- 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.
- 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 $95 million and $56 million, respectively. These amounts represent one percent or less of total aggregate component unit assets and revenues.

Joint Ventures

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

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

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

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

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

Related Organizations

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

Contact

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

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

Joint ventures may be contacted directly for their financial statements.

B. Basic Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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:

<u>Major Governmental Funds</u>

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

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

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

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

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

<u>Major Business-type Funds</u>

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

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

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

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

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

Fund Types

Additionally, the state reports the following fund types:

<u>Internal Service Funds</u>

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).

<u>Fiduciary Fund Types</u>

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 accounted for unclaimed property; federally guaranteed higher education loans; contributions to a college savings plan; and various others.

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

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

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

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

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

For private market investments, where no readily ascertainable market value exists (including limited partnerships, hedge funds, 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 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, 2016, the government-wide statement of net position reported a restricted net position of $27.7 billion, of which $18.6 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, 2016 (in thousands).

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
Fund balances:							
Nonspendable:							
Inventory and Prepaid Items	$ 20,519	$ 434	$	$ 40,811	$ 7,173	$ 2,291	$ 71,228
Long-term Receivables and Advances	6,281	......	......	......	......	......	6,281
Permanent Fund Principal	......	......	......	......	......	23,420	23,420
Total	26,800	434	......	40,811	7,173	25,711	100,929
Restricted:							
Grantors/Contributors	150	48,214	227	31,655	......	29,574	109,820
Enabling Legislation	36,980	9,660	92,003	31,773	50	325,271	495,737
Constitutional Provision	......	65,665	716,346	......	......	438	782,449
Creditors	9,243	41,910	872,509	6,234	......	1,330,287	2,260,183
Federal Government	28,377	2,141,500	32,283	95,679	......	115,001	2,412,840
Total	74,750	2,306,949	1,713,368	165,341	50	1,800,571	6,061,029
Committed:	1,032,466	996,003	396,423	1,470,239	1,935,609	1,128,162	6,958,902
Unassigned:	5,694,315	......	(851,275)	......	......	......	4,843,040
Total Fund Balances	$ 6,828,331	$ 3,303,386	$ 1,258,516	$ 1,676,391	$ 1,942,832	$ 2,954,444	$ 17,963,900

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 Stablization Fund and the General Revenue Fund through the General Appropriation Act. The amounts indicated below were identified in the State's 2016 General Appropriations Act as being unappropriated June 30, 2016, cash balances that are to be transferred to and from the funds indicated during the 2016-17 fiscal year.

Transfer to (from) Fund	$ 121,970	$ (59,070)	$	$ (47,500)	$	$ (15,400)	$ ......
Transfer from Non-Governmental Funds	130,915	......	......	......	......	......	130,915
Totals	$ 252,885	$ (59,070)	$	$ (47,500)	$	$ (15,400)	$ 130,915

F. Interfund Activity and Balances

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

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

For additional information, refer to Note 11.

G. Nonmonetary Transactions

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

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

H. Operating and 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. 72, *Fair Value Measurement and Application.* This statement defines fair value and provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments, and requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The implementation of this statement required changes to the notes to the financial statements.

The state implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* This Statement extends the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. Adoption of this statement had no impact on the state's financial statements.

The state implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Adoption of this statement had no impact on the state's financial statements.

The state implemented GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.* This establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Adoption of this statement had no impact on the state's financial statements.

J. Fund Balance and Net Position Reclassifications and Restatements

Fund balances and net position at June 30, 2015 have been adjusted as follows (in thousands):

	Governmental Activities	Governmental Funds	Business-Type Activities — Proprietary Funds		
	Governmental Activities	General Fund	Reemployment Assistance	Nonmajor Enterprise Funds	Internal Service Funds
Fund Balance/Net Position, June 30, 2015, as previously reported	$ 60,524,669	$ 6,908,612	$ 2,797,525	$ 342,770	$ 587,094
Capital assets: To increase/decrease net assets for prior year over/understatements	89,492				
Liabilities: To increase/decrease liabilities for prior year over/understatements	(144,835)	81,086	(21,279)	(1,690)	(451)
Fund Balance/Net Position, June 30, 2015, as restated	$ 60,469,326	$ 6,989,698	$ 2,776,246	$ 341,080	$ 586,643

	Component Units	Fiduciary Funds	
	Nonmajor Component Units	Private-purpose Trust Fund	Pension and Other Employee Benefits Trust Funds
Fund Balance/Net Position, June 30, 2015, as previously reported	$ 25,228,697	$ 3,034,650	$ 161,282,969
Liabilities: To increase/decrease liabilities for prior year over/understatements	(52,165)	(81)	32
Implementation of New Accounting Standards: Implementation of GASB Statement No. 68 and 71; reporting pensions	(118,383)		
Fund Balance/Net Position, June 30, 2015, as restated	$ 25,058,149	$ 3,034,569	$ 161,283,001

K. Budget Stabilization Fund

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

In prior fiscal years, the Florida Legislature authorized the transfer of funds from the Budget Stabilization Fund to the General Revenue Fund. These transfers are required to be repaid in accordance with Section 215.32, F.S. The Budget Stabilization Fund had $1.35 billion in cash at June 30, 2016. The planned repayment schedule is presented below. An additional repayment was made in June 2016, resulting in full restoration.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2016, the state's deposits in financial institutions totaled approximately $1.4 billion for primary government and $3.1 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, 2016, 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, 2016

	Bank Statement Balance (in U.S. $)	
Custodial Credit Risk	Primary Government	Component Units
(1)	$ 149,331	$ 469,679
(2)	35,788	324,140
(3)	......	12,635
Total deposits subject to custodial credit risk	$ 185,119	$ 806,454

2. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. Under Section 215.47, F.S., and subject to the limitations and conditions of the State Constitution or of the trust agreement relating to a trust fund, moneys available for investments by the State Board of Administration (SBA) may be invested in fixed income obligations or stocks denominated in foreign currency. The SBA has developed total fund investment policies for the investment of assets in the Florida Retirement System (FRS) Pension Trust Fund and the Lawton Chiles Endowment Fund (LCEF) that set ranges on investments by asset class in each fund. Under the FRS Pension Trust Fund and LCEF investment policy statements approved by SBA Trustees effective January 1, 2015, 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, 2016, as illustrated in the following schedule (in thousands):

Schedule of Investments with State Board of Administration
Foreign Currency Deposits Held
As of June 30, 2016

	Bank Statement Balance (in U.S. $)			
Currency	FRS Pension Trust Fund	LCEF	Florida Prepaid Program and Investment Plan	Total
Australian dollar	$ 3,931	$	$ 9	$ 3,940
Brazilian real	1,092	13	......	1,105
British pound sterling	10,330	143	53	10,526
Canadian dollar	15,313	13	......	15,326
Chilean peso	29	......	......	29
Danish krone	692	......	......	692
Egyptian pound	38	2	......	40
Euro currency unit	15,935	......	376	16,311
Hong Kong dollar	11,892	61	51	12,004
Indian rupee	1,104	......	......	1,104
Indonesian rupiah	475	38	......	513
Israeli shekel	1,284	......	45	1,329
Japanese yen	30,057	126	564	30,747
Kenyan shilling	33	......	......	33
Malaysian ringgit	484	14	......	498
Mexican peso	715	......	......	715
New Zealand dollar	1,371	......	......	1,371
Norwegian krone	2,456	......	8	2,464
Pakistan rupee	293	......	......	293
Philippines peso	400	286	......	686
Polish zloty	84	33	......	117
Qatari riyal	178	......	......	178
Singapore dollar	2,374	......	47	2,421
South African rand	3,029	440	......	3,469
South Korean won	639	......	......	639
Swedish krona	891	......	......	891
Swiss franc	3,071	......	......	3,071
Taiwan new dollar	9,925	......	......	9,925
Thailand baht	267	9	......	276
Turkish lira	48	......	......	48
UAE dirham	65	......	......	65
Vietnam dong	592	......	......	592
Other	77	5	......	82
Total deposits subject to foreign currency risk	$ 119,164	$ 1,183	$ 1,153	$ 121,500

B. Investments

At June 30, 2016, the state's investments reported in governmental and business-type activities and fiduciary funds totaled $220.2 billion, consisting of pooled investments with the State Treasury in the amount of $24.0 billion and other investments in the amount of $196.2 billion. The State Treasury also had holdings at June 30, 2016, of $4.3 billion for discretely presented component units in total. These investments are not reported as part of the primary government and may be different from the amounts reported by some component units due to different reporting periods. Other investments for discretely presented component units totaled $23.7 billion.

Pooled Investments with the State Treasury

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

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

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

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, 2016, was $20.1 billion or 71% 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, 2016

ASSETS	
Current and Other Assets	$ 29,137,687
Total Assets	29,137,687
LIABILITIES	
Other Liabilities	2,087,507
Total Liabilities	2,087,507
NET POSITION	
Net position held for Internal Pool Participants	25,676,686
Net position held for External Pool Participants	1,373,494
	$ 27,050,180

Condensed Statement of Changes in Fiduciary Net Position
June 30, 2016

ADDITIONS	
Net income (loss) from investing activity	$ 657,559
DEDUCTIONS	
Distributions paid and payable	(657,559)
DEPOSITOR ACTIVITY	
Deposits	109,086,764
Withdrawals	(106,132,753)
Excess (deficiency) of deposits over withdrawals	2,954,011
Change in net position	2,954,011
Net position, beginning	24,096,169
Net position, ending	$ 27,050,180

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	$ 533,235	$ 533,188	0.25%-0.40%	7/1/2016-7/28/2016
Money market funds	805,392	805,392	0.215%-0.237%	N/A
Repurchase agreements	986,062	986,062	0.27%-0.44%	7/1/2016 -7/14/2016
U.S. guaranteed obligations	6,181,603	6,280,320	0.125%-11.215%	7/12/2016-12/20/2062
Federal agencies	5,790,033	5,499,577	0.11%-17.76%	7/8/2016-4/1/2056
Bonds and notes - domestic	5,875,896	5,852,685	0.002%-10.375%	7/5/2016-7/1/2114
Bonds and notes - international	826,199	850,990	0.69%-8.87%	7/14/2016-2/26/2055
Federal agencies discounted securities	2,816,083	2,812,714	0.25%-3.00%	7/7/2016-3/25/2042
U.S. guaranteed obligations discounted securities	882,460	876,327	0.22%-2.22%	7/7/2016-5/15/2037
Commingled STIF	494,971	494,971	N/A	N/A
Unemployment compensation funds	3,175,547	3,175,547	N/A	N/A
Totals	$ 28,367,481	$ 28,167,773		

* The coupon rate in effect at June 30, 2016, is reported. If a security is discounted, the purchase yield is reported. At June 30, 2016, the State Treasury had $1.8 million of zero coupon U.S. Treasury bonds and notes. These securities had a yield of 0.75%.

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

The schedule below discloses the detail of the State Treasury holdings at fair value at June 30, 2016, as well as reconciliation to the basic financial statements (in thousands):

Schedule of Pooled Investments with State Treasury
As of June 30, 2016

Investment type	Fair Value
Commercial paper	$ 533,188
Money market funds	805,392
Repurchase agreements	602,000
U.S. guaranteed obligations	7,156,647
Federal agencies	7,903,604
Bonds and notes - domestic	5,512,870
Bonds and notes - international	731,953
Commingled STIF	494,971
Unemployment compensation funds pooled with U.S. Treasury	3,175,547
Total investments excluding security lending collateral**	26,916,172
Lending collateral investments:	
Repurchase agreements	384,062
Federal agencies	408,687
Bonds and notes - domestic	339,815
Bonds and notes - international	119,037
Total lending collateral investments	1,251,601
Total investments	28,167,773
Cash on deposit	967,927
Total State Treasury holdings	29,135,700
Adjustments:	
Outstanding warrants	(491,533)
Deposits in transit	1,987
SPIA Revolving Account*	(7,370)
Unsettled securities liability	(337,047)
Reconciled balance, June 30, 2016	$ 28,301,737
Reconciliation to the basic financial statements (in thousands):	
Pooled investments with State Treasury	
Governmental activities	$ 15,402,602
Business-type activities	4,944,227
Fiduciary funds	3,614,819
Component units	3,528,840
Component units timing difference	90,758
Total pooled investments with State Treasury	27,581,246
Restricted pooled investments with State Treasury	
Business-type activities	44,243
Component units	676,248
Total restricted pooled investments with State Treasury	720,491
Total pooled investments with State Treasury	$ 28,301,737

* The SPIA Revolving Account is included as cash and cash equivalent by the agencies.
**This amount excludes the Florida Birth-Related Neurological Injury Compensation Association's (NICA) participation in Treasury's Short Term Investment Fund. NICA's portion represents less than a tenth of a percent of the total investments held at Treasury.

Other Investments

Other investments in various funds of the state are primarily managed by the SBA. The largest of these funds managed by the SBA is the FRS Pension Trust Fund (Defined Benefit Pension Fund), whose total investments represented 73.9% of total other investments at June 30, 2016. Investments in the FRS Investment Plan Trust Fund (Defined Contribution Pension Fund) represents 4.5% of total other investment, while investments in the Florida Hurricane Catastrophe Fund and the Florida Prepaid College Trust Fund represented another 8.1% and 6.5%, respectively, of total other investments. Section 215.47, F.S., allows the SBA to invest funds in a range of instruments, including security lending agreements, reverse repurchase agreements, and alternative investments (including limited partnerships and hedge funds).

The schedule below discloses other investments at fair value and their total carrying value at June 30, 2016, as well as reconciliation to the basic financial statements (in thousands):

Schedule of Other Investments
As of June 30, 2016

	Fair value			
		Other funds		
Investment type	FRS Pension Trust Fund	Managed by SBA	Not managed by SBA	Total
Certificates of deposit	$ 775,062	$ 4,935,958	$ 4,369	$ 5,715,389
Commercial paper	3,516,125	6,642,568	......	10,158,693
Money market funds	1,097	3,709,018	10,930	3,721,045
Repurchase agreements	850,000	1,065,000	......	1,915,000
U.S. guaranteed obligations	11,074,342	9,730,322	4,997	20,809,661
Federal agencies	7,725,369	7,219,632	9,224	14,954,225
Domestic bonds and notes	6,595,369	2,379,911	1,673,664	10,648,944
Domestic bonds and notes commingled funds	......	1,800,314	......	1,800,314
International bonds and notes	1,717,405	792,568	347	2,510,320
Domestic stocks	41,029,902	1,566,447	33,825	42,630,174
Domestic equity commingled funds	......	3,610,128	......	3,610,128
International stocks	31,814,912	589,335	4,478	32,408,725
International equity commingled funds	5,452,110	1,667,786	......	7,119,896
Real asset commingled funds	......	321,026	......	321,026
Alternative investments	22,440,286	......	......	22,440,286
Real estate investments (directly owned)	8,059,810	......	529	8,060,339
Real estate investments commingled funds	2,521,739	......	......	2,521,739
Self-Directed brokerage accounts	......	369,381	......	369,381
Option contracts purchased	38,673	......	2,442	41,115
Swap contracts (debt related)	(1,659)	......	......	(1,659)
Mutual funds	......	......	1,943,389	1,943,389
Deferred compensation annuities	......	......	23,007	23,007
Limited partnerships	......	......	8	8
Total investments excluding lending collateral	143,610,542	46,399,394	3,711,209	193,721,145
Lending collateral investments:				
Certificates of deposit	......	818,205	......	818,205
Commercial paper	......	130,920	......	130,920
Money market funds	1,046,370	......	......	1,046,370
Repurchase agreements	789,504	333,495	......	1,122,999
U.S. guaranteed obligations	......	10,005	......	10,005
Domestic bonds and notes	79,798	......	......	79,798
Total lending collateral investments	1,915,672	1,292,625	......	3,208,297
Total investments for all types - fair value	$ 145,526,214	$ 47,692,019	$ 3,711,209	$ 196,929,442
Total investments for all types - carrying value	$ 145,526,214	$ 47,690,987	$ 3,710,743	$ 196,927,944
% of total other investments	74%	24%	2%	

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

	Governmental activities	Business-type activities	Fiduciary funds	Component Units[1]	Total
Other investments	$ 1,125,239	$ 12,793,854	$	$ 719,985	$ 14,639,078
Restricted investments	......	675,704	......	......	675,704
Long-term investments	226,651	16,033,905	163,423,142	......	179,683,698
Security lending collateral[2]	......	......	1,915,672	......	1,915,672
Timing and other differences[3]	(84)	(24)	(39)	13,939	13,792
Total other investments	$ 1,351,806	$ 29,503,439	$ 165,338,775	$ 733,924	$ 196,927,944

[1]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.

[2]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.

[3]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, 2016.

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, 2016

Investment Type	Fair Value
U.S. guaranteed obligations	$ 12,433
Federal agencies	9,829
Domestic stocks	215,832
Total	$ 238,094

In addition, cash and foreign currency required to open futures contracts (i.e. initial margin) in the FRS Pension Trust Fund were pledged as collateral with the SBA's futures counterparty. Variation margins received from or paid to clearing counterparties may be required as frequently as daily and represent the net settlement of profit or loss (i.e. the fair value increase or decrease) on open positions in futures and swaps. The initial and variation margin amounts held by counterparties, and the variation margins held by the FRS Pension Trust Fund as of June 30, 2016, 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, 2016

	Fair Value
Margin receivable from counterparty:	
Futures initial margin	$ 13,326
Futures variation margin	36,061
Swaps initial margin	3,768
Swaps variation margin	5,160
Total margin receivable	$ 58,315
Margin payable to counterparty:	
Futures variation margin	$ 274
Swaps variation margin	4,075
Forward contract variation margin	12,280
Total margin payable	$ 16,629

The FRS Pension Trust Fund also held short positions in investments at June 30, 2016. Short investment positions are reported as liabilities on the Statement of Fiduciary Net Positions. The schedule below presents the short investment positions at fair value at June 30, 2016, (in thousands):

FRS Pension Trust Fund
Short Investment Positions
As of June 30, 2016

Investment Type	Fair Value
U.S. guaranteed obligations	$ (1,891)
Federal agencies	(306,334)
Option contracts	(35,820)
Total	$ (344,045)

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, 2016. This report may be obtained from the Chief Operating & Financial Officer, State Board of Administration of Florida, 1801 Hermitage Boulevard, Suite 101, Tallahassee, Florida 32308, (850) 488-4406.

Component Units

The schedule below discloses other investments reported at fair value and total carrying value, as of June 30, 2016, 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, 2016, are excluded.

Schedule of Other Investments
For Discretely Presented Component Units
As of June 30, 2016

Investment type	Fair value
Certificates of deposit	$ 32,099
Commercial paper	28,712
Repurchase agreements	189,251
Money market funds	304,448
U.S. guaranteed obligations	3,397,696
Federal agencies	2,276,405
Domestic bonds & notes	10,341,384
International bonds & notes	127,476
Domestic stocks	1,089,352
International stocks	546,590
Real estate investments	122,764
Mutual funds	1,947,572
Investment agreements	3,317,075
Total other investments for all types - fair value	$ 23,720,824
Total other investments for all types - carrying value	$ 23,672,025
Reconciliation of carrying value to the basic financial statements:	
Other investments	$ 19,005,594
Restricted investments	5,386,416
Less SBA Investments*	(719,985)
Total other investments for component units	$ 23,672,025

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

At June 30, 2016, 69.3% 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, 2016, were rated by the nationally recognized statistical rating organizations (NRSRO) Standard and Poor's (S&P) and Moody's, and the ratings are presented below using the applicable rating scale (in thousands):

State Treasury
Credit Quality Ratings
As of June 30, 2016

S&P rating[2]	Moody's rating[2]	Total[1]	Commercial paper	Federal agencies	Domestic bonds & notes	International bonds & notes	Repurchase agreements[3]	Money Market funds
AAAm		$ 805,392	$	$	$	$	$	$ 805,392
AAA		954,422	......	9,300	931,525	13,597	......	......
AA		9,302,476	......	7,890,612	1,112,271	182,347	117,246	......
A		2,513,708	......	......	2,067,243	446,465	......	......
A-1		422,590	333,190	89,400	......	......	......	......
BBB		1,153,602	......	......	1,039,146	114,456	......	......
BB		2,499	......	......	2,097	402	......	......
B		2,923	......	......	893	2,030	......	......
Below B		76	......	......	76	......	......	......
	Aaa	635,047	......	......	610,868	22,279	1,900	......
	Aa	52,646	......	......	52,646	......	......	......
	P-1	199,998	199,998	......	......	......	......	......
	Baa	5,416	......	......	3,578	1,838	......	......
	Ba	1,733	......	......	1,733	......	......	......
	B	156	......	......	156	......	......	......
	Caa	11	......	......	11	......	......	......
Not Rated	Not Rated	594,130	......	322,979	30,442	67,576	173,133	......
		16,646,825	$ 533,188	$ 8,312,291	$ 5,852,685	$ 850,990	$ 292,279	$ 805,392
Not rated[4]	Not rated[4]	7,156,647	U.S. guaranteed obligations					
Not rated	Not rated	494,971	Commingled STIF					
Not rated[4]	Not rated[4]	693,783	Repurchase agreements					
		$ 24,992,226	[1]					

[1] The remaining $3,175,547 (in thousands) reported for Pooled Investments with State Treasury is comprised of investments with the U.S. Treasury Unemployment Compensation Funds Pool.

[2] Long-term ratings are presented except for "AAAm," which is the top money market fund rating for S&P, "A-1," which is a short-term rating for S&P, and "P-1," which is a short-term rating for Moody's.

[3] Collateral underlying the repurchase agreements was not rated.

[4] 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, 2016, 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), Federal Farm Credit Banks (FFCB), and the Federal Home Loan Mortgage Corporation (FHLMC). These investments are approximately 8 percent, 7 percent, 8 percent, and 6 percent of the State Treasury's investments pool, respectively.

Other Investments

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

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

Short-term Portfolio – Securities must be high quality at the time of purchase. For short-term investment ratings, this is defined as the highest applicable rating from one of the three NRSROs – S&P A-1, Moody's P-1, and Fitch F1. For long-term investment ratings, this is defined as a minimum mid-single A rating from one of the three NRSROs – S&P A, Moody's A2, and Fitch A. Securities of a single issuer are generally limited to 5% of the amortized cost of the portfolio (excluding U.S. Treasuries and Agencies).

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

Intermediate Aggregate Less MBS Index Portfolio – Securities should be rated investment grade by at least one of the three NRSROs at the time of purchase. Minimum ratings include S&P BBB-, Moody's Baa3, and Fitch BBB-. Securities of a single issuer are generally limited to 5% of the market value of the portfolio (excluding U.S. Treasuries and Agencies). This portfolio primarily contains U.S. Treasuries, government agencies and corporates.

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

Lending Portfolios – Under investment policy guidelines in effect for the FRS Pension Trust Fund since October 2015, eligible cash collateral investments are:

- Tri-party qualified repurchase agreement transactions in which the subject securities thereunder will be repurchased by the seller between one and forty-five calendar days from the purchase date, and such repurchase agreements are 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. These previous investment policy guidelines contained short-term rating requirements that were similar to the current *Short-term Portfolio* rating requirements. Repurchase agreements were required to be fully collateralized.

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.

Florida Lottery – Participation in the securities lending program ended prior to June 30, 2016, but did participate for most of the fiscal year. For the Florida Lottery lending program, investments with an original maturity of 13 months or less, at the time of purchase were required to carry a program or instrument rating of, or if unrated be issued or guaranteed as to principal and interest, by an issuer for guarantor whose existing comparable short-term debt obligations had received the highest applicable rating by at least one NRSRO (S&P A-1; Moody's P-1; Fitch F1). Other investments with remaining maturities greater than 13 months but less than or equal to two years, at the time of purchase were required to carry a program or instrument rating of, or if unrated be issued or guaranteed as to principal and interest, by an issuer or guarantor whose existing comparable long-term debt obligations had a rating of either A or higher by S&P, A2 or higher by Moody's, or A or higher by Fitch, except in the case of asset-backed securities which must have had a rating of AAA by S&P, Aaa by Moody's, or AAA by Fitch. Investments with remaining maturity greater than two years, at the time of purchase were required to carry a program or instrument rating of, or if unrated be issued or guaranteed as to principal and interest, by an issuer or guarantor whose existing comparable long-term debt obligations had a rating of either AA- or higher by S&P, Aa3 or higher by Moody's, or AA- or higher by Fitch, except in the case of asset-backed securities which must have had a rating of AAA by S&P, Aaa by Moody's, or AAA by Fitch. Rating requirements did not apply to securities and instruments issued or guaranteed by the U.S. Government, its agencies or instrumentalities, repurchase agreements, and shares of money market funds.

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, 2016. The schedule below discloses credit quality ratings on investments held in the FRS Pension Trust Fund at June 30, 2016 (in thousands):

FRS Pension Trust Fund
Credit Quality Ratings
As of June 30, 2016

Credit Rating[1] S&P	Moody's	Total[2]	Certificates of deposit	Commercial paper	Money market funds	Repurchase agreements	Federal agencies	Domestic bonds and notes	International bonds and notes
A-1/AAAm		$ 4,563,592	$	$ 3,516,125	$ 1,047,467	$	$	$	$ ......
AAA		750,766	......	......	......	......	......	424,190	326,576
AA		1,064,384	200,044	......	......	31	14,999	686,057	163,253
A		2,086,976	......	......	......	......	......	1,551,810	535,166
BBB		3,376,750	......	......	......	......	......	2,875,349	501,401
BB		78,611	......	......	......	......	......	60,810	17,801
B		24,401	......	......	......	......	......	8,610	15,791
CCC		26,949	......	......	......	......	......	26,949	......
D		2,746	......	......	......	......	......	2,746	......
Not rated	Aaa	520,331	......	......	......	......	5,202	476,609	38,520
Not rated	Aa	52,619	......	......	......	......	4,403	39,151	9,065
Not rated	A	156,646	......	......	......	......	......	151,032	5,614
Not rated	Baa	57,918	......	......	......	......	......	27,625	30,293
Not rated	Ba	18,341	......	......	......	......	......	18,341	......
Not rated	Caa	7,770	......	......	......	......	......	7,770	......
Not rated	Ca	3,972	......	......	......	......	......	3,972	......
Not rated	Not rated	9,510,156	575,018	......	......	846,302	7,700,765	314,146	73,925
		22,302,928	$ 775,062	$ 3,516,125	$ 1,047,467	$ 846,333	$ 7,725,369	$ 6,675,167	$ 1,717,405

Ratings not Applicable:	
Repurchase agreements[3]	793,171
U.S. guaranteed obligations[3]	11,074,342
Domestic stocks	41,029,902
International stocks	31,814,912
International equity commingled funds	5,452,110
Alternative investments	22,440,286
Real estate investments	10,581,549
Options purchased	38,673
Swaps	(1,659)
Total investments	$ 145,526,214

[1] 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-tem rating for S&P, and "AAAm", the top money market fund rating for S&P.

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

[3] U.S. obligations and repurchase agreements that are collateralized by securities explicitely guaranteed by the U.S. government do not require disclosure of credit quality.

All futures, options and swaps contracts held by the FRS Pension Trust Fund at June 30, 2016, were exchange traded; therefore, minimizing counterparty credit risk through the use of a futures and swap clearing merchant and a clearing house.

Counterparty credit ratings for spot and forward foreign currency exchange contracts held in the FRS Pension Trust Fund at June 30, 2016, are listed below (in thousands):

FRS Pension Trust Fund
Foreign Currency Exchange Contract Counterparty Credit Ratings
As of June 30, 2016

Counterparty Credit Rating (Long Term)[1] S&P	Moody	Fitch	Receivable Fair Value	Payable Fair Value	Net Unrealized Gain (Loss)
AA/A-1	Aa/P-1	AA/F1	$ 420,705	$ (423,368)	$ (2,663)
A/A-1	Aa/P-1	AA/F1	88	(88)	......
A/A-1	Aa/P-1	AA/F1	3,575	(3,565)	10
A/A-1	Aa/P-1	A/F1	596	(598)	(2)
A/A-1	A/P-1	AA/F1	25,537	(25,524)	13
A/A-1	A/P-1	A/F1	3,993,398	(3,964,170)	29,228
A/A-1	NR/NR	NR/NR	288	(286)	2
A/A-2	A/P-1	A/F1	21,813	(22,420)	(607)
BBB/A-2	Baa/P-2	NR/NR	28,247	(28,291)	(44)
NR/NR	Aa/P-1	NR/NR	91,187	(93,626)	(2,439)
NR/NR	NR/NR	A/F1	50,296	(50,280)	16
NR/NR	NR/NR	NR/NR	6,739	(6,734)	5
		Total:	$ 4,642,469	$ (4,618,950)	$ 23,519

[1] 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, 2016, (in thousands).

All SBA Managed Funds (except FRS Pension Trust Fund)
Credit Quality Ratings
As of June 30, 2016

Credit Rating[1] S&P	Moody's	Total[2]	Certificates of deposit	Commercial paper	Money market funds	Repurchase Agreements	Federal agencies	Domestic bonds and notes	Domestic bonds and notes commingled funds	International bonds and notes
A-1/AAAm		$ 9,463,051	$	$ 6,773,488	$ 2,689,563	$	$	$	$	$ ......
AAA		138,950	......	......	......	......	......	138,432	......	518
AA		5,944,335	90,043	......	......	140,451	4,538,783	785,564	......	389,494
A		979,657	200,169	......	......	......	......	484,033	......	295,455
BBB		829,448	......	......	......	......	......	750,085	......	79,363
BB		599	......	......	......	......	......	89	......	510
Not rated	Aaa	341,795	......	......	......	2,284	200,001	138,278	......	1,232
Not rated	Aa	119,469	75,020	......	......	......	......	44,449	......	......
Not rated	A	15,295	......	......	......	......	......	15,091	......	204
Not rated	Baa	1,321	......	......	......	......	......	1,159	......	162
Not rated	Ba	95	......	......	......	......	......	95	......	......
Not rated	Not rated	11,778,939	5,388,931	......	1,019,455	1,041,125	2,480,848	22,636	1,800,314	25,630
		29,612,954	$ 5,754,163	$ 6,773,488	$ 3,709,018	$ 1,183,860	$ 7,219,632	$ 2,379,911	$ 1,800,314	$ 792,568

Ratings not applicable	
Repurchase agreements[3]	214,635
U.S. guaranteed obligations[3]	9,740,327
Domestic stocks	1,566,447
Domestic equity commingled funds	3,610,128
International stocks	589,335
International equity commingled funds	1,667,786
Real asset commingled funds	321,026
Self-directed brokerage accounts	369,381
Total investments	$ 47,692,019

[1]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.
[2]All investments are included in this schedule, including security lending collateral investments.
[3]U.S. obligations and repurchase agreements that are collateralized by securities explicitely guaranteed by the U.S. government do not require disclosure of credit quality.

The Florida Hurricane Catastrophe Fund held investments with Bank of Nova Scotia (7.70%), Federal Farm Credit Banks (16.58%), and Federal Home Loan Mortgage Corporation (8.73%) 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 (5.21%) and the Federal National Mortgage Association (5.14%) in excess of 5% of the Florida Prepaid College Program's fair value.

The Florida Prepaid Investment Plan held investments with the Federal National Mortgage Association (8.19%) 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, 2016

Component Unit	Federal agencies	Bonds & notes	Mutual funds	U.S.guaranteed obiligation	Others	Total	S&P rating
Florida Housing Finance Corporation (FHFC) *	$ 105,841	$	$	$	$	$ 105,841	AA+
FHFC (continued)	......	3,610	......	......	......	3,610	AAA-AA+
FHFC (continued)	......	30,793	......	......	......	30,793	AAA-A+
FHFC (continued)	......	7,934	......	......	......	7,934	AAA-A-
FHFC (continued)	......	86,769	......	......	......	86,769	AAA-BB-
FHFC (continued)	......	12,395	......	......	......	12,395	AAA-D
University of Florida (UF)	8,225	......	35,425	......	......	43,650	AAA
UF (continued)	......	1,001	67,136	......	......	68,137	AA
UF (continued)	......	3,969	17,038	......	......	21,007	A
UF (continued)	......	......	60,047	......	......	60,047	Less than A
Citizens Property Insurance Corporation (CPIC)	......	8,482,653	......	......	......	8,482,653	A+
CPIC (continued)	1,755,157	......	......	1,429,406	......	3,184,563	AA+
CPIC (continued)	......	......	......	......	130,649	130,649	Default
	$ 1,869,223	$ 8,629,124	$ 179,646	$ 1,429,406	$ 130,649	$ 12,238,048	

* Florida Housing Finance Corporation (FHFC) reported total investments with a fair value in the amount of $156 million subject to concentration of credit risk. These investments and amounts were issued by FannieMae ($156 million).

2. Custodial Credit Risk

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

Pooled Investments with the State Treasury

The State Treasury's custodial risk policy states that securities must be held in an account in the state's name. As required by negotiated trust and custody contracts, many of the state's investments were held in the state's name by the Treasury's custodial financial institution at June 30, 2016. 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, 2016

	Fair value
Invested security lending collateral:	
Repurchase agreements	$ 384,062
Federal agencies	408,687
Bonds and notes - domestic	339,815
Bonds and notes - international	119,037
Total	$ 1,251,601

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, 2016. 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, 2016

	FRS Pension Trust Fund	Other funds
Invested security lending collateral:		
Certificates of deposit	$	$ 818,205
Commercial paper	......	130,920
Repurchase agreements	139,504	333,495
U.S. guaranteed obligations	......	10,005
Domestic bonds and notes	79,798	......
Total	$ 219,302	$ 1,292,625

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, 2016

Component unit / Investment type	Fair value
University of Florida	
Federal agencies	$ 8,225
Bonds & notes	4,970
Total	$ 13,195

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, 2016

Investment type	Fair value	Effective weighted duration (in years)	Security Lending Market Value	Weighted average maturity (in days)
Commercial paper	$ 533,188	0.05	$	N/A
Money market funds	805,392	0.08	......	N/A
Repurchase agreements	602,000	0.03	384,062	1.00
U.S. guaranteed obligations:				
U.S. Treasury bonds and notes	5,818,540	3.62	......	N/A
U.S. Treasury strips	26,982	9.59	......	N/A
U.S. Treasury bills	849,344	0.34	......	N/A
GNMA mortgage-backed pass-through	245,815	2.37	......	N/A
GNMA TBA pass-through	54,742	2.00	......	N/A
GNMA collateralized mortgage obligations (CMO's)	18,720	0.91	......	N/A
GNMA CMO's - interest only	4,589	(19.23)	......	N/A
SBA asset-backed	137,915	2.95	......	N/A
Federal agencies:				
Discount notes	2,812,539	0.29	......	N/A
Unsecured bonds & notes	2,743,528	1.03	408,687	14.96
Mortgage-backed pass-through	1,642,415	2.37	......	N/A
TBA mortgage-backed pass-through	314,992	2.47	......	N/A
Mortgage-backed CMO's	373,100	3.08	......	N/A
Mortgage-backed CMO's - principal only	175	5.42	......	N/A
Mortgage-backed CMO's - interest only	16,855	(6.54)	......	N/A
Bonds and notes - domestic:				
Corporate	3,593,621	6.01	339,815	47.91
Corporate asset-backed	807,793	1.25	......	N/A
Non-government backed CMO's & CMBS*	746,005	3.37	......	N/A
Non-government backed CMO's & CMBS* - interest only	32,771	1.12	......	N/A
Municipal/provincial	332,680	5.66	......	N/A
Bonds and notes - international:				
Government & Agency	76,190	3.92	......	N/A
Corporate	655,763	4.64	119,037	33.93
Commingled STIF	494,971	0.08	......	N/A
Futures contracts - long***	......	5.34	......	N/A
Futures contracts - short***	......	2.18	......	N/A
Total portfolio effective duration and weighted average maturity		2.63		21.43
Total debt investments**	$ 23,740,625		$ 1,251,601	

* Commercial Mortgage-Backed Securities (CMBS).
** The remaining $3,175,547 (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 may contribute no more than 25% of the portfolio's total duration.

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

The Core Portfolios contain certain investments, such as Collateralized Mortgage Obligations (CMOs), which are more sensitive to interest rate changes than others. Examples of CMO securities that qualify as "highly interest rate sensitive" include interest-only (IOs), principal-only (POs), and inverse floaters (INVs). IO and PO securities are transactions that involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which increase the value of a PO and decrease the value of an IO. Inverse floaters (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 – Effective October 2015, new 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. These guidelines included a maximum WAM for a portfolio of 60 to 90 days, depending on the lending program. For investments that had floating interest rates, interest rate reset dates were used to calculate the WAM.

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 Standard and Poor's, 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).

The Florida Lottery ended their participation in the lending program prior to June 30, 2016. Previous investment policy guidelines in effect for most of the fiscal year for the Florida Lottery lending program required a maximum WAM for a portfolio of 90 days (for separately managed investments).

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, 2016

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	$	N/A	$ 775,062	11
Commercial paper	......	N/A	3,516,125	21
Money market funds	......	N/A	1,047,467	1
Repurchase agreements	......	N/A	1,639,504	5
U.S. guaranteed obligations:				
U.S. Treasury bills	1,815,962	0.06	......	N/A
U.S. Treasury bonds and notes	7,289,368	4.09	......	N/A
Index linked government bonds	283,611	7.10	......	N/A
U.S. government guaranteed bonds and notes	54,869	4.41	......	N/A
GNMA mortgage-backed pass-through	915,179	2.05	......	N/A
GNMA commitments to purchase (TBAs)	440,639	1.93	......	N/A
GNMA CMO's and CMBS[1]	274,714	2.56	......	N/A
Federal agencies:				
Discount notes	201,167	0.06	......	N/A
Unsecured bonds and notes	435,196	3.30	......	N/A
Agency strips	28,504	3.83	......	N/A
Mortgage-backed pass-through	4,889,281	2.35	......	N/A
TBA mortgage-backed pass-through	1,422,991	2.28	......	N/A
Mortgage-backed CMO's and CMBS[1]	748,230	2.22	......	N/A
Domestic bonds and notes:				
Corporate	4,700,890	4.67	......	N/A
Non-government asset and mortgage-backed	729,262	1.61	51,589	25
Non-government backed CMO's and CMBS[1]	1,161,151	2.53	14,040	25
Municipal/provincial	15,489	6.27	......	N/A
Real estate mortgage loans	2,746	5.83	......	N/A
International bonds and notes:				
Government and agency	700,397	3.46	......	N/A
Corporate	976,492	4.18	......	N/A
Non-government asset and mortgage-backed	40,516	0.94	......	N/A
Futures contracts - long[2]	......	2.75	......	N/A
Swap contracts[2]	(1,659)	0.19	......	N/A
Total debt investments	$ 27,124,995		$ 7,043,787	

[1] Includes investments in IO's, PO's, and INV's totaling $66 million at June 30, 2016.
[2] 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, 2016.

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

FRS Pension Trust Fund
Sold Short[1] Debt Investment Positions
As of June 30, 2016

Investment type	Fair value (duration)	Effective weighted duration (in years)
GNMA commitments to sell (TBAs)	$ (1,891)	(0.02)
FNMA, FHLMC commitments to sell (TBAs)	(306,334)	4.40
Futures contracts[2]	......	3.49
Total debt investments sold short[1]	$ (308,225)	

[1] Investments sold short are reported as liabilities on the Statement of Fiduciary Net Position.

[2] The futures 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, 2016.

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, 2016 (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, 2016

		Investment maturities (in years)						
Investment type	Total fair value	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	$ 527,029	$ 527,029	$	$	$	$	$	$ ......
U.S. Treasury bonds, notes, and SLGS*	41,778	41,046	336	396	......	......	......	......
U.S. Treasury strips	348,053	45,426	46,319	39,466	96,913	83,622	19,187	17,120
Total debt investments	$ 916,860	$ 613,501	$ 46,655	$ 39,862	$ 96,913	$ 83,622	$ 19,187	$ 17,120

* 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, 2016

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	$	N/A	$ 5,754,162	38
Commercial paper	......	N/A	6,773,488	55
Money market funds	1,019,225	0.08	2,689,793	1
Repurchase agreements	......	N/A	1,398,496	15
U.S. guaranteed obligations:				
U.S. Treasury bills	15,484	0.06	1,718,960	119
U.S. Treasury bonds and notes	586,965	2.92	460,277	652
U.S. Treasury strips	5,656,318	10.08	......	N/A
Index linked government bonds	155,345	9.52	......	N/A
U.S. government guaranteed	58,662	4.06	......	N/A
GNMA mortgage-backed pass through	98,268	2.42	......	N/A
GNMA commitments to purchase (TBAs)	73,173	2.66	......	N/A
GNMA CMO's	15	3.78	......	N/A
Federal agencies:				
Discount notes	13,749	0.05	256,769	123
Unsecured bonds and notes	141,850	8.08	5,113,438	158
Agency strips	801,147	6.74	......	N/A
Mortgage-backed (FNMA, FHLMC)	713,504	2.29	......	N/A
FNMA, FHLMC commitments to purchase (TBAs)	154,605	1.71	......	N/A
Mortgage-backed CMO's	24,570	3.14	......	N/A
Domestic bonds and notes:				
Corporate	1,332,846	7.85	752,246	31
Non-government asset and mortgage-backed	83,162	1.55	......	N/A
Non-government backed CMO's and CMBS[1]	145,454	3.09	......	N/A
Municipal/provincial	5,563	14.55	60,640	7
Domestic bonds and notes commingled funds	1,800,314	5.34	......	N/A
International bonds and notes:				
Government agency discount notes	......	N/A	24,975	34
Government and agency	8,836	7.15	324,888	84
Corporate	167,564	6.22	265,787	31
Non-government asset and mortgage-backed	518	0.02	......	N/A
Total debt investments	$ 13,057,137		$ 25,593,919	

[1] Includes investments in IO's totaling $30.5 million at June 30, 2016, 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, 2016

Component unit / Investment type	Total fair value	Investment maturities (in years): Less than or equal to 1	> 1 to 5	> 5 to 10
University of Florida				
U.S. guaranteed obligations	$ 2,456	$	$ 2,456	$ ......
Federal agencies	8,225	......	8,225	......
Bonds & notes	4,970	3,001	999	970
Mutual funds	179,645	14,163	36,291	129,191
Total debt investments	$ 195,296	$ 17,164	$ 47,971	$ 130,161

Major Component Units
Debt Investments
That Use Duration or Weighted Average Maturity Method
As of June 30, 2016

Component unit / Investment type	Fair value (duration)	Modified duration (in years)	Fair value (WAM)	Weighted Average maturity (in years)
Florida Housing Finance Corporation				
U.S. guaranteed obligations	$ 95,164	2.52	$	N/A
Federal agencies	10,677	1.04	......	N/A
Bonds & notes	141,501	1.19	......	N/A
Citizens Property Insurance Corporation				
U.S. guaranteed obligations	......	N/A	1,429,406	2.70
Federal agencies	......	N/A	1,755,157	1.83
Bonds & notes	......	N/A	8,613,302	3.24
Total debt investments	$ 247,342		$ 11,797,865	

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, 2016. These funds are managed primarily by the use of "asset classes".

The FRS Pension Trust Fund investment policy, approved on December 9, 2014 (effective January 1, 2015), 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 holds units in international equity commingled funds. The FRS Pension Trust Fund owns only a portion of the overall investment in the funds, which are also owned by other investors. Equity linked notes are participatory notes that allow the FRS Pension Trust Fund to participate in certain foreign equity markets where direct participation is not possible due to local

government regulations, tax policies, or other reasons. The FRS Pension Trust Fund's unit holdings in the overall investments or notes themselves may be valued in U.S. dollars, but a portion of the underlying assets are exposed to foreign currency risk in various currencies. Within the alternative investment asset class, the FRS Pension Trust Fund owns an interest in several alternative investment commingled funds (primarily limited partnerships) with other investors and, therefore, owns only a portion of the overall investment in the funds. The alternative investment funds denominated in Euro currency units are included in the foreign currency risk below. For the alternative investment funds denominated in U.S. dollars, some of the underlying investments may be exposed to foreign currency risk in various currencies. Alternative investments with potential exposure to foreign currency risk totaled $20.0 billion as of June 30, 2016.

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

The Florida Prepaid Program's comprehensive investment plan limits investment in foreign equities to 25% of total equities, with the target for total equities to be the lesser of 15% of the total fund, or the actuarial reserve.

In all cases, Florida law limits the total exposure to foreign securities to 50% of the total fund. There is no requirement that this exposure to foreign currency be hedged through forward currency contracts, although the managers use them in many cases.

Presented below in U.S. dollars are the FRS Pension Trust Fund, Lawton Chiles Endowment Fund, and Florida Prepaid College Fund investments exposed to foreign currency risk as of June 30, 2016, listed in total, by currency (in thousands).

FRS Pension Trust Fund, Lawton Chiles Endowment Fund (LCEF), and Florida Prepaid College Program
Investments Exposed to Foreign Currency Risk (fair values in U.S.$, in thousands)
As of June 30, 2016

	FRS Pension Trust Fund Investment Type			LCEF Investment type	Florida Prepaid Program and Investment Plan Investment type
Currency	Equity	Alternative Investments	Fixed Income	Equity	Equity
Australian dollar[1]	$ 1,077,695	$	$	$ 10,515	$ 22,329
Brazilian real	445,084	......	......	3,598	......
British pound sterling	4,473,700	13,333	......	22,516	58,195
Canadian dollar	1,392,486	......	......	13,432	......
Chilean peso	29,301	......	......	......	......
Danish krone	363,066	......	......	1,666	10,824
Egyptian pound	29,468	......	......	145	......
Euro currency unit[1]	6,427,069	584,953	......	45,919	98,496
Hong Kong dollar	1,916,243	......	......	14,773	8,151
Hungarian forint	37,775	......	......	152	......
Indian rupee	706,586	......	......	......	......
Indonesian rupiah	153,610	......	......	1,910	......
Israeli shekel	74,865	......	......	777	4,269
Japanese yen	4,519,662	......	......	35,832	68,089
Kenyan shilling	21,836	......	......	......	......
Malaysian ringgit	144,097	......	......	1,649	......
Mexican peso	215,345	......	......	1,873	......
New Zealand dollar	67,977	......	......	90	......
Nigerian naira	27,884	......	......	......	......
Norwegian krone	191,105	......	......	1,225	1,513
Omani rial	8,634	......	363	......	......
Pakistani rupee	32,780	......	......	......	......
Philippines peso	122,496	......	......	561	......
Polish zloty	72,469	......	......	786	......
Qatari riyal	39,279	......	......	......	......
Singapore dollar	416,356	......	......	1,823	4,293
South African rand	418,284	......	......	3,507	......
South Korean won	839,575	......	......	7,382	......
Sri Lankan rupee	16,411	......	......	......	......
Swedish krona	615,823	......	......	4,447	10,749
Swiss franc[1]	1,904,848	......	......	8,139	35,767
Taiwan new dollar	693,978	......	......	6,689	......
Thailand baht	193,215	......	......	2,101	......
Turkish lira	182,261	......	......	1,101	......
UAE dirham	56,338	......	......	......	......
Other	62,265	......	......	......	......
Equity linked notes (various currencies)	47,562	......	......	......	......
International equity commingled funds	5,452,110	......	......	......	......
Total investments subject to foreign currency risk	$ 33,489,538	$ 598,286	$ 363	$ 192,608	$ 322,675

[1] Equity exposure to Australian dollars, Euro currency units and Swiss francs include equity currency options with fair values at June 30, 2016, of $11,870, ($4,048,661) and $3,904,123, respectively.

In addition to the investments presented above, the FRS Pension Trust Fund holds positions in futures contracts that are subject to foreign currency risk. A futures contract is an agreement between two parties, a buyer and a seller, to exchange a particular good for a particular price at a particular date in the future, all of which are specified in a contract common to all participants in a market on an organized futures exchange. Upon entering into a futures contract, collateral is deposited with the broker, in the SBA's name, in accordance with the initial margin requirements of the broker. Futures contracts are marked to market daily by the board of trade or exchange on which they are traded. The resulting gain/loss is received/paid the following day until the contract expires. The frequency of cash flows depends upon specified collateral and margin limits mutually agreed upon by the SBA and the third-party broker. The margin payments are exposed to foreign currency risk. The FRS Pension Trust Fund's futures contract positions at June 30, 2016, 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, 2016

			In Local Currency			
	Currency	Number of Contracts[1]	Notional Traded Exposure	Notional Market Exposure	Unrealized Gain/(Loss)[2]	Unrealized Gain/(Loss) (in U.S. $)
Stock Index Futures:						
GBP FTSE 100 Index	British pound sterling	323	19,297	20,745	1,448	$ 1,935
Canada S&P/TSE 60 Index	Canadian dollar	56	9,007	9,120	113	87
ASX SPI 200	Australian dollar	11	1,422	1,423	1	1
DJ Euro STOXX 50	Euro currency unit	1,053	29,507	30,063	556	618
TOPIX Index Future	Japanese yen	193	2,547,341	2,403,815	(143,526)	(1,399)
Yen Denom NIKKEI	Japanese yen	333	2,711,453	2,620,710	(90,743)	(885)

[1] Long positions are positive and short positions are negative.

[2] Margin receipts or payments are settled periodically in the respective local currency and are subject to foreign currency risk.

The FRS Pension Trust Fund also holds positions in interest rate swap contracts that are subject to foreign currency risk. The margin payments are exposed to foreign currency risk as well. The FRS Pension Trust Fund's interest rate swap positions at June 30, 2016, that were exposed to foreign currency risk are presented below (notional amounts and fair value amounts in thousands):

FRS Pension Trust Fund

Interest Rate Swap Positions Exposed to Foreign Currency Risk

As of June 30, 2016

Currency	Notional Amount (in Local Currency)	Receive [1]	Pay [1,2]	Maturity Dates	Fair Value (in Local Currency)	Fair Value (in U.S. $)
Euro currency unit	27,000	1.0995%	EURIBOR 6 month	02/12/36	1,618	$ 1,797
Euro currency unit	1,000,000	EURIBOR 6 month	(0.155)% - (0.153)%	02/13/17	(137)	(153)
New Zealand Dollar	40,000	3.06%	3 Month NZD_BBR_FRA	03/29/26	1,412	1,006
						$ 2,650

[1] If a range of interest rates are presented, they represent the lowest to highest fixed rates received or paid. The EURIBOR (Euro Interbank Offered Rate) is the rate at which euro wholesale money market (or interbank market) term deposits within the euro zone are offered by one prime bank to another prime bank. Euro rates at 6/30/16 were negative. The 6 month EURIBOR rate at June 30, 2016, was -0.179%.

[2] The NZD_BBR_FRA is a forward rate agreement bank bill reference rate maintained by the New Zealand Financial Markets Association, a professional body for wholesale (institutional) banking in New Zealand. The bank bill interest rate is the wholesale interbank rate within Australia and is published by the Australian Financial Markets Association (AFMA). It is the borrowing rate among the country's top market makers, and is widely used as the benchmark interest rate for financial instruments. The 3-month rate is the average interest rate at which a selection of banks are prepared to lend to one another in New Zealand dollars with a maturity of 3 months. The 3-month NZD_BBR_FRA rate at June 30, 2016, was 2.41%.

The FRS Pension Trust Fund, LCEF, and the Florida Prepaid Program and Investment Plan also enter into foreign currency exchange contracts which are agreements to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. In the FRS Pension Trust Fund a currency overlay program is used to seek additional value and is run independently of the underlying equity assets. Currently, there are two types of foreign currency contracts being utilized by the FRS Pension Trust Fund. Spot currency contracts are used primarily for trade settlement and currency repatriation and are valued at spot (traded) currency rates. Forward currency contracts are valued at interpolated forward rates and are generally used to mitigate currency risk for changes in value associated with foreign holdings, payables and/or receivables. These contracts are recorded as receivables and payables on the Statement of Fiduciary Net Position. The LCEF and Florida Prepaid Plans currently utilize only spot currency contracts. All of the contracts are subject to foreign currency risk. A schedule of the FRS Pension Trust Fund's foreign currency exchange contracts outstanding at June 30, 2016, is presented on the next page, by currency (in thousands).

FRS Pension Trust Fund
Foreign Currency Exchange Contracts
As of June 30, 2016

Currency to Buy	Amount to Buy (Local Currency)	Currency to Sell	Amount to Sell (Local Currency)	Receivable Fair Value (in U.S. $)	Payable Fair Value (In U.S. $)	Net Unrealized Gain/(Loss) (In U.S. $)
Australian dollar	71,104	U.S. dollar	(52,835)	$ 52,858	$ (52,835)	$ 23
Brazilian real	141,551	U.S. dollar	(39,947)	43,929	(39,947)	3,982
British pound sterling	9,656	Canadian dollar	(16,684)	12,908	(12,847)	61
British pound sterling	14,956	Japanese yen	(2,058,796)	19,993	(20,069)	(76)
British pound sterling	57,613	U.S. dollar	(80,837)	77,052	(80,837)	(3,785)
Canadian dollar	146,937	U.S. dollar	(114,270)	113,155	(114,270)	(1,115)
Chilean peso	24,852,229	U.S. dollar	(36,538)	37,491	(36,538)	953
Chinese yuan renminbi	31,089	U.S. dollar	(4,681)	4,648	(4,681)	(33)
Columbian peso	10,700,000	U.S. dollar	(3,482)	3,623	(3,482)	141
Czech koruna	84,000	Euro currency unit	(3,107)	3,453	(3,461)	(8)
Czech koruna	274,870	U.S. dollar	(11,638)	11,278	(11,638)	(360)
Danish krone	33,456	U.S. dollar	(5,106)	5,008	(5,106)	(98)
Euro currency unit	3,208	Australian dollar	(4,778)	3,564	(3,558)	6
Euro currency unit	730	Canadian dollar	(1,050)	811	(808)	3
Euro currency unit	34,020	Japanese yen	(4,296,538)	37,796	(41,882)	(4,086)
Euro currency unit	11,000	Polish zloty	(48,465)	12,221	(12,234)	(13)
Euro currency unit	17,100	Swiss franc	(18,494)	18,998	(18,985)	13
Euro currency unit	273,635	U.S. dollar	(306,300)	304,321	(306,300)	(1,979)
Hong Kong dollar	4,959	Canadian dollar	(830)	639	(639)	....
Hong Kong dollar	6,764	U.S. dollar	(872)	872	(872)	....
Hungarian forint	980,000	Euro currency unit	(3,130)	3,449	(3,486)	(37)
Hungarian forint	15,416,701	U.S. dollar	(55,608)	54,255	(55,608)	(1,353)
Indian rupee	3,087,026	U.S. dollar	(45,436)	45,287	(45,436)	(149)
Indonesian rupiah	561,025,552	U.S. dollar	(41,695)	42,259	(41,695)	564
Israeli shekel	185,753	U.S. dollar	(48,550)	48,241	(48,550)	(309)
Japanese yen	8,934,384	Euro currency unit	(69,426)	87,091	(77,131)	9,960
Japanese yen	40,262,804	U.S. dollar	(361,197)	393,568	(361,197)	32,371
Kenyan shilling	801	U.S. dollar	(8)	8	(8)	....
Malaysian ringgit	14,300	U.S. dollar	(3,480)	3,578	(3,480)	98
Mexican peso	1,178,759	U.S. dollar	(63,795)	63,712	(63,795)	(83)
Moroccan dirham	551	U.S. dollar	(56)	56	(56)	....
New Zealand dollar	201,912	U.S. dollar	(143,187)	143,488	(143,187)	301
Nigerian naira	16,408	U.S. dollar	(58)	58	(58)	....
Norwegian krone	277,515	U.S. dollar	(34,006)	33,163	(34,006)	(843)
Pakistan rupee	7,752	U.S. dollar	(74)	74	(74)	....
Peruvian nuevo sol	11,700	U.S. dollar	(3,485)	3,533	(3,485)	48
Philippines peso	171,500	U.S. dollar	(3,689)	3,630	(3,689)	(59)
Polish zloty	45,585	Euro currency unit	(10,317)	11,501	(11,470)	31
Polish zloty	340,035	U.S. dollar	(86,955)	85,826	(86,955)	(1,129)
Romanian leu	30,400	Euro currency unit	(6,713)	7,476	(7,476)	....
Russian ruble	1,551,265	U.S. dollar	(23,048)	24,072	(23,048)	1,024
Singapore dollar	2,633	U.S. dollar	(1,951)	1,956	(1,951)	5
South African rand	832,934	U.S. dollar	(55,165)	56,719	(55,165)	1,554
South Korean won	125,404,388	U.S. dollar	(107,072)	108,638	(107,072)	1,566
Swedish krona	269,059	U.S. dollar	(31,983)	31,804	(31,983)	(179)
Swiss franc	6,393	Euro currency unit	(5,900)	6,562	(6,555)	7
Swiss franc	114,992	U.S. dollar	(118,073)	118,360	(118,073)	287
Taiwan new dollar	114,796	U.S. dollar	(3,518)	3,568	(3,518)	50
Thailand baht	27,656	U.S. dollar	(787)	787	(787)	....
Turkish lira	2,520	Euro currency unit	(788)	877	(876)	1
Turkish lira	119,885	U.S. dollar	(40,560)	41,487	(40,560)	927
U.S. dollar	241,133	Australian dollar	(328,723)	241,133	(244,560)	(3,427)
U.S. dollar	23,675	Brazilian real	(83,305)	23,675	(25,894)	(2,219)
U.S. dollar	170,751	British pound sterling	(121,010)	170,751	(161,818)	8,933
U.S. dollar	135,445	Canadian dollar	(174,300)	135,445	(134,226)	1,219
U.S. dollar	31,850	Chilean peso	(22,112,493)	31,850	(33,375)	(1,525)
U.S. dollar	15,643	Chinese yuan renminbi	(103,891)	15,643	(15,522)	121
U.S. dollar	13,829	Czech koruna	(335,170)	13,829	(13,753)	76
U.S. dollar	560,979	Euro currency unit	(500,567)	560,979	(556,529)	4,450
U.S. dollar	13,047	Hong Kong dollar	(101,211)	13,047	(13,051)	(4)
U.S. dollar	71,184	Hungarian forint	(20,078,064)	71,184	(70,659)	525
U.S. dollar	3,613	Indian rupee	(246,965)	3,613	(3,611)	2
U.S. dollar	7,695	Indonisian rupiah	(104,311,406)	7,695	(7,858)	(163)
U.S. dollar	79,884	Israeli shekel	(308,698)	79,884	(80,174)	(290)
U.S. dollar	344,263	Japanese yen	(36,959,934)	344,263	(361,062)	(16,799)
U.S. dollar	10	Malaysian ringgit	(40)	10	(10)	....
U.S. dollar	66,402	Mexican peso	(1,232,333)	66,402	(66,734)	(332)
U.S. dollar	62,532	New Zealand dollar	(88,837)	62,532	(63,189)	(657)
U.S. dollar	25,190	Norwegian krone	(212,825)	25,190	(25,431)	(241)
U.S. dollar	92,688	Polish zloty	(366,434)	92,688	(92,486)	202
U.S. dollar	9,480	Russian ruble	(625,377)	9,480	(9,732)	(252)
U.S. dollar	40,760	Singapore dollar	(55,305)	40,760	(41,063)	(303)
U.S. dollar	51,805	South African rand	(814,413)	51,805	(55,457)	(3,652)
U.S. dollar	72,449	South Korean won	(85,654,124)	72,449	(74,179)	(1,730)
U.S. dollar	54	Sri lanka rupee	(7,992)	54	(55)	(1)
U.S. dollar	104,063	Swedish krona	(858,804)	104,063	(101,545)	2,518
U.S. dollar	168,556	Swiss franc	(163,849)	168,556	(168,583)	(27)
U.S. dollar	14,676	Taiwan new dollar	(477,277)	14,676	(14,837)	(161)
U.S. dollar	128	Thailand baht	(4,499)	128	(128)	....
U.S. dollar	30,850	Turkish lira	(91,845)	30,850	(31,876)	(1,026)
UAE dirham	493	U.S. dollar	(134)	134	(134)	....
Total				$ 4,642,469	$ (4,618,950)	$ 23,519

A Schedule of the Florida Prepaid Program's and Investment Plan's foreign currency exchange contracts outstanding at June 30, 2016, is presented below, by currency (in thousands):

Florida Prepaid Program and Investment Plan

Foreign Currency Exchange Contracts

As of June 30, 2016

Fund	Currency to Buy	Amount to Buy (Local Currency)	Currency to Sell	Amount to Sell (Local Currency)	Receivable Fair Value (in U.S. $)	Payable Fair Value (in U.S. $)	Net Unrealized Gain/(Loss) (in U.S. $)
Florida Prepaid Program	U.S. dollar	285	Euro currency units	(257)	$ 285	$ (286)	$ (1)
Florida Prepaid Investment Plan	U.S. dollar	52	Euro currency units	(46)	52	(52)	......
Total					$ 337	$ (338)	$ (1)

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, 2016. 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 $1,251,556,912 cash collateral and $1,852,087,102 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 $1,219,215,670. Securities held with others under security lending agreements with non-cash collateral totaled $1,809,515,680. 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, 2016, are as follows (in thousands):

State Treasury Investments on Loan Under Security Lending Agreements
As of June 30, 2016

Securities on Loan for Cash Collateral, by Security Type		Fair Value of Securities on Loan*
U.S. guaranteed obligations	$	615,000
Federal agencies		43,323
Bonds and notes - domestic		478,551
Bonds and notes - international		82,342
Total securites on loan for cash collateral		1,219,216
Securites on Loan for Non-Cash Collateral, by Security Type		
U.S. guaranteed obligations		1,759,951
Federal agencies		41,811
Bonds and notes - domestic		4,620
Bonds and notes - international		3,134
Total securities on loan for non-cash collateral		1,809,516
Total securities on loan	$	3,028,732

* 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 Florida Lottery Trust Fund, the LCEF, and the Florida Prepaid College Program participate in security lending programs during the fiscal year ended June 30, 2016. The Florida Lottery Trust Fund ended their participation in security lending activity prior to June 30, 2016. Initial collateral requirements for securities on loan range from 100% to 105%, depending on the lending agent, the type of security lent and the type of collateral received. The SBA had received and invested $3,258,517,366 in cash and $10,190,966,482 in U.S. government securities as collateral for the lending programs as of June 30, 2016. At June 30, 2016, the collateral held for the security lending transactions exceeded the fair value of the securities underlying the agreements (including accrued interest), except with several borrowers in the LCEF where the market value of securities on loan exceeded the market value of collateral held by $62,621. All security lending programs have indemnity clauses requiring the lending agent to assume borrower's risk from default. The SBA does not have the ability to pledge or sell the non-cash collateral securities, so the non-cash portion is not reported on the balance sheet or the Statement of (Fiduciary) Net Position. Maturities of investments made with cash collateral generally are not matched to maturities of the securities loaned because security loan agreements are generally open-ended with no fixed expiration date. As such, investments made with cash collateral are primarily in short-term investments. However, investments purchased for some security lending programs included investments with final maturities of six months or more representing a range of approximately 7% to 12% 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, 2016, 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, 2016, there were three lending agents, including the two master custodians and one third-party agent.

The schedule below discloses the fair value and carrying value of investments on loan at June 30, 2016 (in thousands):

Schedule of Other Investments on Loan Under Security Lending Agreements
As of June 30, 2016

Securities on Loan for Cash Collateral, by Security type	Fair value of Securities on Loan[1]: FRS Pension Trust Fund	Fair value of Securities on Loan[1]: Other funds Managed by SBA	Total
U.S. guaranteed obligations	$ 239,976	$ 940,705	$ 1,180,681
Federal agencies	15,031	55,526	70,557
Domestic bonds and notes	58,017	68,233	126,250
International bonds and notes	52,820	7,395	60,215
Domestic stocks	618,367	153,254	771,621
International stocks	918,324	46,893	965,217
Total securities on loan for cash collateral	1,902,535	1,272,006	3,174,541
Securities on Loan for Non-Cash Collateral, by Security type			
U.S. guaranteed obligations	$ 1,063,666	$ 39,469	$ 1,103,135
Federal agencies	151,266	......	151,266
Domestic bonds and notes	666,836	497	667,333
International bonds and notes	408,131	1,190	409,321
Domestic stocks	6,805,027	10,222	6,815,249
International stocks	837,446	7,098	844,544
Total securities on loan for non-cash collateral	9,932,372	58,476	9,990,848
Total securities on loan	$ 11,834,907	$ 1,330,482	$ 13,165,389

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

6. Derivatives

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

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, 2016. The State Treasury did not utilize derivatives for hedging activities during the fiscal year ending June 30, 2016. All of the State Treasury investment derivatives were reported at fair value in the accompanying financial statements as of June 30, 2016.

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

	Changes in Fair Value: Classification	Changes in Fair Value: Amount	Fair Value at June 30, 2016: Classification	Fair Value at June 30, 2016: Amount	Notional (in U.S. $)
State Treasury					
Investment derivative instruments:					
Futures	Investment Income	$ (5,576)	Receivable/(Payable)	$ (2,782)	$ (612,100)
Options	Investment Income	3	Not Applicable*		

This schedule includes both long and short positions.
*Options contracts were expired prior to fiscal year end.

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

Other Investments

The SBA has established investment policy guidelines for each investment portfolio. Pursuant to these guidelines, derivative investment instruments are authorized to be used as tools for managing risk or executing investment strategies more efficiently than could otherwise be done in cash markets, 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 mortgage-backed security prepayment risk, and to cost effectively manage exposure to domestic and international equities and bond and real estate markets.

A futures contract is an agreement between two parties, a buyer and a seller, to exchange a particular good for a particular price at a particular date in the future, all of which are specified in a contract common to all members in a market on an organized futures exchange. Upon entering in to 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) 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, 2016, all of the SBA investment derivatives were reported at fair value (in thousands).

	Increase/(Decrease) in Fair Value: Classification	Increase/(Decrease) in Fair Value: Amount (in U.S. $)	Fair Value at June 30, 2016: Classification	Fair Value at June 30, 2016: Amount (in U.S. $)	Notional (in U.S. $)
Fiduciary funds (FRS Pension Trust Fund)					
Investment derivative instruments:					
Futures[1]	Investment Income	$ (1,964)	Receivable/(Payable)	$ 45,167	$3,668,813
Options purchased	Investment Income	(56,620)	Investment[2]	38,673	(1,400,308)
Options sold	Investment Income	17,062	Liability[2]	(35,820)	2,094,415
Forward currency contracts	Investment Income	25,031	Receivable/(Payable)[3]	23,843	23,843
Interest rate swaps	Investment Income	(4,676)	Investment	(2,163)	1,445,884
Credit default swaps	Investment Income	302	Investment	504	116,000

[1] The total unrealized gain for open futures contracts at June 30, 2016, was $45,166,949 in the FRS Pension Trust Fund. Variation margin cash payments in the net amount of $9,380,738 had already been received from the counterparty on or before June 30, 2016. Outstanding remaining net futures variation margin at June 30, 2016, totaled $35,786,211 for the FRS Pension Trust Fund, which is reported gross on the Statement of Fiduciary Net Position as "Accounts receivable" and "Accounts payable and accrued liabilities". The total notional value on long and short futures positions were $5,585,312,940 and $(1,916,500,000), respectively.

[2] Purchased options are reported as investments and short sales of options are reported as liabilities on the Statement of Fiduciary Net Position.

[3] The total receivable and payable notional and fair values (in U.S. dollars) for forward currency contracts in the FRS Pension Trust Fund were $4,031,874,674 and ($4,008,031,731) as of June 30, 2016, and are presented on the Statement of Fiduciary Net Position as "Foreign currency contracts receivable" and "Foreign currency contracts payable".

7. Commitments

Each year the FRS Pension Trust Fund enters into a number of agreements that commit the Fund, upon request, to make additional investment purchases (i.e., capital commitments) up to predetermined amounts over certain investment time periods. The unfunded capital commitments that are not reported on the FRS Pension Trust Fund Statement of Fiduciary Net Position totaled $9.8 billion as of June 30, 2016.

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, 2016, the State Treasury had the following recurring fair value measurements.

Investments and Derivative Instruments Measured at Fair Value
As of June 30, 2016

Investments by fair value level	**Total**	**Level 1**	**Level 2**	**Level 3**
Commercial paper	$ 533,188	$	$ 533,188	$ ......
U.S. guaranteed obligations	7,156,647	6,681,550	475,097	......
Federal agencies	7,903,604	......	7,903,604	......
Bonds and notes - domestic	5,512,870	......	5,512,870	......
Bonds and notes - international	731,953	6,783	725,170	......
Commingled STIF	494,971	......	......	494,971
Lending collateral investments:				
Federal agencies	408,687	......	408,687	......
Bonds and notes - domestic	339,815	......	339,815	......
Bonds and notes - international	119,037	......	119,037	......
Total investments by fair value level	$ 23,200,772	$ 6,688,333	$ 16,017,468	$ 494,971
Investment derivative instruments				
Futures contracts	$ (2,782)	$ (2,782)	$	$ ......
Total investment derivative instruments	$ (2,782)	$ (2,782)	$	$ ......

Other Investments

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

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

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

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

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

Private equity funds and real estate direct investments classified as Level 3 are valued using the methodology as described in the footnotes for the *Additional GASB 72 Required Disclosures* table, footnotes 11 and 13, respectively.

Certain investments, such as money market funds, repurchase agreements and U.S. guaranteed State and Local Government Series (SLGS) securities are not included in the tables below because they are carried at cost and not priced at fair value.

The FRS Pension Trust Fund had the following fair value measurements as of June 30, 2016 (in thousands):

FRS Pension Trust Fund
As of June 30, 2016

		Fair Value Measurements Using		
Investments by fair value level	**Total Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Debt securities				
Certificates of deposit	$ 775,062	$	$ 775,062	$ ......
Commercial paper	3,516,125	......	3,516,125	......
U.S. guaranteed obligations	11,074,342	7,289,368	3,784,974	......
Federal agencies	7,725,369	......	7,725,369	......
Domestic bonds and notes	6,595,369	......	6,579,623	15,746
International bonds and notes	1,717,405	......	1,703,208	14,197
Total debt securities	31,403,672	7,289,368	24,084,361	29,943
Equity securities				
Domestic	41,029,902	41,028,761	......	1,141
International	31,814,912	31,755,588	56,306	3,018
Total equity securities	72,844,814	72,784,349	56,306	4,159
Alternative Investments				
Private equity fund	323,000	......	......	323,000
Real Estate direct investments	8,059,810	......	......	8,059,810
Derivative Instruments				
Option contracts purchased	38,673	38,673	......	......
Swap contracts (debt)	(1,659)	......	(1,659)	......
Forward currency contracts[1]	23,843	......	23,843	......
Futures contracts[1]	45,167	45,167	......	......
Total Investment derivative instruments	106,024	83,840	22,184	......
Securities lending collateral investments				
Domestic bonds and notes	79,798	......	65,629	14,169
Total investments by fair value level	112,817,118	$ 80,157,557	$ 24,228,480	$ 8,431,081
Investments Measured at the Net Asset Value (NAV)				
International equity commingled funds	5,452,110			
Real estate commingled funds	2,521,739			
Activist equity funds	651,600			
Hedge funds	4,458,711			
Private debt/credit opportunties funds	3,089,748			
Private equity funds	10,163,107			
Private real asset funds	3,754,120			
Total investments measured at the NAV	30,091,135			
Total investments measured at fair value	$ 142,908,253			
Investments sold short (Liabilities)				
U.S. guaranteed obligations	$ (1,891)	$	$ (1,891)	$ ......
Federal agencies	(306,334)	......	(306,334)	......
Option contracts sold	(35,820)	(35,820)	......	......
Total investments sold short	$ (344,045)	$ (35,820)	$ (308,225)	$ ......

[1] Futures and forward 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.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) as of June 30, 2016, is presented in the footnotes to the table below (in thousands):

FRS Pension Trust Fund
Additional GASB 72 Required Disclosures

	Fair Value 6/30/2016	**Unfunded Commitments**	**Redemption Frequency (If Currently Eligible)**	**Redemption Notice Period**
Investments Measured at the NAV:				
Commingled international equity funds[1]	$ 5,452,110		Daily, Monthly	2 - 120 days
Commingled real estate investment funds[1]	2,521,739		Quarterly	15 - 90 days
Activist equity funds[2]	651,601		Monthly, Annually	65 - 90 days
Hedge funds				
Diversifying strategies (CTAs)[3]	1,047,435		Daily, Monthly	10 - 35 days
Equity long/short[4]	519,283		Monthly, Quarterly	30 - 125 days
Event driven[5]	378,600		Quarterly, Biennially, Annually	45 - 90 days
Global macro[6]	550,907		Monthly, Quarterly	30 - 60 days
Multi-strategy[7]	937,686		Quarterly, Biennially, Annually	30 - 90 days
Opportunistic debt[8]	562,100		Quarterly, Annually	65 - 90 days
Relative value[9]	462,699		Quarterly	45 - 90 days
Private debt/credit opportunity funds[10]	3,089,748	$ 1,331,738		
Private equity funds[11]	10,163,107	6,135,189		
Private real asset funds[12]	3,754,120	2,092,524		
Total Investments Measured at the NAV	$ 30,091,135	$ 9,559,451		
Investments Measured at Level 3:				
Private equity funds[11]	$ 323,000			
Real estate direct investments[13]	8,059,810	$ 206,258		

[1]*Commingled International Equity Funds and Real Estate Investment Funds.* Seven international equity funds and nine real estate investment funds are considered to be commingled in nature. Each are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments.
[2]*Activist Equity Funds.* The three funds that make up this group invest in public companies with the intent to effect positive change through influencing management. The funds may be structured with a focus on specific domestic or foreign geographic regions. These investments are valued at the NAV per share. One fund (approximately 43% of this strategy) is currently eligible for redemption monthly. Another fund (approximately 32% of this strategy) is eligible for redemption in six months due to annual lock-up restrictions. The remaining fund (approximately 25% of this strategy) may be redeemed annually with the next redemption in nine months.
[3]*Diversifying Strategies (CTAs) Hedge Funds.* The four 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.
[4]*Equity Long/Short Hedge Funds.* Consisting of four funds, this strategy invests both long and short, primarily in U.S. and global stocks that are mispriced by the markets. These managers vary in their use of short selling, leverage and definitions of growth or value. These funds are valued at the NAV per share. One fund (approximately 16% of the value of this strategy) is currently eligible for redemption monthly, while the remaining three funds (approximately 84% of this strategy) are redeemable in three months or less due to quarterly redemption restrictions.
[5]*Event Driven Hedge Funds.* The four funds in this strategy seek to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event. These investments are valued at the NAV per share. All funds in this strategy are no longer under contractual lockup, but due to exit restrictions, the redemption periods range from three to eighteen months.
[6]*Global Macro Hedge Funds.* Consisting of four 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. One of these funds (approximately 27% of this strategy) is redeemable in six months due to lock-up restrictions. The remaining three funds (approximately 73% of this strategy) are redeemable in three months or less, as they are not subject to lock-up restrictions.
[7]*Multi-Strategy Hedge Funds.* The five funds in this group aim to diversify risks and reduce volatility by combining other strategies. These strategies are usually a mix of Equity Long/Short, Event-Driven, or Opportunistic Debt and Relative Value. These funds are valued at the NAV per share. Two funds (approximately 44% of this strategy) are eligible for redemption in six months or less due to annual redemption restrictions. Another fund (approximately 26% of this strategy)

is eligible for redemption biennially with the next redemption date in six months. The remaining two funds (approximately 29% of this strategy) are eligible for redemption in three months and quarterly thereafter.
[8]*Opportunistic Debt Hedge Funds.* Consisting of three funds that pursue various strategies and asset classes, with an emphasis on mispriced debt or equity of companies in distress. These managers vary in their focus on early versus late stage situations, senior versus subordinated levels on the capital structure and non-traditional areas including high yield bonds and Emerging Markets debt, and may also pursue relative value and arbitrage strategies with various debt instruments. These funds are valued at the NAV per share. One fund (approximately 38% of this strategy) is subject to one year recurring hard lock-ups for each contribution and can be redeemed between three and six months. Another fund (approximately 18% of this strategy) is eligible for redemption in six months and annually thereafter. The remaining fund (approximately 44% of this strategy) is currently eligible for redemption in three months due to quarterly redemption restrictions.
[9]*Relative Value Hedge Funds.* Consisting of three funds, this strategy focuses on benefiting from valuation discrepancies that may be present in related financial instruments by simultaneously purchasing (long) or selling (short) these instruments. These investments are valued at the NAV per share. Due to contractual lock-up restrictions, one fund (approximately 33% of this strategy) is eligible for redemption in fourteen months. Two funds (approximately 67% of this strategy) are eligible for redemption in three months and quarterly thereafter.
[10]*Private Debt/Credit Opportunity Funds.* There are 47 private debt/credit funds investing primarily in Distressed, Mezzanine and Senior Loans with some exposure to Special Situations. The fair value of these funds has been determined using the NAV at June 30, 2016 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.
[11]*Private Equity funds.* There are 179 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 177 funds has been determined using the NAV at June 30, 2016, 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, 2016, 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.
[12]*Private Real Asset Funds.* There are 50 real asset funds. Forty-one of these funds 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 nine funds invest in infrastructure, timberland and commodities. The fair value of these funds has been determined using the NAV at June 30, 2016, 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 fund are liquidated, which on average can occur over the span of five to ten years.
[13]*Direct Real Estate Investments.* There are 69 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, 2016, (in thousands):

All SBA Managed Funds (except FRS Pension Trust Fund)
As of June 30, 2016

Investments by fair value level	Total Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
Certificates of deposit	$ 4,935,958	$	$ 4,685,958	$ 250,000
Commercial paper	6,642,568	......	6,407,569	234,999
U.S. guaranteed obligations	9,729,421	792,264	8,937,157	......
Federal agencies	7,219,632	......	7,219,632	......
Domestic bonds and notes	2,379,911	......	2,379,911	......
International bonds and notes	792,568	......	767,593	24,975
Total debt securities	31,700,058	792,264	30,397,820	509,974
Equity securities				
Domestic	1,566,447	1,566,447	......	......
International	589,335	589,334	......	1
Total equity securities	2,155,782	2,155,781	......	1
Other investments				
Domestic equity mutual funds	708,487	708,487	......	......
International equity mutual funds	380,383	380,383	......	......
Self-directed brokerage account	369,381	......	369,381	......
Total other investments	1,458,251	1,088,870	369,381	......
Securities lending collateral investments				
Certificates of deposit	818,205	......	818,205	......
Commercial paper	130,920	......	130,920	......
U.S. guaranteed obligations	10,005	......	10,005	......
Total securities lending collateral investments	959,130	......	959,130	......
Total investments by fair value level	36,273,221	$ 4,036,915	$ 31,726,331	$ 509,975

Investments Measured at the Net Asset Value (NAV)		Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Domestic bonds and notes commingled funds[1]	1,800,314	Daily	1 Day
Domestic equity commingled funds[2]	2,901,641	Daily, Monthly	1 - 2 Days
International equity commingled funds[2]	1,287,403	Daily	1 Day
Real asset commingled fund[3]	321,026	Daily	1 Day
Total investments measured at the NAV	6,310,384		
Total investments measured at fair value	$ 42,583,605		

[1] *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. Each 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.

[2] *Commingled Domestic Equity Funds and Commingled International Equity Fund:* Seven domestic equity funds and one international equity fund are considered to be commingled in nature. Each 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.

[3] *Commingled Real Asset Fund:* This fund consists of various investments such as commodities, floating rate loans, energy industry Master Limited Partnerships, global infrastructure and agriculture. The fund is valued at the NAV of units held at 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 and various investment agreements, are not included in the table, because they are carried at cost and not priced at fair value. Additionally, the State reports Florida Housing Finance Corporation (FHFC) as of FHFC's fiscal year end December 31, which is prior to the implementation date of GASB 72; therefore, FHFC is not included in the table.

The schedule below discloses the fair value measurements for major component units at June 30, 2016, (in thousands):

Major Component Units
As of June 30, 2016

Investments by fair value level	Total Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Citizens Property Insurance Corporation (CPIC)				
Debt securities				
U.S. guaranteed obligations	$ 1,429,406	$ 1,400,354	$ 29,052	$ ......
Federal agencies	1,755,157	51,743	1,703,414	......
Domestic bonds and notes	8,545,458	......	8,545,458	......
International bonds and notes	67,844	......	67,844	......
Total CPIC investments by fair value level	$ 11,797,865	$ 1,452,097	$ 10,345,768	$ ......
University of Florida (UF)				
Debt securities				
U.S. guaranteed obligations	$ 2,994	$ 2,456	$ 538	$ ......
Federal agencies	8,225	......	8,225	......
Domestic bonds and notes	5,070	......	5,070	......
International bonds and notes	100	......	100	......
Total debt securities	16,389	2,456	13,933	......
Equity securities				
Domestic	422	399	23	......
International	69	69	......	......
Total equity securities	491	468	23	......
Mutual funds	317,733	186,847	130,886	......
Other investments	54,178	9,976	41,434	2,768
Total UF investments by fair value level	388,791	$ 199,747	$ 186,276	$ 2,768

Investments Measured at the Net Asset Value (NAV)		Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
University of Florida				
International equity commingled funds[1]	23		Illiquid	N/A
Short-term investments[2]	11,677		Daily	1 Day
Hedge funds - Multi-strategy[3]	10,857		Annually	90 Days
Private equity funds[4]	2,578,604	$ 223,977	Monthly	30 - 45 days
Total investments measured at the NAV	2,601,161			
Total investments measured at fair value	$ 2,989,952			

[1] *International equity commingled funds*: International equity fund considered to be commingled in nature and includes equity interests, which at year-end, are subject to a six-month lockup period, ending in January 2017. The fair value of investments in this type have been determined using NAV per share (or its equivalent) of the investments. There were no unfunded commitments related to this investment type.

[2] *Short-term investments*: This category includes investments in money market funds and other short-term instruments designed to preserve capital, liquidity and current income. The fair value of investments in this type have been determined using NAV per share (or its equivalent) of the investments. There were no unfunded commitments related to this investment type.

[3] *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. The fair value of investments in this type have been determined using NAV per share (or its equivalent) of the investments. There were no unfunded commitments related to this investment type.

[4] *Private Equity Funds*: This category includes investments in several limited partnership funds that invest in equity securities and debt of private companies. The fair value of investments in this type have been determined using NAV per share (or its equivalent) of the investments.

NOTE 3 - RECEIVABLES AND PAYABLES

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

GOVERNMENTAL ACTIVITIES

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Accounts receivable	$ 109,569	$ 6,609	$ 536	$ 904,929	$ 5,180
Contracts & grants receivable	1	798	......	......	247
Due from Federal government	2,010	22,389	4,738	407,040	39,545
Due from other governmental units	1	1,758	......	1,416	127,580
Interest & dividends receivable	20,931	2,440	1,830	195	5,847
Loans & notes receivable	69,210	128,821	168	......	21
Fees receivable	116,374	20	18	......	......
Taxes receivable	3,036,277	21,578	52,278	......	240,086
Allowance for uncollectibles	(1,659,921)	(3,336)	(348)	(21,798)	(13,272)
Receivables, net	**$ 1,694,452**	**$ 181,077**	**$ 59,220**	**$ 1,291,782**	**$ 405,234**
Loans & notes receivable from other governments	$ 14,998	$ 1,218,025	$	$	$ 853,294
Long-term interest receivable	......	......	......	......	390
Other loans & notes receivable	7,811	......	2,738	317,267	57,024
Allowance for uncollectibles	(228)	......	(1,005)	(293,643)	(7,977)
Other loans & notes receivable, net	**$ 22,581**	**$ 1,218,025**	**$ 1,733**	**$ 23,624**	**$ 902,731**

(Continued below)

	Nonmajor Governmental Funds	**Total Governmental Funds**	Internal Service Funds	Government-wide Reconciling Balances	**Total Governmental Activities**
Accounts receivable	$ 225,387	**$ 1,252,210**	$ 18,772	$ 602,502	**$ 1,873,484**
Contracts & grants receivable	46,772	**47,818**	......	......	**47,818**
Due from Federal government	47,555	**523,277**	......	......	**523,277**
Due from other governmental units	21,521	**152,276**	4,410	......	**156,686**
Interest & dividends receivable	1,934	**33,177**	954	......	**34,131**
Loans & notes receivable	124,401	**322,621**	......	......	**322,621**
Fees receivable	101	**116,513**	......	......	**116,513**
Taxes receivable	16,211	**3,366,430**	......	......	**3,366,430**
Allowance for uncollectibles	(145,680)	**(1,844,355)**	(13)	......	**(1,844,368)**
Receivables, net	**$ 338,202**	**$ 3,969,967**	**$ 24,123**	**$ 602,502**	**$ 4,596,592**
Loans & notes receivable from other governments	$ 815,449	**$ 2,901,766**	$	$	**$ 2,901,766**
Long-term interest receivable	......	**390**	......	......	**390**
Other loans & notes receivable	130,902	**515,742**	......	......	**515,742**
Allowance for uncollectibles	(26,493)	**(329,346)**	......	......	**(329,346)**
Other loans & notes receivable, net	**$ 919,858**	**$ 3,088,552**	**$ ......**	**$ ......**	**$ 3,088,552**

BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance
Accounts receivable	$ 26,465	$ 34,722	$ 175,335	$ 38,040	$ 239,267
Due from Federal government	......	......	......	......	236
Due from other governmental units	120	......	......	......	1,096
Interest & dividends receivable	3,023	423	6,759	23,709	50,161
Loans & notes receivable	......	......	......	227,763	......
Fees receivable	932	......	......	......	1,084
Taxes receivable	......	......	......	......	236,736
Allowance for uncollectibles	......	(2,798)	(1)	......	(328,923)
Receivables, net	**$ 30,540**	**$ 32,347**	**$ 182,093**	**$ 289,512**	**$ 199,657**
Loans & notes receivable	$ 66,437	$	$	$ 1,867,653	$ ......
Allowance for uncollectibles	......	......	......	......	......
Future contract premiums and other receivables	......	......	......	......	......
Other loans & notes receivable, net	**$ 66,437**	**$ ......**	**$ ......**	**$ 1,867,653**	**$ ......**

(Continued below)

	Nonmajor Enterprise Funds	**Total Enterprise Funds**	Government-wide Reconciling Balances	**Total Business-type Activities**
Accounts receivable	$ 630,054	**$ 1,143,883**	$ 102,864	**$ 1,246,747**
Due from Federal government	......	**236**	......	**236**
Due from other governmental units	2,720	**3,936**	......	**3,936**
Interest & dividends receivable	488	**84,563**	......	**84,563**
Loans & notes receivable	2,552	**230,315**	......	**230,315**
Fees receivable	174	**2,190**	......	**2,190**
Taxes receivable	......	**236,736**	......	**236,736**
Allowance for uncollectibles	(626,492)	**(958,214)**	......	**(958,214)**
Receivables, net	**$ 9,496**	**$ 743,645**	**$ 102,864**	**$ 846,509**
Loans & notes receivable	$ 5,695	**$ 1,939,785**	$	**$ 1,939,785**
Allowance for uncollectibles	(1,437)	**(1,437)**	......	**(1,437)**
Future contract premiums and other receivables	13	**13**	......	**13**
Other loans & notes receivable, net	**$ 4,271**	**$ 1,938,361**	**$ ......**	**$ 1,938,361**

COMPONENT UNITS

Accounts receivable	$ 1,794,221
Contracts & grants receivable	192,144
Due from Federal government	18,365
Due from other governmental units	235,247
Interest & dividends receivable	107,564
Loans & notes receivable	211,811
Allowance for uncollectibles	(437,917)
Receivables, net	**$ 2,121,435**
Other loans & notes receivable	$ 2,424,818
Allowance for uncollectibles	(274,599)
Other loans & notes receivable, net	**$ 2,150,219**

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

GOVERNMENTAL ACTIVITIES

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Accounts payable	$ 346,586	$ 44,859	$ 8,536	$ 173,835	$ 300,083
Accrued salaries & wages	84,745	1,274	18	43,298	17,033
Claims payable	......	......	......	......	......
Construction contracts	......	......	......	......	359,394
Deposits payable	179	455	......	10	11,842
Due to Federal government	1	......	......	159,800	......
Due to other governmental units	73,021	8,822	17	5,033	8,340
Other payables	......	......	......	......	......
Accounts payable and accrued liabilities	**$ 504,532**	**$ 55,410**	**$ 8,571**	**$ 381,976**	**$ 696,692**

(Continued below)

	Nonmajor Governmental Funds	**Total Governmental Funds**	Internal Service Funds	Government-wide Reconciling Balances	**Total Governmental Activities**
Accounts payable	$ 122,938	**$ 996,837**	$ 30,770	$ 182,970	**$ 1,210,577**
Accrued salaries & wages	14,331	**160,699**	2,849	......	**163,548**
Claims payable	......	**......**	141,077	......	**141,077**
Construction contracts	120	**359,514**	......	......	**359,514**
Deposits payable	136	**12,622**	......	......	**12,622**
Due to Federal government	1,605	**161,406**	......	......	**161,406**
Due to other governmental units	47,183	**142,416**	......	......	**142,416**
Other payables	......	**......**	15,139	......	**15,139**
Accounts payable and accrued liabilities	**$ 186,313**	**$ 1,833,494**	**$ 189,835**	**$ 182,970**	**$ 2,206,299**

BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance
Accounts payable	$ 13,493	$ 6,034	$ 81,090	$ 259,574	$ 19,884
Accrued interest payable	......	......	32,604	......	......
Accrued salaries & wages	......	......	......	......	......
Construction contracts	35,739	......	......	......	......
Deposits payable	225	2,444	......	......	......
Due to Federal government	......	......	......	......	21,279
Accounts payable and accrued liabilities	**$ 49,457**	**$ 8,478**	**$ 113,694**	**$ 259,574**	**$ 41,163**

(Continued below)

	Nonmajor Enterprise Funds	**Total Enterprise Funds**	Government-wide Reconciling Balances	**Total Business-type Activities**
Accounts payable	$ 13,958	**$ 394,033**	$ 41	**$ 394,074**
Accrued interest payable	......	**32,604**	......	**32,604**
Accrued salaries & wages	3,709	**3,709**	......	**3,709**
Construction contracts	......	**35,739**	......	**35,739**
Deposits payable	128	**2,797**	......	**2,797**
Due to Federal government	......	**21,279**		**21,279**
Accounts payable and accrued liabilities	**$ 17,795**	**$ 490,161**	**$ 41**	**$ 490,202**

COMPONENT UNITS

Accounts payable	$ 855,625
Accrued interest payable	42,830
Accrued salaries & wages	320,937
Claims payable	916,498
Construction contracts	53,970
Deposits payable	354,909
Due to other governmental units	7,442
Vouchers payable	14,315
Accounts payable and accrued liabilities	**$ 2,566,526**

NOTE 4 – TAXES

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

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
Sales and use tax	$ 24,287,673	$	$	$	$	$	$ 24,287,673
Fuel taxes:							
Motor fuel tax	......	......	......	......	2,611,492	......	2,611,492
Pollutant tax	......	251,307	......	......	......	......	251,307
Aviation fuel tax	......	......	......	......	36,963	......	36,963
Solid minerals severance tax	......	33,214	......	......	......	......	33,214
Oil and gas production tax	1,604	......	......	......	......	......	1,604
Total fuel taxes	1,604	284,521	......	......	2,648,455	......	2,934,580
Corporate income tax	2,181,244	......	......	......	......	......	2,181,244
Documentary stamp tax	2,284,854	......	......	......	......	......	2,284,854
Intangible personal property tax	341,418	......	......	......	......	......	341,418
Communications service tax	648,528	......	382,273	......	......	......	1,030,801
Estate tax	155	......	......	......	......	......	155
Gross receipts utilities tax	......	7,188	770,216	......	......	......	777,404
Beverage and tobacco taxes:							
Alcoholic beverage tax	352,898	......	......	......	......	13,273	366,171
Cigarette tax	1,190,541	......	......	......	......	......	1,190,541
Smokeless tobacco tax	32,498	......	......	......	......	......	32,498
Total beverage and tobacco taxes	1,575,937	......	......	......	......	13,273	1,589,210
Other taxes:							
Insurance premium tax	911,059	......	......	......	......	29,688	940,747
Hospital public assistance tax	......	......	......	1,049,357	......	......	1,049,357
Citrus excise tax	......	......	......	......	......	23,170	23,170
Pari-mutuel wagering tax	6,921	......	......	......	......	202,942	209,863
Total other taxes	917,980	......	......	1,049,357	......	255,800	2,223,137
Total	$ 32,239,393	$ 291,709	$ 1,152,489	$ 1,049,357	$ 2,648,455	$ 269,073	$ 37,650,476

	Sales and Use Tax
Governmental fund statements	$ 24,287,673
Government-wide accruals	(31,845)
Government-wide statements	$ 24,255,828

NOTE 5 - CAPITAL ASSETS

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

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

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

The state has elected to use the modified approach for accounting for its 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, 2016, is as follows (in thousands):

General Government	$ 87,326
Education	11,169
Human Services	26,688
Criminal Justice & Correction	90,859
Natural Resources & Environment	50,667
Transportation	38,174
State Courts	10,060
Total depreciation expense (governmental activities)	**$ 314,943**

Primary government capital asset activities for the fiscal year ended June 30, 2016, are as follows (in thousands):

GOVERNMENTAL ACTIVITIES

	Balance July 1, 2015	Restatement	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated:					
Land and other nondepreciable assets	$ 18,309,896	$	$ 384,253	$ 49,500	$ 18,644,649
Infrastructure and infrastructure improvements - nondepreciable	42,756,854	......	4,206,069	......	46,962,923
Construction work in progress	4,909,108	42,894	328,750	2,646,472	2,634,280
Total capital assets, not being depreciated	**65,975,858**	**42,894**	**4,919,072**	**2,695,972**	**68,241,852**
Capital assets, being depreciated:					
Buildings and building improvements	5,431,830	63,667	156,701	157,325	5,494,873
Infrastructure and infrastructure improvements	757,476	......	18,042	3,159	772,359
Leasehold improvements	1,120	......	1,073	12	2,181
Property under capital lease	174,082	......	2,628	1,678	175,032
Furniture and equipment	1,749,176	......	251,870	216,297	1,784,749
Works of art and historical treasures	1,931	......	......	2	1,929
Library resources	25,894	......	156	61	25,989
Other	73,079	......	3,851	3,210	73,720
Total capital assets, being depreciated	**8,214,588**	**63,667**	**434,321**	**381,744**	**8,330,832**
Less accumulated depreciation for:					
Buildings and building improvements	2,646,028	17,069	143,950	67,771	2,739,276
Infrastructure and infrastructure improvements	426,222	......	29,180	2,081	453,321
Leasehold improvements	701	......	123	5	819
Property under capital lease	80,522	......	9,201	4,187	85,536
Furniture and equipment	1,341,448	......	127,542	119,737	1,349,253
Works of art and historical treasures	991	......	64	1	1,054
Library resources	14,886	......	1,455	521	15,820
Other	55,302	......	3,428	3,201	55,529
Total accumulated depreciation	**4,566,100**	**17,069**	**314,943**	**197,504**	**4,700,608**
Total capital assets, being depreciated, net	**3,648,488**	**46,598**	**119,378**	**184,240**	**3,630,224**
Governmental activities capital assets, net	**$ 69,624,346**	**$ 89,492**	**$ 5,038,450**	**$ 2,880,212**	**$ 71,872,076**

BUSINESS-TYPE ACTIVITIES

	Balance July 1, 2015	Restatement	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated:					
Land and other nondepreciable assets	$ 1,078,785	$	$ 584,026	$ 531,140	$ 1,131,671
Infrastructure and infrastructure improvements - nondepreciable	8,091,995	......	13,862,729	13,367,359	8,587,365
Construction work in progress	1,161,795	......	5,730,339	5,953,714	938,420
Total capital assets, not being depreciated	**10,332,575**	**......**	**20,177,094**	**19,852,213**	**10,657,456**
Capital assets, being depreciated:					
Buildings and building improvements	472,525	......	39,216	29,971	481,770
Infrastructure and infrastructure improvements	2,475	......	......	......	2,475
Leasehold improvements	82	......	2	......	84
Furniture and equipment	252,126	......	132,530	35,037	349,619
Library resources	7	......	1	......	8
Other	142,269	......	2,803	173	144,899
Total capital assets, being depreciated	**869,484**	**......**	**174,552**	**65,181**	**978,855**
Less accumulated depreciation for:					
Buildings and building improvements	146,148	......	17,785	6,841	157,092
Infrastructure and infrastructure improvements	474	......	202	......	676
Leasehold improvements	12	......	......	......	12
Furniture and equipment	129,587	......	35,993	16,813	148,767
Library resources	3	......	1	......	4
Other	52,466	......	9,719	139	62,046
Total accumulated depreciation	**328,690**	**......**	**63,700**	**23,793**	**368,597**
Total capital assets, being depreciated, net	**540,794**	**......**	**110,852**	**41,388**	**610,258**
Business-type activities capital assets, net	**$ 10,873,369**	**$ ......**	**$ 20,287,946**	**$ 19,893,601**	**$ 11,267,714**

Component units' capital asset activities for the fiscal year ended June 30, 2016, are as follows (in thousands):

COMPONENT UNITS

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital assets, not being depreciated:				
Land and other non-depreciable assets	$ 6,561,520	$ 109,985	$ 31,142	$ 6,640,363
Construction work in progress	1,194,900	932,900	603,759	1,524,041
Total capital assets, not being depreciated	**7,756,420**	**1,042,885**	**634,901**	**8,164,404**
Capital assets, being depreciated:				
Buildings and building improvements	18,150,497	799,968	223,200	18,727,265
Infrastructure and infrastructure improvements	2,880,873	105,581	4,068	2,982,386
Leasehold improvements	373,296	32,270	6,569	398,997
Property under capital lease	145,440	6,901	15,168	137,173
Furniture and equipment	3,459,998	245,104	141,884	3,563,218
Works of art and historical treasures	4,280	......	495	3,785
Library resources	921,973	37,128	9,345	949,756
Other	365,271	62,200	7,336	420,135
Total capital assets, being depreciated	**26,301,628**	**1,289,152**	**408,065**	**27,182,715**
Less accumulated depreciation for:				
Buildings and building improvements	6,262,570	489,045	57,324	6,694,291
Infrastructure and infrastructure improvements	1,077,882	88,207	2,459	1,163,630
Leasehold improvements	133,194	19,168	5,062	147,300
Property under capital lease	66,042	8,010	15,368	58,684
Furniture and equipment	2,439,611	245,981	120,151	2,565,441
Works of art and historical treasures	1,794	195	317	1,672
Library resources	746,299	40,867	9,351	777,815
Other	270,340	31,989	6,249	296,080
Total accumulated depreciation	**10,997,732**	**923,462**	**216,281**	**11,704,913**
Total capital assets, being depreciated, net	**15,303,896**	**365,690**	**191,784**	**15,477,802**
Component units capital assets, net	**$ 23,060,316**	**$ 1,408,575**	**$ 826,685**	**$ 23,642,206**

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, 2016, 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), Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at 877-377-1737 or 850-488-5706; by email at rep@dms.myflorida.com; or at the Division's website (**www.frs.myflorida.com**).

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 a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution plan is the FRS Investment Plan, which is administered by the State Board of Administration. Effective July 1, 2007, the Institute of Food and Agricultural Sciences (IFAS) Supplemental Retirement Program, established under Section 121.40, F.S., was consolidated under the Florida Retirement System 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, 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 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 Section 121.053 or Section 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. Retirees initially reemployed in regularly established positions on or after July 1, 2010, may not participate in the FRS. Members hired into certain positions may be eligible to withdraw from the FRS altogether or elect to participate in the non-integrated optional retirement programs in lieu of the FRS except faculty of a medical college in a state university who must participate in the State University System Optional Retirement Program.

There are five general classes of membership, as follows:

- *Regular Class* - Members of the FRS who do not qualify for membership in the other classes.

- *Senior Management Service Class (SMSC)* - Members in senior management level positions in state and local governments as well as assistant state attorneys, assistant statewide prosecutors, assistant public defenders, assistant attorneys general, deputy court administrators, and assistant capital collateral representatives. Members of the Elected Officers' Class may elect to withdraw from the FRS or participate in the SMSC in lieu of the Elected Officers' Class.

- *Special Risk Class* - Members who are employed as law enforcement officers, firefighters, firefighter trainers, fire prevention officers, state fixed-wing pilots for aerial firefighting surveillance, correctional officers, emergency medical technicians, paramedics, community-based correctional probation officers, youth custody officers (from July 1, 2001 through June 30, 2014), certain health-care related positions within state forensic or correctional facilities, or specified forensic employees of a medical examiner's office or a law enforcement agency, and meet the criteria to qualify for this class.

- *Special Risk Administrative Support Class* - Former Special Risk Class members who are transferred or reassigned to nonspecial risk law enforcement, firefighting, emergency medical care, or correctional administrative support positions within an FRS special risk-employing agency.

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

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 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, 2016, the FRS Trust Fund held in trust $2,322,967,354 in accumulated benefits and interest for 34,160 DROP participants. Of these 34,160 DROP participants, 29,602 were active in the DROP with balances totaling $1,871,732,532. The remaining 4,558 participants were no longer active in the DROP and had balances totaling $451,234,822 to be processed after June 30, 2016, pending a qualifying event. Of the total accumulated DROP benefits, $411,260,011 was due and payable as of June 30, 2016.

Administration

The Department of Management Services, Division of Retirement administers the FRS Pension Plan. The State Board of Administration 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 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, 2016, was $141,781,028,000. 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 Program and a 0.04% assessment for the administration of the FRS Investment Plan and the educational program available to all FRS members. In addition, the July 1, 2015, 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, 2014 for Fiscal Year 2015-2016	July 1, 2015 Statutory Rates (Ch. 121, F.S.)
Regular	5.56%	5.56%
Senior Management Service	19.73%	19.73%
Special Risk	20.34%	20.34%
Special Risk Administrative Support	31.25%	31.25%
Elected Officers - Judges	34.01%	34.01%
Elected Officers - Legislators/Attorneys/Cabinet	44.10%	44.10%
Elected Officers - County	40.57%	40.57%
DROP - applicable to members from all of the above classes or plans	11.22%	11.22%

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

Retiree Health Insurance Subsidy Program

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, F.S. The Florida Legislature establishes and amends the benefit terms of the HIS Program. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs

and is administered by the Department of Management Services, Division of Retirement. For the fiscal year ended June 30, 2016, 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, 2016, 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 Department of Management Services, Division of Retirement. The Florida Legislature establishes and amends the plan. Florida National Guard retirees must have at least 30 years of Florida National Guard service. Normal retirement is at age 62 with early retirement available beginning at age 60. The monthly benefit is equal to the difference between 50% of the federal military pay table for the highest rank held while in the Florida National Guard and the benefit received from the federal government for reservist military service. The benefit amount is recalculated whenever the federal military pay table is increased or the federal benefit is increased by a cost of living adjustment. The benefit is payable for the lifetime of the retiree without a survivor benefit option. The table below shows the number of employees covered by the benefit terms.

Active Members	11,935
Retirees	784
Termintated Vested Members	137
Total	12,856

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, 2016, the State reported a total liability of $4,529,033,986 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, 2015, and the fiduciary net position of the National Guard Benefit as of the measurement date of June 30, 2016:

	FRS Pension Plan	HIS	National Guard Benefit	Total
Plan total pension liability (A)	$ 161,370,735,088	$ 10,249,201,290	$ 664,546,758	
Plan fiduciary net position (B)	(148,454,393,902)	(50,774,315)	......	
Plan net pension liability (A-B)	12,916,341,186	10,198,426,975	664,546,758	
State's proportion	17.961696240%	15.144426318%	100.00%	
State's proportionate share	$ 2,319,993,969	$ 1,544,493,259	$ 664,546,758	$ 4,529,033,986

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:

	FRS	HIS
State's proportion at prior measurement date, June 30, 2014	17.802202632%	15.286183318%
State's proportion at measurement date, June 30, 2015	17.961696240%	15.144426318%
Increase / (decrease) in proportion	0.159493608%	-0.141757000%

The table below shows the changes in National Guard Benefit net pension liability for the fiscal year ended June 30, 2016:

National Guard Benefit

Changes in Net Pension Liability	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2015	$ 504,915,152	$	$ 504,915,152
Changes for the year:			
Service Cost	9,044,063	......	9,044,063
Interest on total pension liability	19,259,164	......	19,259,164
Effect of economic/demographic gains or losses	27,461,729	......	27,461,729
Effect of assumptions changes or inputs	118,279,231	......	118,279,231
Benefit payments	(14,412,581)	(14,412,581)	......
Employer contributions	......	14,422,581	(14,422,581)
Administrative expenses	......	(10,000)	10,000
Balances as of June 30, 2016	$ 664,546,758	$	$ 664,546,758

Actuarial Methods and Assumptions

Actuarial assumptions for the defined benefit cost-sharing plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The most recent experience study for the FRS Pension Plan was for the period July 1, 2008 through June 30, 2013; assumption changes adopted by the FRS Assumptions Conference were incorporated into the July 1, 2015 FRS Valuation. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation as of the measurement date, of July 1, 2015, 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 7.65%. 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 3.80% 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 no changes in benefit terms for either FRS Pension Plan or 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 2015:

- FRS Pension Plan: There were no changes in actuarial assumptions. The inflation rate assumption remained at 2.60%, the real payroll growth assumption remained at 0.65%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return remained at 7.65%.

- HIS: The municipal rate used to determine total pension liability decreased from 4.29% to 3.80%.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.0%	3.2%
Fixed income	18.0%	4.8%
Global equity	53.0%	8.5%
Real estate (property)	10.0%	6.8%
Private equity	6.0%	11.9%
Strategic investments	12.0%	6.7%
	100.0%	

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

Because the National Guard Benefit uses a pay-as-you-go funding structure, a municipal bond rate of 2.85% 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 2016 for the National Guard Benefit:

- The municipal bond rate used to determine total pension liability decreased from 3.80% to 2.85%.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the State's proportionate share of the FRS and HIS plan's net pension liability and the National Guard Benefit net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate at June 30, 2015, for the FRS and HIS plans, and June 30, 2016, for the National Guard Benefit.

FRS Pension Plan

1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
$6,011,629,073	$2,319,993,969	($752,052,810)

HIS

1% Decrease 2.80%	Current Discount Rate 3.80%	1% Increase 4.80%
$1,759,878,172	$1,544,493,259	$1,364,894,573

National Guard Benefit

1% Decrease 1.85%	Current Discount Rate 2.85%	1% Increase 3.85%
$830,694,636	$664,546,758	$540,886,986

Pension Expense and Deferred Outflows / (Inflows) of Resources

In accordance with GASB 68, paragraphs 33 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

- Changes of assumptions or other inputs – amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)

- Differences between expected and actual earnings on pension plan investments – amortized over five years

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2015, was 6.3 years for FRS Pension Plan and 7.2 years for HIS.

The State's proportionate share of the components of collective pension expense and deferred outflows and inflows of resources reported in the pension allocation schedules for the measurement date year ended June 30, 2015, are presented below for each plan.

FRS Pension Plan

	Recognized in Expense Reporting Period Ending June 30, 2016	Recognition Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Service cost	$ 379,718,680	Current	$	$ ......
Interest cost	2,105,391,588	Current	......	......
Effect of plan changes	......	Current	......	......
Effect of economic/demographic gains or losses (difference between expected and actual experience)	33,415,732	6.3 years	244,922,665	(55,023,193)
Effect of assumptions changes or inputs	35,810,646	6.3 years	153,985,779	......
Member contributions	(125,427,263)	Current	......	......
Projected investment earnings	(2,013,533,787)	Current	......	......
Changes in proportion and differences between contributions and proportionate share of contributions	32,488,906	6.3 years	418,960,935	(275,309,114)
Net difference between projected and actual investment earnings	(252,755,757)	5 years	......	(553,975,737)
Contributions subsequent to the measurement date	......	1 year	442,631,028	......
Administrative expenses	3,246,393	Current	......	......
Total	$ 198,355,137		$ 1,260,500,407	$ (884,308,044)

Health Insurance Subsidy

	Recognized in Expense Reporting Period Ending June 30, 2016	Recognition Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Service cost	$ 32,941,985	Current	$	$ ......
Interest cost	61,401,701	Current	......	......
Effect of plan changes	......	Current	......	......
Effect of economic/demographic gains or losses (difference between expected and actual experience)	......	7.2 years	......	......
Effect of assumptions changes or inputs	20,909,429	7.2 years	121,511,307	......
Member contributions	......	Current	......	......
Projected investment earnings	(468,467)	Current	......	......
Changes in proportion and differences between contributions and proportionate share of contributions	(4,596,955)	7.2 years	96,350,219	(122,028,915)
Net difference between projected and actual investment earnings	251,503	5 years	836,077	......
Contributions subsequent to the measurement date	......	1 year	76,261,055	......
Administrative expenses	28,422	Current	......	......
Total	$ 110,467,618		$ 294,958,658	$ (122,028,915)

The average expected remaining service life of all employees provided with pensions through the National Guard defined benefit single-employer plan at June 30, 2016, was 11.5 years. The State's pension expense and deferred outflows and deferred inflows of resources reported for the fiscal year ended June 30, 2016, are presented below for the plan.

Florida National Guard Supplemental Retirement Benefit Plan

	Recognized in Expense Reporting Period Ending June 30, 2016	Recognition Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Service cost	$ 9,044,063	Current	$	$ ......
Interest cost	19,259,164	Current	......	......
Effect of economic/demographic gains or losses	2,387,976	11.5 years	25,073,753	......
Effect of assumptions changes or inputs	16,578,061	11.5 years	167,297,947	......
Administrative expenses	10,000	Current	......	......
Total	$ 47,279,264		$ 192,371,700	$ ......

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

Reporting Period Ending June 30,	FRS Pension Plan Expense	HIS Expense	National Guard Benefit Expense
2017	$ (151,040,473)	$ 16,563,977	$ 18,996,037
2018	(151,040,473)	16,563,977	18,996,037
2019	(151,040,472)	16,563,977	18,996,037
2020	306,006,818	16,394,043	18,996,037
2021	65,627,531	16,312,474	18,996,037
Thereafter	15,048,404	14,270,241	97,541,515
Total	$ (66,438,664)	$ 96,668,688	$ 192,521,700

Payables to the Pension Plans

The State reported payables of $74 thousand to the FRS Pension Plan, and $2 thousand to the HIS Program as of June 30, 2016, for legally required contributions to the plans.

2. Defined Contribution Programs

FRS Investment Plan

The State Board of Administration administers the defined contribution plan officially titled the FRS Investment Plan. The Florida Legislature establishes and amends the benefit terms of the plan. Retirement benefits are based upon the value of the member's account upon retirement. The FRS Investment Plan provides vesting after one year of service regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the years of service required for vesting under the Pension Plan (including the service credit represented by the transferred funds) is required to be vested for these funds and the earnings on the funds. The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. Effective July 1, 2011, there is a mandatory employee contribution of 3.00%. The FRS Investment Plan member directs the investment from the options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer assessment of 0.04% of payroll and by forfeited benefits of plan members. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the FRS Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Upon receiving a distribution, other than a de minimis distribution or required minimum distribution, the member is a retiree. Disability coverage is provided for total and permanent disability; the employer pays an employer contribution to fund the disability benefit which is deposited in the FRS Trust Fund. The member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

State University System Optional Retirement Program (SUSORP)

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

The employing universities were statutorily required to contribute 5.15% of the participants' gross monthly compensation from July 2015 through June 2016. In accordance with Chapter 60U-2, Florida Administrative Code, 0.01% of the employer contribution rate was used for the administration of the SUSORP program and 5.14% was distributed to the provider companies designated by the participant. Effective July 1, 2011, there is a mandatory employee contribution of 3.00%. A participant may contribute by salary reduction an amount not to exceed the percentage contributed by the university. In addition to the employer funding to the participants' accounts, the employing universities are required to make a contribution as a percent of covered payroll that is transferred to the FRS Trust Fund to help amortize any unfunded actuarial liability (UAL). The required UAL contribution rate for fiscal year 2015-16 was 2.65%.

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 Senior Management Service Class. Employees in eligible state positions may make an irrevocable election to participate in the SMSOAP in lieu of the Senior Management Service Class. The Florida Legislature establishes and amends the benefit terms of the program.

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 2015 through June 2016. The employers' contributions were paid to the provider companies designated by the participant. Effective July 1, 2011, there is a mandatory employee contribution of 3%. A participant may contribute by salary reduction an amount not to exceed the percentage contributed by the employer. In addition to the employer funding to the participants' accounts, the state agencies are required to make a contribution as a percent of covered payroll that is transferred to the FRS Trust Fund to help amortize the unfunded actuarial liability (UAL). The required UAL contribution rate for fiscal year 2015-16 was 15.41%.

Pension Amounts for Defined Contribution Plans

As of June 30, 2016, the State reported the following pension amounts related to the defined contribution plans:

Reporting Period Ended June 30, 2016	FRS Investment Plan	Optional Retirement Plan	Optional Annuity Program
Pension Expense [1,2]	$ 56,148,707	$ 86,576,943	$ 165,296
Forfeitures	5,756,447	......	......
Pension Liability	133,881	......	930

[1]Pension expense excludes the required unfunded actuarial liability (UAL) which is recognized in the FRS statement of contributions.

[2]The amount of forfeitures is not reflected in pension expense recognized by the State and is used to offset administrative costs.

B. Other Postemployment Benefits (OPEB)

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

Plan Description

The state implicitly subsidizes the healthcare premium rates paid by retirees by allowing them to participate in the same group health plan offered to active employees. Although retirees pay 100% of the premium amount, the premium cost to the retiree is implicitly subsidized due to increasing health care costs with age and the commingling of the claims experience in a single risk pool with a single premium determination for active employees and retirees under age 65. Section 110.123, F.S., authorizes the offering of health insurance benefits to retired state and university employees. Section 112.0801, F.S., requires all public employers that offer benefits through a group insurance plan to allow their retirees to continue participation in the plan. The law also requires the claims experience of the retirees under 65 group to be combined with the claims experience of active employees for premium determination and the premium offered to retired employees to be no more than the premium applicable to active employees. Retirees under age 65 pay the same premium amounts as applicable to active employees. Retirees over age 65 are included in the overall risk pool but pay a lesser premium amount than is applicable to active employees because the plan is secondary payer to Medicare Parts A and B. The State Employees' Group Health Insurance Program (Program) operates as a cost-sharing multiple-employer defined benefit health plan; however, current administration of the Program is not through a formal trust and therefore disclosure requirements are those applicable to an agency multiple-employer plan. The Division of State Group Insurance within the Department of Management Services is designated by Section 110.123, F.S., to be responsible for all aspects of the purchase of healthcare for state and university employees and retirees under the Program.

There are twenty-one participating employers including the primary government of the state, the twelve state universities, and other governmental entities. There was an enrollment of 173,931 subscribers including 36,007 retirees at July 1, 2016. COBRA subscribers accounted for an additional 454 members. Employees must make an election to participate in the plan within 31 days of the effective date of their retirement to be eligible to continue in the plan as a retiree. Four types of health plans are offered to eligible participants: a standard statewide Preferred Provider Organization (PPO) Plan, a Health Investor PPO Plan, a standard Health Maintenance Organization (HMO) Plan, and a Health Investor HMO Plan. HMO coverage is available only to those retirees who live or work in the HMO's service area. The four PPO and HMO options are considered managed-care plans and have specific provider networks.

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

Funding Policy

Benefit provisions are described by Section 110.123, F.S., and along with contributions, can be amended by the Florida Legislature. The state has not advance-funded OPEB costs or the net OPEB obligation. The Self-Insurance Estimating Conference develops official information for determining the budget levels needed for the state's planning and budgeting process. The Governor's recommended budget and the General Appropriations Act provide for a premium level necessary for funding the program each year on a pay-as-you-go basis. Monthly premiums, through June 2016 coverage, for active employees and retirees under the age of 65 for the standard plan were $641.52 and $1,444.06 for single and family contracts, respectively. Retirees over the age of 65 pay premiums for a Medicare supplement. Monthly premiums, through June 2016 coverage, for the standard PPO Plan were $359.61 for a single contract, $719.22 for two Medicare eligible members, and $1,036.90 for a family contract when only one member is Medicare eligible. The following schedules regarding OPEB cost, net OPEB obligation and OPEB funded status disclose only the State of Florida's share of the OPEB. Refer to Other Required Supplementary Information for information on the OPEB plan as a whole.

Actuarially-Determined Annual OPEB Cost and Net OPEB Obligation as of June 30, 2016 and the two preceding fiscal years (dollars in thousands):

	2016	2015	2014
Annual required contribution (ARC)	$ 530,981	$ 360,424	$ 399,026
Interest on the net OPEB obligation	60,953	49,713	37,540
Adjustments to the ARC	(56,304)	(43,085)	(32,534)
Annual OPEB Cost	535,630	367,052	404,032
Employer contribution	(115,571)	(86,057)	(99,706)
Increase/(decrease) in net OPEB obligation	420,059	280,995	304,326
Net OPEB obligation - July 1	1,523,819	1,242,824	938,498
Net OPEB obligation - June 30	$ 1,943,878	$ 1,523,819	$ 1,242,824
Percent of annual OPEB cost contributed	21.58%	23.45%	24.68%

Funded Status – State Share

The funded status of the plan as of June 30, 2016, was as follows (dollars in thousands):

Actuarial valuation date	July 1, 2016
Actuarial accrued liability (AAL)	$ 6,793,584
Actuarial value of plan assets	......
Unfunded actuarial accrued liability (UAAL)	$ 6,793,584
Actuarial value of assets as a percentage of the AAL	0.00%
Covered payroll -- State share	$ 4,410,396
UAAL (State) as a percentage of covered payroll	154.04%

Actuarial Methods and Assumptions

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

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

The entry age actuarial cost method was used for the actuarial valuation as of July 1, 2015. This method allocates the value of a member's benefit as a level percentage of pay between entry age and retirement age. Allocating costs as a level percentage of pay, even though the benefits are not pay-related, helps with budgeting for these employee benefits costs as a percentage of payroll. Actuarial assumptions included a 3% inflation rate, a 4% return on invested assets, and a 3.25% payroll growth rate. Initial healthcare cost trend rates used for the Preferred Provider Organization (PPO) Plans are 3.1%, 7.5%, 8.8%, for the first three years followed by 9.7% in the fourth year, then grading to 3.9% over the course of 60 years. For the Health Maintenance Organization (HMO) Plans – Pre-Medicare, initial healthcare cost trend rates of 3.0%, 5.7%, 7.0% are used for the first three years followed by 7.8% in the fourth year, then grading to 3.9% over the course of 60 years. For the PPO Plans – Post Medicare, initial healthcare cost trend rates of 3.1%, 7.5%, and 8.8% are used for the first three years followed by 9.5% in the fourth year, then grading to 3.9% over the course of 60 years. For the HMO Plans – Post Medicare, initial healthcare cost trend rates of 3.0%, 5.7%, and 7.0% are used for the first three years followed by 7.6% in the fourth year, then grading to 4.0% over the course of 60 years.

NOTE 7 - COMMITMENTS AND OPERATING LEASES

A. Construction Commitments

Road and bridge construction projects, supervised by the Department of Transportation, are included in the Department of Transportation work program, which is updated during each budget cycle. As of June 30, 2016, the Department had available approximately $11 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, 2016, totaled $189 million. Refer to Note 5 for additional disclosures relating to construction in progress. Construction commitments for component units totaled $2.5 billion.

B. Florida Ports Financing Commission Revenue Bonds

The state has enacted legislation obligating it to remit annually $25 million to a designated trustee for the purpose of repaying the debt on certain Florida Ports Financing Commission revenue bonds. The Florida Ports Financing Commission is not part of the state's reporting entity. These revenue bonds do not create or constitute a legal obligation or debt of the state. Funding for the annual remittance comes from the State of Florida, Department of Transportation's portion of motor vehicle registration fees, which was $556,183,539 for the fiscal year ended June 30, 2016. The table below represents the Florida Ports Financing Commission revenue bonds outstanding as of June 30, 2016:

Series	Amount
2011A	$ 8,475,000
2011B	111,655,000
2011A (Intermodal)	58,595,000
2011B (Intermodal)	41,345,000
Total	$ 220,070,000

C. Operating Leases

Operating leases are not recorded on the balance sheets or statements of net assets; however, operating lease payments are recorded as expenditures/expenses when incurred. Total operating lease payments for the state's governmental activities, business-type activities, and component units were $126.4 million, $9.2 million, and $48.0 million, respectively, for the year ended June 30, 2016. The following is a schedule of future non-cancelable operating lease payments for the primary government and component units at June 30, 2016 (in thousands):

	Primary Government		
	Governmental Activities	Business-type Activities	Component Units
2017	$ 124,953	$ 6,973	$ 66,262
2018	115,057	5,506	53,892
2019	105,708	2,755	44,761
2020	81,928	1,899	37,642
2021	69,441	1,584	34,683
2022-2026	126,604	4,938	110,739
2027-2031	66,610	4,091	19,943
2032-2036	2,144	1,562	11,934
2037-2041	2,217	......	2,714
2042-2046	2,299	......	2,929
2047-2051	......	......	635
2052-2056	......	......	635
2057-2061	......	......	142
2062-2066	......	......	142
2067-2071	......	......	142
2072-2076	......	......	142
2077-2081	......	......	142
2082-2086	......	......	142
Total	$ 696,961	$ 29,308	$ 387,621

D. Encumbrances

As of June 30, 2016, encumbrances for major and nonmajor governmental funds were (in thousands):

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Total
Encumbrances:	$ 268,335	$ 23,461	$ 74,729	$ 88,064	$ 41,335	$ 391,544	$ 887,468

NOTE 8 - BONDS PAYABLE AND CERTIFICATES OF PARTICIPATION

A. Bonds Payable

1. Outstanding Bonds

Bonds payable at June 30, 2016, are as follows (in thousands):

Bond Type	Original Amount	Amount Outstanding	Interest Rates	Annual Maturity To
Governmental Activities:				
Road and Bridge Bonds	$ 1,801,790	$ 1,576,755	2.500%-5.375%	2041
SBE Capital Outlay Bonds	373,720	222,605	2.000%-5.000%	2030
Lottery Education Bonds	2,815,100	1,928,397	3.000%-6.584%	2032
Public Education Bonds	10,875,495	8,913,135	2.250%-6.000%	2041
State University System Bonds	241,960	136,325	3.000%-6.500%	2033
University Auxiliary Bonds	1,106,930	879,913	2.290%-7.500%	2043
Inland Protection Bonds	96,730	60,615	4.260%-5.400%	2024
Florida Forever Bonds	1,448,655	1,051,830	3.250%-7.045%	2029
Water Pollution Control Bonds	614,775	365,075	3.250%-5.250%	2031
Florida Facilities Pool Bonds	479,060	261,975	4.000%-5.750%	2039
State Infrastructure Bank Bonds	123,615	40,980	4.250%-5.000%	2027
Seaport Investment Bonds	138,145	127,555	4.000%-5.000%	2043
Everglades Restoration Bonds	335,290	246,745	0.420%-6.450%	2035
	20,451,265	15,811,905		
Unamortized premiums (discounts) on bonds payable		867,798		
Total Bonds Payable	$ 20,451,265	$ 16,679,703		
Business-type Activities:				
Toll Facilities Bonds	$ 3,658,500	$ 2,801,390	2.500%-6.800%	2045
Florida Hurricane Catastrophe Fund Bonds	3,200,000	3,200,000	1.298%-2.995%	2022
	6,858,500	6,001,390		
Unamortized premiums (discounts) on bonds payable		154,245		
Total Bonds Payable	$ 6,858,500	$ 6,155,635		

2. Types of Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Florida Hurricane Catastrophe Fund Bonds are issued by the 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 (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.

				Debt Service						
Bond Type	Revenue[3]	Less Operating Expenses	Net Available for Debt Service	Principal	Interest[5]	Total Debt Service	Coverage Ratio	Final Maturity	Remaining Debt Service	Revenue Ratio[4]
Florida Turnpike (Toll Facility)	$ 987,149	$ 192,458	$ 794,691	$ 129,620	$ 131,805	$ 261,425	3.04	2045	$ 4,248,526	80.50%
Florida Forever/Everglades[1]	2,276,900	......	2,276,900	106,415	63,456	169,871	13.40	2035	1,703,136	100.00%
Lottery Education[1,2]	1,692,550	......	1,692,550	211,921	98,398	310,319	5.45	2032	2,460,789	100.00%
Alligator Alley (Toll Facility)	30,649	9,972	20,677	1,920	1,529	3,449	6.00	2027	37,946	67.46%
State Infrastructure Bank	51,131	......	51,131	8,845	2,451	11,296	4.53	2027	47,862	100.00%
Florida Hurricane Catastrophe	1,217,538	18,815	1,198,723	......	46,975	46,975	25.52	2021	3,494,090	98.45%
State University System Bonds	55,768	......	55,768	14,010	7,352	21,362	2.61	2033	192,081	100.00%
University Auxiliary Bonds										
Parking System Revenue Bonds										
Florida International University	14,378	5,676	8,702	3,000	3,321	6,321	1.38	2043	122,402	60.52%
University of South Florida	14,151	8,148	6,003	2,485	1,075	3,560	1.69	2026	27,068	42.42%
Florida Agricultural & Mechanical University	1,942	1,039	903	200	33	233	3.87	2018	464	46.50%
University of Florida	13,093	7,298	5,794	1,570	729	2,299	2.52	2028	20,580	44.26%
Florida Atlantic University	7,277	4,208	3,069	1,365	713	2,078	1.48	2032	22,025	42.18%
University of Central Florida	21,972	4,204	17,768	3,540	1,374	4,914	3.62	2032	39,574	80.87%
Florida State University	11,669	3,298	8,371	3,050	1,771	4,821	1.74	2031	46,931	71.74%
Housing System Revenue Bonds										
Florida Agricultural & Mechanical University	14,910	7,605	7,304	2,959	2,957	5,916	1.23	2032	82,597	48.99%
Florida International University	30,578	13,141	17,437	5,465	3,840	9,305	1.87	2041	135,685	57.02%
University of Florida	59,717	38,192	21,525	4,705	3,346	8,051	2.67	2033	101,210	36.04%
Florida Atlantic University	16,665	8,136	8,529	3,020	2,746	5,766	1.48	2036	84,623	51.18%
University of Central Florida	30,881	16,641	14,240	4,395	4,400	8,795	1.62	2042	140,685	46.11%
Florida State University	45,281	21,230	24,051	6,065	7,841	13,906	1.73	2040	267,036	53.12%
Student Health and Wellness Center Revenue Bonds										
University of Central Florida	16,992	......	16,992	410	209	619	27.45	2024	4,942	100.00%
Florida State University	14,794	......	14,794	1,245	1,134	2,379	6.22	2030	33,322	100.00%
University of North Florida	3,939	......	3,939	450	600	1,050	3.75	2036	24,312	100.00%
Student Activity Revenue Bonds										
University of Florida	25,098	......	25,098	1,410	1,824	3,234	7.76	2033	54,962	100.00%
Water Pollution Control Bonds	85,635	......	85,635	32,930	19,001	51,931	1.65	2031	486,792	100.00%
Inland Protection Bonds	206,567	......	206,567	6,485	2,323	8,808	23.45	2024	74,927	100.00%
Seaport Investment Program	200,000	......	200,000	2,250	6,329	8,579	23.31	2043	231,724	100.00%

[1] 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.

[2] Source Department of Lottery, Audited Financial Statements.

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

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

[5] Debt service interest is shown net of interest subsidy payments received from the Federal Government for Build America Bonds.

4. State Debt Limitations

Section 215.98, F.S., establishes the ratio of tax-supported debt service to tax-supported revenues as the benchmark debt ratio for purposes of setting the state's legal debt margin. Under the policy, if the ratio exceeds 6%, additional tax-supported debt may be authorized only if the legislature determines the additional debt is in the best interest of the state. If the ratio exceeds 7%, additional tax-supported debt may be authorized only if the legislature determines it is necessary to address a critical state emergency. During the fiscal year 2015-16, the ratio remained below 6%, primarily due to an increase in tax revenues. Chapter 2015-222, Section 79, Laws of Florida, provided the legislature's determination that the authorization and issuance of debt for the 2015-16 fiscal year was in the best interest of the state.

5. Debt Service Requirements

Annual debt service requirements to amortize bonds at June 30, 2016, are as follows (in thousands):

Year Ending	Primary Government					
	Governmental Activities			Business-type Activities		
June 30	Principal	Interest	Total	Principal	Interest	Total
2017	$ 1,044,388	$ 750,624	$ 1,795,012	$ 635,605	$ 198,631	$ 834,236
2018	1,088,656	699,715	1,788,371	143,195	194,095	337,290
2019	1,070,664	646,672	1,717,336	650,755	181,745	832,500
2020	1,072,090	593,981	1,666,071	691,790	162,991	854,781
2021	1,094,848	541,141	1,635,989	1,148,950	134,897	1,283,847
2022-2026	4,907,179	1,924,251	6,831,430	1,304,540	419,978	1,724,518
2027-2031	2,961,335	959,047	3,920,382	542,700	272,623	815,323
2032-2036	1,906,195	412,334	2,318,529	516,130	155,301	671,431
2037-2041	644,055	71,083	715,138	286,860	52,938	339,798
2042-2046	22,495	1,563	24,058	80,865	6,781	87,646
Bonds payable and interest	15,811,905	6,600,411	22,412,316	6,001,390	1,779,980	7,781,370
Unamortized premiums (discounts)	867,798	......	867,798	154,245	......	154,245
Total bonds payable and interest	$ 16,679,703	$ 6,600,411	$ 23,280,114	$ 6,155,635	$ 1,779,980	$ 7,935,615

Year Ending	Component Units		
June 30	Principal	Interest	Total
2017	$ 1,294,284	$ 507,708	$ 1,801,992
2018	1,671,570	238,626	1,910,196
2019	518,119	217,888	736,007
2020	790,597	190,486	981,083
2021	293,816	169,639	463,455
2022-2026	1,455,198	644,987	2,100,185
2027-2031	778,033	449,349	1,227,382
2032-2036	843,283	301,981	1,145,264
2037-2041	602,533	171,687	774,220
2042-2046	478,827	48,530	527,357
2047-2051	36,012	4,103	40,115
2052-2056	7,278	950	8,228
2057-2061	555	......	555
Bonds payable and interest	8,770,105	2,945,934	11,716,039
Unamortized premiums (discounts)	210,567	......	210,567
Total bonds payable and interest	$ 8,980,672	$ 2,945,934	$ 11,926,606

Annual debt service requirements for university capital improvement debt payable at June 30, 2016, are as follows (in thousands):

Year Ending	Universities		
June 30	Principal	Interest	Total
2017	$ 48,024	$ 39,041	$ 87,065
2018	51,389	35,986	87,375
2019	52,805	35,720	88,525
2020	52,812	32,403	85,215
2021	54,554	30,036	84,590
2022-2026	257,738	115,226	372,964
2027-2031	229,202	61,913	291,115
2032-2036	105,373	23,212	128,585
2037-2041	41,750	6,965	48,715
2042-2046	6,540	356	6,896
Total capital improvement debt payable and interest	900,187	380,858	1,281,045
Unamortized premiums (discounts)	10,283	......	10,283
Total capital improvement debt payable and interest	$ 910,470	$ 380,858	$ 1,291,328

6. Advance Refundings and Current Refundings

During the fiscal year ended June 30, 2016, the state took advantage of favorable conditions and issued bonds for the purpose of refunding previously issued bonds. The refundings of these bond series were made in order to obtain lower interest rates and the resulting savings in debt service payments over the life of the bonds. The economic gains obtained by these refundings are the differences between the present value of old debt service and new debt service requirements.

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

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

Advance Refundings

Governmental Activities

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2015 Series E in the amount of $306,645,000 along with additional funds of $3,711,687 were used to advance refund $323,055,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2006 Series A maturing in the years 2017 through 2036. The refunding resulted in debt savings of $47,443,180, an economic gain of $35,182,502, and a deferred loss on refunding of $1,020,135.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2015 Series F in the amount of $233,135,000 along with additional funds of $5,812,747 were used to advance refund $91,165,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2004 Series D maturing in the years 2017 through 2036 and $162,130,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2005 Series F maturing in the years 2017 through 2036. The refunding resulted in debt savings of $44,008,285, an economic gain of $33,099,599, and a deferred loss on refunding of $1,503,641.

State of Florida, Department of Environmental Protection Florida Forever Revenue Refunding Bonds, Series 2015A in the amount of $78,725,000 were used to advance refund $90,020,000 of the State of Florida, Department of Environmental Protection Florida Forever Revenue Bonds, Series 2007A maturing in the years 2017 through 2026. The refunding resulted in debt savings of $13,416,448, an economic gain of $12,163,047, and a deferred gain on refunding of $861,669.

Business-type Activities

State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2015B in the amount of $195,875,000 along with additional funds of $3,512,083 were used to advance refund $210,725,000 of the State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2007A maturing in the years 2016 through 2036. The refunding resulted in debt savings of $43,747,077, an economic gain of $32,334,150, and a deferred loss on refunding of $2,700,000.

State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2016A in the amount of $173,385,000 along with additional funds of $1,422,958 were used to advance refund $188,090,000 of the State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2006A maturing in the years 2017 through 2026 and 2030 through 2036. The refunding resulted in debt savings of $34,888,139, an economic gain of $26,505,733, and a deferred loss on refunding of $2,300,000.

Current Refundings

Governmental Activities

State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series 2015A in the amount of $213,885,000 along with additional funds of $3,303,888 were used to refund $79,565,000 of the State of Florida, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series 2005A maturing in the years 2016 through 2026 and $169,445,000 of the State of Florida, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series 2005B maturing in the years 2016 through 2025. The refunding resulted in debt savings of $27,088,501, an economic gain of $24,241,616, and a deferred loss on refunding of $12,668,008.

State of Florida, Board of Governors Florida International University Housing Facility Revenue Refunding Bonds, Series 2015A in the amount of $29,105,000, were used to refund $30,055,000 of the State of Florida, Florida Education System Florida International University Housing Facility Revenue Bonds, Series 2004A Bonds maturing in the years 2016 through 2034. The refunding resulted in debt savings of $4,014,843, an economic gain of $3,018,991, and a deferred loss on refunding of $450,629.

State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series 2016A in the amount of $165,820,000, in part, along with additional funds of $670,976 were used to refund $41,485,000 of the State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series 2005B maturing in the years 2026 through 2027, and $15,215,000 of the State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series 2006A maturing in the years 2017 through 2021. The refunding resulted in debt savings of $8,132,684, an economic gain of $6,588,646, and a deferred loss on refunding of $3,864,013.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2016 Series A in the amount of $116,720,000 along with additional funds of $1,551,256 were used to refund $137,110,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2007 Series A maturing in the years 2017 through 2028. The refunding resulted in debt savings of $25,211,002, an economic gain of $22,703,811, and a deferred loss on refunding of $2,123,955.

State of Florida, State Board of Education Lottery Revenue Refunding Bonds Series 2016A in the amount of $239,250,000 along with additional funds of $2,791,013 were used to refund $50,515,000 of the State of Florida, Board of Education Lottery Revenue Bonds Series 2005A maturing in the years 2017 through 2019 and 2024, and $63,485,000 of the State of Florida, Board of Education Lottery Revenue Bonds Series 2006B maturing in the years 2017 through 2020. The refunding resulted in debt savings of $11,480,920, an economic gain of $11,042,635 and a deferred loss on refunding of $4,092,609.

Business-type Activities

State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2015A in the amount of $241,480,000 along with additional funds of $304,596, in part, were used to refund $74,625,000 of the State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2005A maturing in the years 2016 through 2029. The refunding resulted in debt savings of $12,761,202, an economic gain of $10,523,463, and a deferred loss on refunding of $2,200,000.

State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2016B in the amount of $113,350,000 along with additional funds of $1,693,084 were used to refund $125,450,000 of the State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2006A maturing in the years 2017 through 2027. The refunding resulted in debt savings of $17,229,306, an economic gain of $15,370,329, and a deferred loss on refunding of $5,100,000.

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 6/30/2016
Governmental Activities	
University Auxiliary Bonds	$ 989

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, 2016, in the following governmental activities as direct expenses on the Statement of Activities (in thousands):

Governmental Activities	Interest
Education:	
SBE Capital Outlay Bonds	$ 7,198
Lottery Education Bonds	79,898
Public Education Bonds	353,559
State University System Bonds	6,240
University Auxiliary Bonds	35,499
Total Education	482,394
Natural Resources and Environment:	
Inland Protection Bonds	3,139
Everglades Restoration Bonds	7,434
Water Pollution Control Bonds	15,414
Florida Forever Bonds	44,226
Total Natural Resources and Environment	70,213
Transportation:	
Road and Bridge Bonds (Right of Way)	55,762
State Infrastructure Bonds	2,217
Seaport Bonds	5,170
Total Transportation	63,149
Total Direct Interest	$ 615,756

10. Governmental Activities – Unrestricted Net Position Deficit

Governmental activities reflect a negative unrestricted net position balance of $12.0 billion at June 30, 2016. 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, 2016, of $11.8 billion. The state has an additional $1.1 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 $900 million.

B. Certificates of Participation

1. Primary Government

The state has issued certificates of participation (original amount of $801,055,000) to finance privately operated detention and mental health facilities. The certificates of participation's interest rates range from 3.500% - 6.825% and the last maturity date is October 1, 2029. The following is a schedule of future minimum principal and interest payments for certificates of participation for governmental activities at June 30, 2016 (in thousands):

Year Ending June 30	Principal	Interest	Total
2017	$ 38,770	$ 30,092	$ 68,862
2018	39,200	28,184	67,384
2019	35,595	26,241	61,836
2020	36,430	24,418	60,848
2021	38,040	22,500	60,540
2022-2026	224,995	78,742	303,737
2027-2031	146,335	18,493	164,828
Total	559,365	228,670	788,035
Unamortized premiums (discounts)	13,785	......	13,785
Total certificates of participation payable	$ 573,150	$ 228,670	$ 801,820

2. Component Units

Component units (universities and a water management district) have issued certificates of participation (original amount of $982,070,000) primarily to finance academic and student facilities, and construction projects for Everglades restoration. The certificates of participation's interest rates range from 2.000% to 5.7600% and the last maturity date is July 1, 2040. The following is a schedule of future minimum principal and interest payments for certificates of participation for component units at June 30, 2016(in thousands):

Year Ending June 30	Principal	Interest	Total
2017	$ 25,407	$ 39,939	$ 65,346
2018	26,502	38,816	65,318
2019	27,644	37,599	65,243
2020	28,882	36,312	65,194
2021	30,194	34,962	65,156
2022-2026	169,639	152,604	322,243
2027-2031	209,274	108,370	317,644
2032-2036	256,090	53,000	309,090
2037-2041	86,565	5,067	91,632
Total	860,197	506,669	1,366,866
Unamortized premiums (discounts)	25,150	......	25,150
Total certificates of participation payable	$ 885,347	$ 506,669	$ 1,392,016

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, 2016, 76% of the state's installment purchase contracts for primary governmental activities were for furniture and equipment, and the remaining 24% 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, 2016 (in thousands):

	Primary Government		
Year Ending June 30	Governmental Activities	Business-type Activities	Component Units
2017	$ 11,226	$ 2,218	$ 3,510
2018	10,294	15,356	2,813
2019	8,941	......	2,300
2020	5,918	......	899
2021	3,523	......	20
2022-2026	10,617	......	......
2027-2031	482	......	......
Total	51,001	17,574	9,542
Less: Interest	(5,792)	(716)	(232)
Present value of future minimum payments	$ 45,209	$ 16,858	$ 9,310

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, 2016, 27% of the state's capital leases for governmental activities were for buildings, and the remaining 73% were for furniture and equipment. Capital leases for component units consisted of 53% for buildings, 42% for furniture and equipment, and the remaining 5% for land. The following is a schedule of future minimum capital lease payments for the primary government and component units at June 30, 2016 (in thousands):

	Primary Government	
Year Ending June 30	Governmental Activities	Component Units
2017	$ 4,564	$ 10,772
2018	4,532	7,234
2019	4,532	6,106
2020	2,750	5,189
2021	710	850
2022-2026	2,580	13,710
2027-2031	207	13,357
2032-2036	......	2,960
2037-2041	......	2,282
2042-2046	......	2,282
2047-2051	......	2,282
2052-2056	......	2,282
2057-2061	......	2,282
2062-2066	......	2,282
2067-2071	......	2,282
2072-2076	......	1,370
Total	19,875	77,522
Less: Interest	(2,029)	(27,554)
Present value of future minimum payments	$ 17,846	$ 49,968

C. Public-Private Partnerships

Pursuant to Section 334.30, Florida Statutes, the Department of Transportation executed two 35-year, Public-Private Partnership concession agreements in March and October of 2009 for the design, build, finance, operation and maintenance of the Interstate 595 Corridor and the Port of Miami Tunnel. Payments consist of construction-period payments, lump-sum final acceptance payments upon completion of construction, and annual performance-based availability payments to be made during the 30-year operations and maintenance period. 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, 2016 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. The annual availability payments for the Interstate 4 Corridor are performance-based with a portion of the payment that is level and another portion that is indexed based on the Consumer Price Index, which could impact the payment schedule. The lanes were open to traffic on Interstate 595 and Port of Miami Tunnel in March and August 2014, respectively. Construction for the Interstate 4 Corridor is expected to be completed during fiscal year 2021. The Department has five other public-private partnership agreements for the design, build, and finance; and two other agreements for the build and finance of various transportation projects. The remaining unpaid construction costs for these seven agreements represent 19% and 3%, respectfully, of payments due in 2017 and 2018. The following is a schedule of future maximum payments for the primary government at June 30, 2016 (in thousands):

	Primary Government	
Year Ending June 30	Governmental Activities	Business-type Activities
2017	$ 408,013	$ 54,036
2018	298,882	69,696
2019	132,888	15,457
2020	147,295	14,793
2021	155,300	15,011
2022-2026	582,731	85,271
2027-2031	576,927	101,054
2032-2036	640,547	113,312
2037-2041	727,465	130,452
2042-2046	466,983	69,457
2047-2051	62,512	......
2052-2056	40,959	......
Total	4,240,502	668,539
Less: Interest	(1,852,254)	(347,077)
Present value of future maximum payments	$ 2,388,248	$ 321,462

NOTE 10 - CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for governmental activities during the fiscal year ended June 30, 2016, are as follows (in thousands):

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year (Current)
Governmental Activities					
Bonds payable:					
Road and Bridge Bonds	$ 1,569,885	$ 379,705	$ 372,835	$ 1,576,755	$ 71,770
SBE Capital Outlay Bonds	293,605	......	71,000	222,605	52,845
Lottery Education Bonds	2,015,068	239,250	325,921	1,928,397	219,805
Public Education Bonds	9,216,135	848,650	1,151,650	8,913,135	457,655
State University System Bonds	150,335	......	14,010	136,325	9,390
University Auxiliary Bonds	929,101	29,105	78,293	879,913	46,563
Inland Protection Bonds	67,100	......	6,485	60,615	6,810
Florida Forever Bonds	1,154,815	78,725	181,710	1,051,830	95,160
Water Pollution Control Bonds	398,005	......	32,930	365,075	31,700
State Infrastructure Bank Bonds	49,825	......	8,845	40,980	8,655
Seaport Investment Bonds	129,805	......	2,250	127,555	2,365
Everglades Restoration Bonds	214,730	46,740	14,725	246,745	15,795
Florida Facilities Pool Bonds	286,635	......	24,660	261,975	25,875
	16,475,044	1,622,175	2,285,314	15,811,905	1,044,388
Unamortized bond premiums (discounts)	829,585	227,352	189,139	867,798	......
Total bonds payable	17,304,629	1,849,527	2,474,453	16,679,703	1,044,388
Certificates of participation payable	614,534	......	41,384	573,150	38,770
Deposits	581,903	719,201	701,559	599,545	588,606
Compensated absences	775,112	342,775	379,676	738,211	185,531
Claims payable	2,844,273	2,558,147	2,433,123	2,969,297	1,460,846
Installment purchases/capital leases	61,776	510,698	509,419	63,055	13,777
Public-private partnership agreements	2,201,508	474,014	287,274	2,388,248	330,491
Advances - Due to Unclaimed Prop. TF	919,661	10,605	......	930,266	......
Due to Other governments	......	417,246	......	417,246	......
Other Postemployment Benefits	1,486,056	408,889	......	1,894,945	......
Pension liability	2,960,231	1,480,790	137	4,440,884	71,906
Other liabilities	22,021	150	3,860	18,311	......
Total Governmental Activities	**$ 29,771,704**	**$ 8,772,042**	**$ 6,830,885**	**$ 31,712,861**	**$ 3,734,315**

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.

Changes in long-term liabilities for business-type activities and component units during the fiscal year ended June 30, 2016, are as follows (in thousands):

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year (Current)
Business-type Activities					
Bonds payable:					
Toll Facility Bonds	$ 2,807,730	$ 724,090	$ 730,430	$ 2,801,390	$ 135,605
Florida Hurricane Catastrophe Fund Bonds	2,000,000	1,200,000	......	3,200,000	500,000
	4,807,730	1,924,090	730,430	6,001,390	635,605
Unamortized bond premiums (discounts)	118,352	68,776	32,883	154,245	......
Total bonds payable	4,926,082	1,992,866	763,313	6,155,635	635,605
Accrued prize liability	449,080	5,440,569	5,477,293	412,356	174,388
Deposits	129,134	72,259	69,422	131,971	93,642
Compensated absences	22,644	8,602	7,967	23,279	5,836
Tuition and housing benefits payable	10,911,315	1,400,187	498,015	11,813,487	713,654
Installment purchases/capital leases	19,206	34,022	36,370	16,858	1,757
Public-private partnership agreements[1]	375,576	......	54,114	321,462	36,034
Other Postemployment Benefits	34,612	10,220	......	44,832	......
Pension liability	58,978	29,262	1,868	86,372	1,605
Other liabilities	276	276	......	552	......
Total Business-type Activities	**$ 16,926,903**	**$ 8,988,263**	**$ 6,908,362**	**$ 19,006,804**	**$ 1,662,521**
Component Units					
Bonds payable	$ 9,216,567	$ 1,711,803	$ 1,947,698	$ 8,980,672	$ 1,294,284
Deposits	1,689,374	681,816	1,058,891	1,312,299	1,083,433
Compensated absences	677,755	86,947	87,654	677,048	87,222
Installment purchases/capital leases	62,468	12,106	15,296	59,278	12,336
Claims payable	1,033,876	166,039	42,255	1,157,660	32,571
Certificates of participation payable	1,037,220	21,007	172,880	885,347	25,407
Due to other governments/primary	962,439	29,908	79,879	912,468	48,024
Pension liability	1,210,693	1,235,805	399,222	2,047,276	29,187
Other liabilities	1,562,011	658,754	489,843	1,730,922	149,018
Total Component Units	**$ 17,452,403**	**$ 4,604,185**	**$ 4,293,618**	**$ 17,762,970**	**$ 2,761,482**

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

NOTE 11 - INTERFUND BALANCES AND TRANSFERS

At June 30, 2016, 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, 2016, consist of the following (in thousands):

	Due from Other Funds (in thousands)				
	Governmental Activities				
Due to Other Funds (in thousands)	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Governmental Activities					
General Fund	$	$ 15,770	$ 319	$ 122,185	$ 7,065
Environment, Recreation and Conservation	7,040	......	......	618	16,283
Public Education	116	......	......	2,025	......
Health and Family Services	73,867	83	......	......	......
Transportation	5,853	734	......	84	......
Nonmajor Governmental Funds	75,039	3,600	19,050	1,663	33,112
Internal Service Funds	995	12	......	25	142
Business-type Activities					
Transportation	143	......	......	......	133,783
Lottery	30	......	158,551	......	......
Hurricane Catastrophe Fund	......	......	......	......	......
Prepaid College Program	......	......	......	......	......
Reemployment Assistance	542	......	......	......	......
Nonmajor Enterprise Funds	6,565	......	......	86	......
Fiduciary Funds					
Private-purpose Trust Funds	162	......	1,347	......	......
Pension and Other Employee Benefits Trust Funds	14	......	......	......	......
Agency Funds	79,508	......	329	2,643	3,981
Investment Trust Funds	......	......	......	......	......
Total	**$ 249,874**	**$ 20,199**	**$ 179,596**	**$ 129,329**	**$ 194,366**

(Continued Below)

	Due from Other Funds (in thousands)	
	Governmental Activities	
Due to Other Funds (in thousands)	Nonmajor Governmental Funds	Internal Service Funds
Governmental Activities		
General Fund	$ 42,937	$ 8,929
Environment, Recreation and Conservation	575	570
Public Education	60	423
Health and Family Services	4,982	6,791
Transportation	24,396	3,822
Nonmajor Governmental Funds	3,092	3,939
Internal Service Funds	175	784
Business-type Activities		
Transportation	......	......
Lottery	8	59
Hurricane Catastrophe Fund	......	......
Prepaid College Program	......	......
Reemployment Assistance	1,177	......
Nonmajor Enterprise Funds	804	295
Fiduciary Funds		
Private-purpose Trust Funds	775	1
Pension and Other Employee Benefits Trust Funds	1	54
Agency Funds	1,854	......
Investment Trust Funds	......	......
Total	**$ 80,836**	**$ 25,667**

(Continued next page)

	Due from Other Funds (in thousands)			
	Business-type Activities			
Due to Other Funds (in thousands)	Transportation	Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds
Governmental Activities				
General Fund	$	$	$ 643	$ 2,420
Environment, Recreation and Conservation	100	......	4	......
Public Education	......	......	......	......
Health and Family Services	......	......	162	143
Transportation	418	......	18	......
Nonmajor Governmental Funds	......	......	63	2
Internal Service Funds	......	......	5	1
Business-type Activities				
Transportation	......	......	......	......
Lottery	......	......	1	6
Hurricane Catastrophe Fund	......	......	......	285
Prepaid College Program	......	......	......	......
Reemployment Assistance	......	......	......	......
Nonmajor Enterprise Funds	......	......	20	......
Fiduciary Funds				
Private-purpose Trust Funds	......	4,474	......	......
Pension and Other Employee Benefits Trust Funds	......	......	......	6,488
Agency Funds	91,833	......	14	......
Investment Trust Funds	......	......	......	55
Total	**$ 92,351**	**$ 4,474**	**$ 930**	**$ 9,400**

(Continued below)

	Due from Other Funds (in thousands)			
	Fiduciary Funds			
Due to Other Funds (in thousands)	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Agency Funds	**Total**
Governmental Activities				
General Fund	$	$ 2	$ 85,858	**$ 286,128**
Environment, Recreation and Conservation	......	......	......	**25,190**
Public Education	......	......	......	**2,624**
Health and Family Services	......	......	24	**86,052**
Transportation	......	......	15,651	**50,976**
Nonmajor Governmental Funds	......	......	135	**139,695**
Internal Service Funds	......	1,409	30,405	**33,953**
Business-type Activities				
Transportation	......	......	6	**133,932**
Lottery	......	......	......	**158,655**
Hurricane Catastrophe Fund	......	......	......	**285**
Prepaid College Program	35	......	......	**35**
Reemployment Assistance	......	......	......	**1,719**
Nonmajor Enterprise Funds	......	......	......	**7,770**
Fiduciary Funds				
Private-purpose Trust Funds	......	......	......	**6,759**
Pension and Other Employee Benefits Trust Funds	......	82,279	......	**88,836**
Agency Funds	......	......	......	**180,162**
Investment Trust Funds	......	......	......	**55**
Total	**$ 35**	**$ 83,690**	**$ 132,079**	**$ 1,202,826**

Advances from Other Funds (in thousands)	Advances to Other Funds (in thousands) — Governmental Activities — General Fund	Transportation
Governmental Activities		
General Fund	$	$ 100
Public Education	......	......
Nonmajor Governmental Funds	625	......
Internal Service Funds	1,979	800
Business-type Activities		
Transportation	......	93,734
Total	**$ 2,604**	**$ 94,634**

(Continued below)

Advances from Other Funds (in thousands)	Advances to Other Funds (in thousands) — Fiduciary Funds — Private-purpose Trust Funds	**Total**
Governmental Activities		
General Fund	$	**$ 100**
Public Education	930,266	**930,266**
Nonmajor	......	**625**
Internal Service Funds	......	**2,779**
Business-type Activities		
Transportation	......	**93,734**
Total	**$ 930,266**	**$ 1,027,504**

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

	Transfers from Other Funds (in thousands)				
	Governmental Activities				
Transfers to Other Funds (in thousands)	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Governmental Activities					
General Fund	$	$ 772,288	$ 128,867	$ 1,559,537	$ 262,434
Environment, Recreation and Conservation	135,448	......	......	4,422	......
Public Education	624	......	......	11,641	......
Health and Family Services	83,619	......	209,532	......	......
Transportation	56,363	23,262	......	489	......
Nonmajor Governmental Funds	181,923	54,900	328,690	18,471	1,193,925
Internal Service Funds	14,651	718	......	83	990
Business-type Activities					
Transportation	......	......	......	......	54,343
Lottery	6	......	1,692,551	......	......
Hurricane Catastrophe Fund	......	......	......	......	......
Reemployment Assistance	......	......	......	......	......
Nonmajor Enterprise Funds	67,997	......	......	7,883	......
Fiduciary Funds					
Private-purpose Trust Funds	14	......	168	374	......
Pension and Other Employee Benefits Trust Funds	2,849	......	......	......	......
Investment Trust Funds	......	......	......	......	......
Total	**$ 543,494**	**$ 851,168**	**$ 2,359,808**	**$ 1,602,900**	**$ 1,511,692**

(Continued below)

	Transfers from Other Funds (in thousands)	
	Governmental Activities	
Transfers to Other Funds (in thousands)	Nonmajor Governmental Funds	Internal Service Funds
Governmental Activities		
General Fund	$ 414,296	$ ......
Environment, Recreation and Conservation	188,017	......
Public Education	1,382,446	......
Health and Family Services	151,445	......
Transportation	479,410	......
Nonmajor Governmental Funds	194,677	554
Internal Service Funds	8,184	2
Business-type Activities		
Transportation	......	......
Lottery	152	......
Hurricane Catastrophe Fund	10,000	......
Reemployment Assistance	19,230	......
Nonmajor Enterprise Funds	14,617	......
Fiduciary Funds		
Private-purpose Trust Funds	4,173	......
Pension and Other Employee Benefits Trust Funds	86	20,112
Investment Trust Funds	......	......
Total	**$ 2,866,733**	**$ 20,668**

(Continued next page)

	Transfers from Other Funds (in thousands)		
	Business-type Activities		
Transfers to Other Funds (in thousands)	Transportation	Reemployment Assistance	Nonmajor Enterprise Funds
Governmental Activities			
General Fund	$	$ 2,316	$ 2,072
Environment, Recreation and Conservation	......	67	......
Public Education	......	18	......
Health and Family Services	......	851	931
Transportation	112,676	56	......
Nonmajor Governmental Funds	......	579	2,661
Internal Service Funds	......	23	62
Business-type Activities			
Transportation	......	......	......
Lottery	......	7	......
Hurricane Catastrophe Fund	......	......	......
Reemployment Assistance	......	......	......
Nonmajor Enterprise Funds	......	84	......
Fiduciary Funds			
Private-purpose Trust Funds	......	......	......
Pension and Other Employee Benefits Trust Funds	......	......	11,569
Investment Trust Funds	......	......	......
Total	**$ 112,676**	**$ 4,001**	**$ 17,295**

(Continued below)

	Transfers from Other Funds (in thousands)			
	Fiduciary Funds			
Transfers to Other Funds (in thousands)	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	**Total**
Governmental Activities				
General Fund	$ 3,386	$ 14,489	$	**$ 3,159,685**
Environment, Recreation and Conservation	......	......	......	**327,954**
Public Education	......	......	......	**1,394,729**
Health and Family Services	......	......	......	**446,378**
Transportation	......	......	......	**672,256**
Nonmajor Governmental Funds	......	......	......	**1,976,380**
Internal Service Funds	......	1,254	......	**25,967**
Business-type Activities				
Transportation	......	......	......	**54,343**
Lottery	......	......	......	**1,692,716**
Hurricane Catastrophe Fund	......	......	......	**10,000**
Reemployment Assistance	......	......	......	**19,230**
Nonmajor Enterprise Funds	......	......	......	**90,581**
Fiduciary Funds				
Private-purpose Trust Funds	......	......	......	**4,729**
Pension and Other Employee Benefits Trust Funds	......	667,191	......	**701,807**
Investment Trust Funds	......	......	34,559	**34,559**
Total	**$ 3,386**	**$ 682,934**	**$ 34,559**	**$ 10,611,314**

NOTE 12 - RISK MANAGEMENT

A. State Risk Management Trust Fund

The State Risk Management Trust Fund provides property insurance coverage for state buildings and contents against loss from fire, lightning, sinkholes, flood, and other hazards customarily insured by extended coverage. The property insurance program has a self-insured retention of $2 million per occurrence for losses arising from all perils listed above except named windstorm and flood. The property insurance program also has a self-insured retention of $2 million per occurrence for losses arising from named windstorm and flood, but with an additional annual aggregate self-insured retention of $40 million. Commercial reinsurance is purchased for losses over the self-insured retention up to $85 million per occurrence for named windstorm and flood losses through February 15, 2017, and $200 million per occurrence for covered perils other than named wind and flood.

The Fund's estimated liability for unpaid property insurance claims at the fiscal year-end is determined by an actuarial method and includes an amount for losses incurred but not yet reported. During fiscal year ending June 30, 2015, the amount of claims paid for property claims included $70,777 for an unnamed wind event. During fiscal year ending June 30, 2016, an additional $1,999,679 in property claim losses were paid from the unnamed wind event for total paid losses of $2,070,456, exceeding the self-insured retention of $2 million per occurrence. Claim payments reported for fiscal year ending June 30, 2017 will include recoveries of $70,280 from commercial reinsurance. Changes in the Fund's property insurance claims liability amount for the fiscal years ended June 30, 2015, and June 30, 2016, 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, 2015	$ 500	$ 443	$ (339)	$ 604
June 30, 2016	$ 604	$ 2,356	$ (2,517)	$ 443

The estimated liability for unpaid property insurance claims for fiscal year ending June 30, 2016, does not include property claim loss payments resulting from two hurricanes that struck Florida in September and October of 2016. Estimated loss payments for these two hurricanes is $5,726,967, which will not exceed the aggregate self-insurance retention for named windstorm and flooding.

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

The estimated liability for unpaid casualty insurance claims at June 30, 2016, was $1.16 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 $277.8 million, discounted using a 4 percent annual percentage rate per Section 625.091, Florida Statutes. The undiscounted workers' compensation indemnity claims liability is $384.1 million.

Changes in the Fund's casualty insurance claims liability for the fiscal years ended June 30, 2015, and June 30, 2016, 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, 2015	$ 1,174,797	$ 89,876	$ (97,239)	$1,167,434
June 30, 2016	$ 1,167,434	$ 95,672	$(101,606)	$1,161,500

The estimated liability for unpaid casualty insurance claims for June 30, 2016 fiscal year-end does not include any impact on open workers' compensation claims from recent Florida Supreme Court rulings. Although some impact on open claims is expected, the degree of impact is highly uncertain.

Actual current year claims and changes in estimate for casualty lines of coverage for the fiscal year ended June 30, 2016, increased by $5.8 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, 2015, and June 30, 2016, 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, 2015	$ 154,971	$ 1,649,140	$ (1,653,971)	$ 150,140
June 30, 2016	$ 150,140	$ 1,779,473	$ (1,766,850)	$ 162,763

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, 2016, were transferred from the State Employees Group Health Insurance Trust Fund and reported in Other Agency Funds in accordance with the requirements of Governmental Accounting Standards Board Codification Section Po50, *Postemployment Benefit Plans Other Than Pension Plans – Defined Benefit*

NOTE 13 – FLORIDA PREPAID COLLEGE PROGRAM

The Stanley G. Tate Florida Prepaid College Program was created in 1987 to provide a medium through which the costs of tuition, tuition differential fee, local fees, and dormitory residence may be paid in advance of enrollment in a state postsecondary institution at a rate lower than the projected corresponding cost at the time of actual enrollment. The Program is administered by the Florida Prepaid College Board and the State of Florida guarantees the obligations of the Board to qualified beneficiaries if moneys in the Program are insufficient. The Program is accounted for in an enterprise fund. An actuarial study is performed to determine the Program's funding status. The increase in the actuarial present value of future contract benefits from the prior year is primarily due to the increase in key inflation assumptions. Additional information as of June 30, 2016, is as follows:

Actuarial present value of future contract benefits and expenses payable	$ 11,813,486,106
Net position available (net of outstanding refund payments and unrealized gain/loss on securities lending portfolio)	$ 13,494,840,072
Net position as a percentage of future contract benefits and expenses obligation	114.2%

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 ending May 31, 2016, the industry retention for determining each insurer's retention was $6.898 billion per hurricane for the two hurricanes with the largest losses and $2.299 billion for each additional hurricane in the contract year. The aggregate coverage capacity for the contract year (in excess of retention) was $17.0 billion. The statute requires that an actuarially indicated formula developed by an independent actuary be used to calculate the reimbursement premiums collected for the coverage.

The SBA contracts with each insurer writing covered policies in the state to reimburse the insurer for a percentage of losses incurred from covered events. The obligation of the SBA with respect to all contracts covering a particular contract year shall not exceed the actual claims-paying capacity (as determined by the FHCF's bond underwriters, and financial adviser, and approved by the FHCF Advisory Council). The FHCF has a fiscal year end of June 30 and its reimbursement contracts expire on May 31. As of June 30, 2016, the FHCF had net assets of $12.77 billion, including net assets 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 (OIR) and the Florida Surplus Lines Service Office to levy assessments on most property and casualty insurance policy premiums on behalf of the FHCF. Aggregate assessments may not exceed 10% and assessments in relation to losses in one contract year may not exceed 6%. 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, 2016, 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 not hit by any hurricanes during the 2015 season. As a result of the final settlement of all losses from prior years' hurricanes, the reported loss for the year ended June 30, 2016 is zero.

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 will be used to pay for losses incurred from future covered events. Investment earnings on these funds, as well as reimbursement premiums, if necessary, are used to pay the debt service requirements of these bonds. The amounts due at maturity and the maturity dates for these bonds will be $500 million on July 1, 2016, $500 million on July 1, 2018, and $1.0 billion on July 1, 2020.

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. Specifically, the funds are to enable the FHCF to make reimbursement payments to participating insurers for reimbursable losses caused by any covered events occurring in the contract year ending May 31, 2016, or any subsequent contract year, and pay certain expenses incurred in connection with the issuance of the 2016A Bonds. The amounts due at maturity and the maturity dates for these bonds will be $550 million on July 1, 2019, and $650 million on July 1, 2021.

In addition to the issuance of bonds, the FHCF purchased aggregate excess catastrophe reinsurance providing coverage to the FHCF for $1.0 billion of losses in excess of $11.5 billion of losses, effective June 1, 2016 through May 31, 2017; and $1.0 billion of losses in excess of $12.5 billion of losses, effective June 1, 2015 through May 31, 2016.

B. CITIZENS PROPERTY INSURANCE CORPORATION

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

Citizens operates pursuant to a Plan of Operation (the Plan) approved by the Financial Services Commission (the Commission) of the State of Florida. The Commission is composed of the Governor, the Chief Financial Officer, the Attorney General and the Commissioner of Agriculture of the State.

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

Personal Lines Account history – The FRPCJUA began operations on January 21, 1993, after Hurricane Andrew, pursuant to Section 627.351(6), Florida Statutes, 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 selected areas of the State of Florida, was created by an act of the Florida Legislature in 1970 pursuant to Section 627.351(2), Florida Statutes. FWUA was a Florida unincorporated association, the members of which were all property insurance companies holding a certificate of authority to provide property insurance coverage in the State. FWUA provided policies of windstorm insurance for property owners within the eligible areas who were unable to obtain such coverage from private insurers. Insured properties include personal residential, commercial residential and commercial non-residential properties. This portion of the FWUA's activities became the High-Risk Account under Citizens. In 2007, Citizens received authority to issue multi-peril policies in the High-Risk Account. 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 accordingly 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 the deficit in the Coastal Account, Citizens would then levy a Regular Assessment on assessable insurers, as defined in Section 627.351(6), Florida Statutes. The assessment is based upon each assessable insurer's share of direct written premium for the Subject Lines of Business in the State of Florida for the calendar year preceding the year in which the deficit occurred, and is applied as a uniform percentage of up to 2% of subject premiums. The Regular Assessment is not available for deficits within the PLA or CLA.

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

For purposes of Regular Assessments and Emergency Assessments, the "Subject Lines of Business" are all lines of property and casualty insurance, including automobile lines, but excluding accident and health, workers' compensation, and medical malpractice insurance, and also excluding insurance under the National Flood and Federal Crop insurance programs.

C. FLORIDA INSURANCE GUARANTY ASSOCIATION, INC.

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

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

The funding of FIGA's activities is provided by distributions from the estates of insolvent insurers and assessments of members. The assessments are calculated and, as considered necessary, levied against member insurers on the basis of net direct written premiums in the State of Florida in the classes protected by the Act. FIGA obtains the amount of the net direct written premiums, by company and by class of protection, to use as the basis for assessment calculations. The maximum regular assessment rate is 2%. In addition to the regular assessment, during 2006, the Florida Legislature granted FIGA the authority to levy an emergency assessment up to an additional 2% of net direct written premiums for the account specified in Section 631.55(2)(b), Florida Statutes, to pay covered claims of insurers rendered insolvent by the effects of a hurricane. Also in 2006, FIGA was granted the authority to work with an affected municipality, county, or financing conduit organization under Chapter 163, Florida Statutes, to issue tax-exempt bonds should the funding need arise for the account specified in Section 631.55(2)(b), Florida Statutes. As of June 30, 2016, 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 Chapter 631.912, Florida Statutes, 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 1.5% (2.0% effective July 1, 2016) for self-insurance funds. In addition to the regular assessment, the Florida Legislature granted FWCIGA the authority to levy an emergency assessment up to an additional 1.5% of net direct written premiums.

NOTE 15 – CONTINGENCIES

A. Federal Family Education Loans Program

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

The Higher Education Amendments of 1998 (the Amendments) were enacted on October 7, 1998, with a retroactive date of October 1, 1998, for most provisions. The Amendments changed the financial and reporting structure of guaranty agencies. 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, 2016, approximately $1.1 billion of Program loans were still outstanding from loans that had been made prior to the Program ending on June 30, 2010. The amount of potential liability to the federal fund is indeterminable.

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. Florida Department of Revenue, et al., v. DirectTV, Inc., etc., et al. (SC15-1249); DirecTV, EchoStar Satellite LLC n/k/a Dish Network, LLC and Ogborn v. Department of Revenue (Consolidated Case No. 05-CA-1037); DirecTV, EchoStar Satellite LLC n/k/a Marcus and Patricia Ogborn v. Jim Zingale, acting in his official etc. et al., Case No. 1D13-5455 (Fla. 1st DCA); DIRECTV, Inc. n/k/a DIRECTV, LLC et al. v. State of Florida, Department of Revenue. et al., Case No. 1D13-5444 (Fla. 1st DCA)

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

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

The Department appealed the DCA ruling to the Florida Supreme Court, which held oral arguments on April 6, 2016. The Court's decision is pending.

B. In re Citrus Canker Litigation, Case No. 00-18394 (17th Cir. Broward County); Mendez v. Florida Department of Agriculture and Consumer Services, Case No. 02-13717 (15th Cir. Palm Beach County); Ayers v. Florida Department of Agriculture and Consumer Services, Case No. 05-CA-4120 (9th Cir. Orange County); Dellaselva v. Florida Department of Agriculture and Consumer Services, Case No. 03-1947 (20th Cir. Lee County); In re Citrus Canker Litigation, Case No. 03-8255 (11th Cir. Miami-Dade County); Martinez v. Department of Agriculture, Case No. 02-001729; and Martinez v. Florida Department of Agriculture and Consumer Services, Case No. 03-30110 (11th Cir. Miami-Dade County)

In re Citrus Canker Litigation, Case No. 00-18394, concerns a class of Broward County homeowners who sued for compensation for their citrus trees that had been exposed to citrus canker and removed by the Florida Department of Agriculture and Consumer Services after January 1, 2000. Plaintiffs were awarded a judgment of $8,043,450, which accrues post-judgment interest as of October 6, 2008, along with a judgment for attorneys' fees and costs in the amount of $4,133,083, which accrues post-judgment interest as of March 22, 2012.

A part of the Broward County lawsuit related to Miami-Dade County residents was transferred to Federal Circuit Court (Case No. 03-8255) where a non-jury liability trial took place in May and June of 2016, but a decision is still pending. Post-judgment interest is running on all judgments.

In related cases, similar classes have been certified in Palm Beach, Lee, Orange, and Miami-Dade Counties. In Palm Beach County, the court awarded plaintiffs $23,653,376, including prejudgment interest, plus $2,422,830 in fees and costs. This judgment is on appeal to the Fourth DCA. In Lee County, the Court awarded $13,625,249, including prejudgment interest, plus $821,993 and $70,893 in fees and costs. This judgment was affirmed by the Second DCA. In Orange County, the Court awarded $31,534,721, including prejudgment interest. This judgment was affirmed by the Fifth DCA. Fees and costs have not been determined. A liability trial in Case No. 00-18394 (Miami-Dade County) took place in mid-2016 and a decision has not been rendered. A class was not certified in Case No. 02-001729 (Broward County) and the lawsuit is inactive. Post-judgment interest is running on all judgments

The claims in these cases cumulatively exceed $25,000,000.

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

The United States' Department of Justice (DOJ) alleges that the State of Florida's Agency for Health Care Administration, Department of Health, Department of Children and Families, Agency for Persons with Disabilities and the Department of Elder Affairs violated Title II of the Americans with Disabilities Act by unnecessarily institutionalizing Medicaid eligible medically complex persons under the age of 21 in nursing facilities. The district court dismissed the case for lack of standing.

D. Citizens for Strong Schools, et al., v. Florida State Board of Education, et al., Case No. 16-2862 (Fla. 1st DCA)

Plaintiffs claim that the funding of K-12 education by the State of Florida is inadequate. The State prevailed in Circuit Court, but the dismissal is currently on appeal at the First DCA. Potential damages to the State could exceed $25 million.

E. McLane Suneast, Inc. v. Florida Department of Business and Professional Regulation, Case No. 14-CA-372 (Ninth Judicial Circuit Court, Osceola County)

McLane Suneast, Inc., a major distributor of tobacco products including cigars, cigarettes, and smokeless tobacco, alleges that the "Protecting Florida's Health Act," (Ch. 2009-79, Laws of Florida), violates the dormant Commerce Clause and the Equal Protection Clause of the United States Constitution by taxing different kinds of tobacco products disparately, and by assessing 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 (DBPR) should be required to issue tax refunds in an unstated amount. Potential costs exceed $3.5 billion.

F. New Cingular Wireless PCS, LLC; Citrus Cellular Limited Partnership; Orlando SMSA Limited Partnership; AT&T Mobility Wireless Operations Holdings Inc.; and Florida RSA No. 2B (Indian River) LP, v. State of Florida Department of Revenue, Case No. 502015CA003700 (15th Judicial Circuit Court, Palm Beach County)

Plaintiff communication service providers filed refund claims for communications services tax that were remitted on charges for Internet access service. The Department denied each of these refund claims because Plaintiffs were not able to prove that the charges were solely for Internet access service. After two years of litigation, a settlement was reached and Plaintiffs agreed to accept $145 million in the form of tax credits that may be used over a period of 15 months.

G. Micjo v. Florida Department of Business and Professional Regulation, 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. Currently, there are numerous cases pending in various courts related to the interpretation of "wholesale sales price." A judicial determination in favor of the claimants and the potential of additional claims may result in refunds in excess of $50 million. See Note 18 C. for more information.

NOTE 17 – DEFICIT FUND BALANCE AND NET POSITION

A. Governmental Funds

The *State School Trust Fund* has a deficit unassigned fund balance of approximately $851.3 million. The deficit is primarily the result of establishing an advance (long-term liability) on potential future claims by the Department of Financial Service's *Unclaimed Property Trust Fund*. The Department of Financial Services pays claims as they are due from current remittances. If sufficient funds are not available to pay claims, requests are made by the Department of Financial Services to the Department of Education to return the amount of funds necessary to pay claims or funds are borrowed from the Department of Financial Service's *Trust Funds Control Fund* and repaid prior to year-end.

B. Proprietary Funds

The Lottery has a deficit unrestricted net position of approximately $20.6 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 $7.7 million. This deficit is primarily due to long-term obligations, consisting mainly of a compensated absences liability and an accrual of pension and OPEB liabilities. The compensated absences liability will be liquidated on a pay-as-you-go basis. The pension and OPEB liabilities do not require cash flows and have no effect on the ability to provide services.

The Internal Service Fund, *Other*, has a deficit net position of approximately $40.3 million. This deficit is primarily due to long-term obligations, consisting mainly of a compensated absences liability and an accrual of pension and OPEB liabilities. The compensated absences liability will be liquidated on a pay-as-you-go basis. The pension and OPEB liabilities do not require cash flows and have no effect on the ability to provide services.

NOTE 18 – SUBSEQUENT EVENTS

A. Bonds

The following bonds for governmental activities of the primary government were issued or sold subsequent to June 30, 2016:

Agency/Bond	Series	Amount	Matures	Interest Rate
Governmental Activities:				
Full Faith and Credit, Department of Transportation, Right-of-Way Acquisition and Bridge Construction Bonds	2016B	$ 92,520,000	07/01/2017-07/01/2046	2.500% - 5.000%
State Board of Education, Lottery Revenue Refunding Bonds	2016B	$ 211,180,000	07/01/2018-07/01/2027	5.000%
Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds	2016 Series C	$ 147,640,000	06/01/2018-06/01/2037	2.500% - 5.000%
Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds	2016 Series D	$ 218,885,000	06/01/2018-06/01/2037	2.625% - 5.000%
Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds	2016 Series E	$ 206,025,000	06/01/2017-06/01/2046	2.375% - 5.000%
Department of Environmental Protection, Florida Forever Revenue Refunding Bonds	2016A	$ 159,765,000	07/01/2018-07/01/2028	2.000% - 5.000%
Board of Governors, University of South Florida, Parking Facility Revenue Refunding Bonds	2016A	$ 21,545,000	7/1/2026	2.200%
Board of Governors, Florida Atlantic University, Dormitory Revenue Refunding Bonds	2016A	$ 53,040,000	07/01/2017-07/01/2036	3.000% - 5.000%
Board of Governors, University of Florida, Dormitory Revenue Refunding Bonds	2016A	$ 19,390,000	07/01/2017-07/01/2030	3.000% - 5.000%
Board of Governors, Florida State University, Parking Facility Revenue Refunding Bonds	2017A	$ 7,857,000	07/01/2018-07/01/2026	2.1200%
Business-type Activities:				
Department of Transportation, Turnpike Revenue Refunding Bonds	2016 C	$ 142,595,000	07/01/2018-07/01/2037	4.000% - 5.000%

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 (STC) 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 plans to file an appeal with the Department Appeal's Board (DAB). If AHCA is ultimately unsuccessful in its challenges, it may be required to return $97,570,183 to the Federal Government.

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

C. Other

On January 4, 2017, the Department of Business and Professional Regulation's motion for rehearing en banc, related to Micjo, Florida 2nd DCA, Case No. 78 So. 3d 124, was denied. The determination may result in refunding in excess of $50 million.

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OTHER REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(in thousands)

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2015	$ 4,506,212	$ 4,506,212	$ 4,506,212	$ ......
Reversions	99,611	99,611	99,611	......
Fund Balances, July 1, 2015, restated	4,605,823	4,605,823	4,605,823	......
REVENUES				
Fees and charges	1,263,288	1,245,688	1,186,436	(59,252)
Licenses	582,656	651,856	423,526	(228,330)
Taxes	31,582,851	31,751,651	32,415,647	663,996
Miscellaneous	2,992	2,992	3,369	377
Interest	153,547	106,047	134,512	28,465
Grants	21,720	21,720	17,182	(4,538)
Refunds	9,681	9,681	323,753	314,072
Transfers and distributions	2,737,536	2,728,036	2,728,956	920
Other	347,141	349,841	396,707	46,866
Total Revenues	36,701,412	36,867,512	37,630,088	762,576
Total Available Resources	41,307,235	41,473,335	42,235,911	762,576
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	3,587,737	3,740,056	3,692,918	47,138
Other personal services	53,727	65,199	60,906	4,293
Expenses	354,250	394,122	382,968	11,154
Grants and aids	14,154,749	14,168,958	14,168,079	879
Operating capital outlay	16,354	22,889	21,052	1,837
Food products	69,254	66,969	66,817	152
Fixed capital outlay	68,350	68,350	68,350	......
Lump sum	343,901	14,492	14,492	......
Special categories	10,134,881	10,643,298	10,546,105	97,193
Financial assistance payments	241,468	241,468	241,386	82
Continuing Appropriations	......	241,240	241,240	......
Grants/aids to local governments	120,154	120,154	120,154	......
Data processing services	43,803	47,864	47,300	564
Pensions and benefits	18,410	18,410	15,600	2,810
Total Operating Expenditures	29,207,038	29,853,469	29,687,367	166,102
Nonoperating expenditures:				
Transfers	5,565,132	5,565,132	5,565,132	......
Qualified expenditures	306,523	......	......	......
Refunds	25,042	449,303	449,303	......
Other	2,241,725	2,241,725	2,241,725	......
Total Nonoperating Expenditures	8,138,422	8,256,160	8,256,160	......
Total Expenditures	37,345,460	38,109,629	37,943,527	166,102
Fund Balances, June 30, 2016	$ 3,961,775	$ 3,363,706	$ 4,292,384	$ 928,678

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, 2016
(in thousands)

	Environment, Recreation and Conservation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2015	$ 1,679,063	$ 1,679,063	$ 1,679,063	$ ......
Reversions	1,634	1,634	1,634	......
Fund Balances, July 1, 2015, restated	1,680,697	1,680,697	1,680,697	......
REVENUES				
Fees and charges	118,879	166,076	167,117	1,041
Licenses	35,114	53,195	50,874	(2,321)
Taxes	1,588	295,388	294,746	(642)
Miscellaneous	190	1,410	1,411	1
Interest	19,061	50,843	20,295	(30,548)
Grants	228,362	177,852	198,085	20,233
Refunds	2,450	1,642	4,390	2,748
Bond proceeds	158	49,869	49,869	......
Transfers and distributions	1,434,786	1,355,838	1,443,486	87,648
Other	177,147	21,978	155,177	133,199
Total Revenues	2,017,735	2,174,091	2,385,450	211,359
Total Available Resources	3,698,432	3,854,788	4,066,147	211,359
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	329,204	329,285	313,468	15,817
Other personal services	24,777	26,232	21,956	4,276
Expenses	60,639	60,540	55,508	5,032
Grants and aids	13,310	14,860	14,544	316
Operating capital outlay	2,106	2,350	1,971	379
Fixed capital outlay	356,489	356,489	356,489	......
Lump sum	500	......	......	......
Special categories	312,320	321,487	286,446	35,041
Grants/aids to local governments	310,275	310,275	310,275	......
Data processing services	638	1,109	934	175
Total Operating Expenditures	1,410,258	1,422,627	1,361,591	61,036
Nonoperating expenditures:				
Transfers	411,207	411,207	411,207	......
Refunds	38,698	22,444	22,444	......
Other	339,898	339,898	339,898	......
Total Nonoperating Expenditures	789,803	773,549	773,549	......
Total Expenditures	2,200,061	2,196,176	2,135,140	61,036
Fund Balances, June 30, 2016	$ 1,498,371	$ 1,658,612	$ 1,931,007	$ 272,395

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, 2016
(in thousands)

	Public Education			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2015	$ 805,712	$ 805,712	$ 805,712	$ ......
Reversions	41,287	41,287	41,287	......
Fund Balances, July 1, 2015, restated	846,999	846,999	846,999	......
REVENUES				
Fees and charges	1,952,769	58,199	59,030	831
Licenses	1,106	922	903	(19)
Taxes	795,087	622,923	628,046	5,123
Miscellaneous	27,130	113	113	......
Interest	25,040	34,689	32,070	(2,619)
Grants	2,128,548	2,133,534	2,133,407	(127)
Refunds	2,192	3,383	3,015	(368)
Transfers and distributions	3,050,734	3,108,064	3,108,064	......
Other	19,384	185,581	195,213	9,632
Total Revenues	8,001,990	6,147,408	6,159,861	12,453
Total Available Resources	8,848,989	6,994,407	7,006,860	12,453
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	38,860	39,191	34,000	5,191
Other personal services	1,087	1,087	265	822
Expenses	8,567	8,461	5,064	3,397
Grants and aids	4,725,288	2,822,955	2,800,611	22,344
Operating capital outlay	951	701	48	653
Fixed capital outlay	1,822,695	1,822,695	1,822,695	......
Special categories	908,231	952,517	952,517	......
Financial assistance payments	63,491	63,491	63,345	146
Payments to U.S. Treasury	970	904	904	......
Data processing services	9,714	9,769	9,352	417
Total Operating Expenditures	7,579,854	5,721,771	5,688,801	32,970
Nonoperating expenditures:				
Transfers	587,136	326,339	326,339	......
Refunds	9,616	281	281	......
Other	172,130	3,897	3,897	......
Total Nonoperating Expenditures	768,882	330,517	330,517	......
Total Expenditures	8,348,736	6,052,288	6,019,318	32,970
Fund Balances, June 30, 2016	$ 500,253	$ 942,119	$ 987,542	$ 45,423

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, 2016
(in thousands)

	Health and Family Services			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2015	$ 1,180,405	$ 1,180,405	$ 1,180,405	$ ......
Reversions	372,365	372,365	372,365	......
Fund Balances, July 1, 2015, restated	1,552,770	1,552,770	1,552,770	......
REVENUES				
Fees and charges	1,417,989	1,350,805	872,306	(478,499)
Licenses	24,742	24,439	23,870	(569)
Taxes	529,854	529,854	963,381	433,527
Interest	4,627	4,837	3,684	(1,153)
Grants	17,174,078	17,110,708	17,654,277	543,569
Refunds	1,655,044	1,613,994	2,051,637	437,643
Transfers and distributions	2,174,039	1,991,327	2,180,152	188,825
Other	36,076	37,542	42,523	4,981
Total Revenues	23,016,449	22,663,506	23,791,830	1,128,324
Total Available Resources	24,569,219	24,216,276	25,344,600	1,128,324
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	1,283,659	1,281,558	1,190,636	90,922
Other personal services	108,673	109,764	88,403	21,361
Expenses	287,238	286,700	235,935	50,765
Grants and aids	47,092	47,092	33,865	13,227
Operating capital outlay	17,245	17,514	12,382	5,132
Food products	1,299	1,299	1,069	230
Fixed capital outlay	5,808	5,808	5,808	......
Lump sum	34,334	......	......	......
Special categories	20,826,717	20,884,428	20,542,968	341,460
Financial assistance payments	61,938	74,209	66,047	8,162
Grants/aids to local governments	1,110	1,110	1,110	......
Data processing services	18,058	21,653	18,989	2,664
Claim bills and relief acts	2,650	2,650	2,650	......
Total Operating Expenditures	22,695,821	22,733,785	22,199,862	533,923
Nonoperating expenditures:				
Continuing Appropriations	......	25,289	25,289	......
Transfers	839,335	1,211,773	1,211,773	......
Qualified expenditures	471,471	......	......	......
Refunds	10,725	5,421	5,421	......
Other	11,608	36,956	36,956	......
Total Nonoperating Expenditures	1,333,139	1,279,439	1,279,439	......
Total Expenditures	24,028,960	24,013,224	23,479,301	533,923
Fund Balances, June 30, 2016	$ 540,259	$ 203,052	$ 1,865,299	$ 1,662,247

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, 2016
(in thousands)

	Transportation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2015	$ 330,844	$ 330,844	$ 330,844	$ ......
Reversions	8,623	8,623	8,623	......
Fund Balances, July 1, 2015, restated	339,467	339,467	339,467	......
REVENUES				
Fees and charges	176,868	178,514	176,868	(1,646)
Taxes	2,715,775	2,739,316	2,715,775	(23,541)
Miscellaneous	358,998	......	......	......
Interest	2,250	2,250	2,229	(21)
Refunds	15,422	1	15,423	15,422
Transfers and distributions	294,738	294,737	313,500	18,763
Other	21,910	17,896	18,900	1,004
Total Revenues	3,585,961	3,232,714	3,242,695	9,981
Total Available Resources	3,925,428	3,572,181	3,582,162	9,981
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	457,225	3,777	3,446	331
Other personal services	......	18	1	17
Expenses	52,083	724	688	36
Operating capital outlay	......	5	5	......
Fixed capital outlay	285,866	285,866	285,866	......
Special categories	......	51,518	51,451	67
Total Operating Expenditures	795,174	341,908	341,457	451
Nonoperating expenditures:				
Transfers	18,251	18,251	18,251	......
Refunds	76,674	76,674	76,674	......
Other	2,824,659	2,824,659	2,824,659	......
Total Nonoperating Expenditures	2,919,584	2,919,584	2,919,584	......
Total Expenditures	3,714,758	3,261,492	3,261,041	451
Fund Balances, June 30, 2016	$ 210,670	$ 310,689	$ 321,121	$ 10,432

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, 2016
(in thousands)

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Budgetary basis fund balances	$ 4,292,384	$ 1,931,007	$ 987,542	$ 1,865,299	$ 321,121
Items not included in budgetary basis fund balances:					
Security lending investments within the State Treasury	718,086	78,313	54,013	6,978	88,532
Fair value adjustments to investments within the State Treasury	136,278	21,456	14,798	1,912	24,256
Special investments within the State Treasury	22,012	......	......	27,287	......
Non-State Treasury cash and investments	850,678	2,881	342	45,055	1,041,854
Other GAAP basis fund balances not included in budgetary basis fund balances	......	......	......	......	585,737
Adjusted budgetary basis fund balances	6,019,438	2,033,657	1,056,695	1,946,531	2,061,500
Adjustments (basis differences):					
Net receivables/(payables) not carried forward	718,790	1,246,667	127,092	294,688	534,792
Net deferred outflows/(inflows) of resources	(198,751)	(833)	......	(693,703)	(701,967)
Inventories, prepaid items and deferred charges	20,519	434	......	40,811	7,172
Encumbrances	268,335	23,461	74,729	88,064	41,335
GAAP basis fund balances	$ 6,828,331	$ 3,303,386	$ 1,258,516	$ 1,676,391	$ 1,942,832

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

OTHER REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY REPORTING

Budget Process

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

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

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

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

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

Budgetary Basis of Accounting

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

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

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

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

Budget to GAAP Reconciliation

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

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

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

Notes to Schedule:

Changes in actuarial assumptions: There were no changes in actuarial assumptions. The inflation rate assumption remained at 2.60%, the real payroll growth assumption remained at 0.65%, and the overrall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return remained at 7.65%.

* 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
Statutorily required contributions	$ 437,921	$ 442,631
Contributions recognized by the plan	437,921	442,631
Contribution deficiency (excess)	......	......
Covered-employee payroll	$ 4,591,628	$ 4,596,099
Contributions recognized by the plan as a percentage of covered-employee payroll	9.54%	9.63%

* 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
Proportion of the net pension liability	15.286183318%	15.144426318%
Proportionate share of the net pension liability	$ 1,429,295	$ 1,544,493
Covered-employee payroll	$ 4,534,435	$ 4,588,003
Proportionate share of the net pension liability as percentage of covered payroll	31.52%	33.66%
Plan fiduciary net position as a percentage of the total pension liability	0.99%	0.50%

Notes to Schedule:

Changes in actuarial assumptions: The municipal rate used to determine total pension liability was decreased from 4.29% to 3.80%.

* 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
Statutorily required contributions	$ 57,891	$ 76,261
Contributions recognized by the plan	57,891	76,261
Contribution deficiency (excess)	......	......
Covered-employee payroll	$ 4,588,003	$ 4,593,175
Contributions recognized by the plan as a percentage of covered-employee payroll	1.26%	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
Total Pension Liability			
Service cost	$ 5,979	$ 7,161	$ 9,044
Interest on total pension liability	18,852	19,164	19,259
Effect of plan changes	......	......	......
Effect of economic/demographic (gains) or losses	......	......	27,462
Effects of assumption changes or inputs	27,926	46,330	118,280
Benefit payments	(14,366)	(14,423)	(14,413)
Net changes in total pension liability	38,391	58,232	159,632
Total pension liability, beginning	408,292	446,683	504,915
Total pension liability ending	446,683	504,915	664,547
Fiduciary Net Position			
Employer contributions	$ 14,366	$ 14,495	$ 14,423
Member contributions	......	......	......
Investment income net of investment expenses	......	......	......
Benefit payments	(14,366)	(14,423)	(14,413)
Administrative expenses	......	(72)	(10)
Net change in fiduciary position	......	......	......
Fiduciary net position-beginning	......	......	......
Fiduciary net position-ending	......	......	......
Net pension liability-ending	$ 446,683	$ 504,915	$ 664,547
Fiduciary net position as a % of the total pension liability	0.00%	0.00%	0.00%
Covered payroll	$ 466,939	$ 476,278	$ 477,549
Net pension liability as a % of covered-payroll	95.66%	106.01%	139.16%

Notes to Schedule:

Changes of assumptions or input: The municipal bond rate used to determine total pension liability decreased from 3.80% to 2.85%.

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

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

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

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

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

Actuarial Valuation Date	Actuarial Value of Assets *(A)*	Actuarial Accrued Liability (AAL) Entry Age *(B)*	Unfunded AAL (UAAL) *(B-A)*	Funded Ratio *(A/B)*	Annualized Covered Payroll *(C)*	UAAL as a Percentage of Covered Payroll *((B-A)/C)*
July 1, 2009	$	$ 4,831,107	$ 4,831,107	0.00%	$ 7,318,965	66.01%
July 1, 2010	......	4,545,845	4,545,845	0.00%	7,574,317	60.02%
July 1, 2011	......	6,415,754	6,415,754	0.00%	7,256,798	88.41%
July 1, 2012	......	6,782,210	6,782,210	0.00%	7,188,525	94.35%
July 1, 2013	......	7,487,707	7,487,707	0.00%	7,467,560	100.27%
July 1, 2014	......	6,824,971	6,824,971	0.00%	7,308,275	93.39%
July 1, 2015	......	8,900,312	8,900,312	0.00%	7,810,110	113.96%

SCHEDULE OF EMPLOYER CONTRIBUTIONS*
(in thousands)

Year Ended 6/30	Annual Required Contribution	Percent Contributed
2010	$ 336,419	30.87%
2011	313,415	32.87%
2012	455,584	27.07%
2013	452,658	28.50%
2014	541,600	22.34%
2015	489,619	21.48%
2016	716,408	20.60%

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

OTHER REQUIRED SUPPLEMENTARY INFORMATION

INFORMATION ABOUT INFRASTRUCTURE ASSETS
REPORTED USING THE MODIFIED APPROACH

Pursuant to GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the state has adopted an alternative process to record depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the state expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 12,110 centerline miles of roads and 6,855 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 1 to 100 for each category and overall.

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

Condition Rating for the State Highway System

Percentage of pavement meeting FDOT standards

2016	2015	2014
92%	92%	93%

Percentage of bridges meeting FDOT standards

2016	2015	2014
96%	95%	95%

Maintenance Rating

2016	2015	2014
86	86	86

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

Resurfacing Program

	2016	2015	2014	2013	2012
Needed	$619.5	$571.6	$467.6	$514.4	$628.4
Actual	610.1	570.6	455.6	521.8	521.4

Bridge Repair/Replacement Program

	2016	2015	2014	2013	2012
Needed	$191.4	$110.4	$239.4	$332.8	$319.0
Actual	199.3	111.6	182.6	323.5	340.5

Routine Maintenance Program

	2016	2015	2014	2013	2012
Needed	$627.4	$599.9	$592.2	$574.4	$609.4
Actual	723.3	694.6	641.2	636.4	627.3

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.

A RESOLUTION (THE FORTY-FIRST SUBSEQUENT RESOLUTION) OF THE GOVERNOR AND CABINET OF THE STATE OF FLORIDA, AS THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION, ON BEHALF OF THE STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION, SUPPLEMENTING, AMENDING, AND RESTATING A RESOLUTION ADOPTED ON JANUARY 23, 2001, AS PREVIOUSLY AMENDED AND SUPPLEMENTED, AUTHORIZING THE ISSUANCE FROM TIME TO TIME OF STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION, FLORIDA FOREVER REVENUE BONDS FOR THE ACQUISITION AND IMPROVEMENT OF LANDS, WATER AREAS AND RELATED PROPERTY INTERESTS AND RESOURCES; PROVIDING CERTAIN OTHER COVENANTS IN CONNECTION THEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Legislature enacted authority in Chapter 99-247, Laws of Florida (the "Florida Forever Act"), for the issuance of State of Florida Department of Environmental Protection Florida Forever Revenue Bonds ("Florida Forever Bonds") for the acquisition and improvement of land, water areas, and related property interests and resources to accomplish environmental restoration, enhance public access and recreational enjoyment in the State of Florida; and,

WHEREAS, by resolution adopted January 23, 2001, as previously amended and supplemented (the "Resolution") the Governor and Cabinet, as the Governing Board (the "Governing Board") of the Division of Bond Finance of the State Board of Administration of Florida, previously authorized the issuance of Florida Forever Bonds to accomplish environmental restoration, enhance public access and recreational enjoyment in the State of Florida; and,

WHEREAS, the Legislature enacted Chapter 2002-261, Laws of Florida (the "Everglades Restoration Revenue Bond Act"), which provides authority for the issuance of State of Florida Department of Environmental Protection Everglades Restoration Revenue Bonds ("Everglades Bonds") for the acquisition and improvement of land, water areas, and related property interests and resources; and,

WHEREAS, the Everglades Restoration Revenue Bond Act initially provided that debt service on Everglades Bonds would be paid on a subordinate basis to debt service on Florida Forever Bonds; and

WHEREAS, the Legislature enacted Chapter 2006-231, Laws of Florida, amending the Everglades Restoration Revenue Bond Act to provide that debt service on Florida Forever Bonds and Everglades Bonds must be paid on a pro rata basis when documentary stamp taxes distributed for such purposes are not sufficient to fully provide for the payments for both Florida Forever Bonds and Everglades Bonds, and

WHEREAS, the Legislature enacted Chapter 2015-229, Laws of Florida which, among other things, increased the percentage of the documentary stamp tax available for the payment of Florida Forever Bonds and Everglades Bonds from 63.31 percent to 100 percent; and,

WHEREAS, the Governing Board reaffirms, ratifies, and confirms the provisions of the Resolution, and such provisions remain in effect, except as amended herein; and,

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA, ON BEHALF OF THE STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION:

Section 1. The Resolution is hereby amended, supplemented, and restated in its entirety to read as follows:

DIVISION OF BOND FINANCE
OF THE
STATE BOARD OF ADMINISTRATION OF FLORIDA

A RESOLUTION
AMENDING AND RESTATING A RESOLUTION ADOPTED ON
JANUARY 23, 2001, AS AMENDED,
AUTHORIZING THE ISSUANCE OF
STATE OF FLORIDA, DEPARTMENT OF ENVIRONMENTAL PROTECTION
FLORIDA FOREVER REVENUE BONDS

Adopted August 5, 2015

A RESOLUTION OF THE GOVERNOR AND CABINET OF THE STATE OF FLORIDA, AS THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA ON BEHALF OF THE STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION, AUTHORIZING THE ISSUANCE OF STATE OF FLORIDA, DEPARTMENT OF ENVIRONMENTAL PROTECTION, FLORIDA FOREVER REVENUE BONDS FOR THE ACQUISITION AND IMPROVEMENT OF LANDS, WATER AREAS AND RELATED PROPERTY INTERESTS AND RESOURCES; PROVIDING FOR PAYMENT THEREOF; PROVIDING FOR THE ISSUANCE OF NOTES IN ANTICIPATION OF THE ISSUANCE OF SAID BONDS; AND MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION THEREWITH; PROVIDING FOR AN EFFECTIVE DATE.

ARTICLE I
AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. AUTHORITY. This Resolution authorizes the issuance of bonds (“Florida Forever Bonds”) pursuant to the provisions of Article VII, Section 11(e) of the State Constitution of 1968, as amended; Sections 215.57 through Section 215.83, Florida Statutes; Section 259.105, Florida Statutes; Chapters 99-246, 99-247 and 2000-170, Laws of Florida; Chapter 2015-229, Laws of Florida; and other applicable provisions of law, in all cases, as amended (collectively, the “Florida Forever Laws”).

Section 1.02. DEFINITIONS. The following terms shall have the following meanings in this Resolution unless the context otherwise expressly requires:

“Additional Parity Bonds” shall mean any bonds or other obligations, including any Florida Forever Bonds or Everglades Bonds issued by or for the Department or its lawful successor, pursuant to the Florida Forever Laws or the Everglades Restoration Laws, and under the terms, limitations and conditions contained in this Resolution or the resolution authorizing the issuance of Everglades Bonds, which shall rank equally as to lien on, source of and security for payment from the Pledged Revenues, as herein defined, with any Additional Parity Bonds hereafter issued pursuant to this Resolution.

“Administrative Expenses” shall mean, with respect to the Bonds or the administration of any funds under this Resolution, to the extent applicable: (i) fees and/or charges of the Board or the Division; and (ii) such other fees and/or charges as may be approved by the Board or the Division, including but not limited to those relating to tax law compliance, disclosure of information, paying agents, rating agencies, and providers of credit enhancement; all as may be determined from time to time as necessary.

“Board” shall mean the State Board of Administration of Florida or other agency of the state that lawfully succeeds to the powers and duties of the Board pertinent hereto.

“Bond Registrar” shall mean an entity authorized by Florida law and designated from time to time by the Division and/or the Board to perform the duties of the Bond Registrar set forth in this Resolution.

“Bond Counsel” shall mean counsel experienced in matters relating to the validity of, and exclusion from gross income for federal income tax purposes of interest on, obligations of states and their political subdivisions.

“Bonds” shall mean the Florida Forever Bonds authorized to be issued pursuant to this Resolution, together with any other Additional Parity Bonds or other obligations hereafter issued under the terms, limitations and conditions contained in this Resolution.

“Capital Appreciation Bonds” shall mean Bonds, which may be either Serial Bonds or Term Bonds, the interest on which (1) shall be compounded semiannually, and (2) shall be payable only at maturity or redemption prior to maturity, and (3) shall be determined by subtracting from the Compounded Amount the original principal amount of each Bond.

“Closing Date” shall mean, with respect to a particular Series of Bonds issued hereunder, the date of issuance and delivery of such Bonds to the original purchaser thereof.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and except as otherwise provided herein or required by the context hereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final, temporary or proposed regulations), the applicable rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings) and applicable court decisions.

“Composite Reserve Requirement” means an amount of money or available amount under one or more Reserve Products, or a combination thereof, equal to the Maximum Debt Service Requirement calculated with respect to all Series of Bonds Outstanding hereunder that are secured by the Composite Reserve Sub-Account, calculated on a combined basis
.

“Composite Reserve Sub-Account” means the sub-account in the Reserve Account established pursuant to Section 4.03(B) of this Resolution.

“Compounded Amounts” shall mean the original principal amount of the Capital Appreciation Bonds plus the amount of interest that has accreted on such Bonds, compounded semiannually, to the date of calculation, determined by reference to accretion tables contained in the form of each such Bond or in an official statement with respect thereto. The Compounded Amounts for such Bonds as of any date not stated in such tables shall be calculated by adding to the Compounded Amount for such Bonds as of the date stated in such tables immediately preceding the date of computation a portion of the difference between the Compounded Amount for such preceding date and the Compounded Amount for such Bonds as of the date shown on such tables immediately succeeding the date of calculation, apportioned on the assumption that interest accretes during any period in equal daily amounts on the basis of a year comprised of twelve 30-day months.

“Costs of Issuance” shall mean all fees, costs and expenses of the Division or the Department incurred in connection with the authorization, issuance, sale and delivery of the Bonds (or notes issued in anticipation thereof) including, but not limited to, legal fees, financial advisory fees, credit and liquidity enhancement fees, including municipal bond insurance premiums, fiscal or escrow agent fees, rating agency fees, printing fees and travel expenses.

“Costs of Land and/or Water Acquisition” shall mean the expenses necessary to fund the Land and/or Water Acquisition and Improvements Programs including, but not limited to: the acquisition and improvement of all lands, waters and related property interests and resources or interests therein; legal, technical, architectural, appraisal, and engineering fees, including any preliminary engineering or other necessary expenses incurred by Program Participants, the Board, the Division, or any other agency of the State of Florida which provides services or facilities for purposes of the Florida Forever Laws and this Resolution; advertising of resolutions, notices of sale and other proceedings; sums determined by the Division to be necessary to fund the Reserve Account, including insurance premiums and letter of credit fees, if any; the amount, if any, determined to be necessary to provide for the payment of interest on the Bonds for a reasonable period from the date of issuance of the Bonds; the Rebate Amount; reasonable fees and expenses of financial consultants, if any; reasonable amounts for contingencies; expenses for plans, surveys, and estimates of costs and revenues; and all other costs and expenses, including Costs of Issuance, reasonably necessary for the Land and/or Water Acquisition and Improvements Programs and the financing thereof, including advances by Program Participants.

“Debt Service Payment Date” shall mean January l and July 1 of each year or such other dates with respect to a Series of Bonds as the Division shall determine by subsequent resolution adopted prior to the issuance of such Series.

“Debt Service Requirement” shall mean the amounts of principal (excluding the principal of Term Bonds maturing on a principal maturity date with respect to which Sinking Fund Deposits are required to be made) and interest (including Compounded Amounts of Capital Appreciation Bonds) plus the Sinking Fund Deposit becoming due and payable on all Bonds Outstanding in each Fiscal Year (or in any applicable 12 month period pursuant to Section 5.01 of this Resolution) in the manner provided in this Resolution, except any portion of such amounts which are provided from the proceeds of the Bonds.

“Department” shall mean the State of Florida Department of Environmental Protection, created pursuant to Section 20.255, Florida Statutes, or its lawful successor.

“Division” shall mean the Division of Bond Finance of the State Board of Administration of Florida, created by Section 215.62, Florida Statutes, or its lawful successor.

“Everglades Bonds” shall mean the State of Florida, Department of Environmental Protection Everglades Restoration Revenue Bonds issued pursuant to the Master Bond Agreement.

“Everglades Restoration Laws” shall mean Article VII, Section 11(e) of the State Constitution of 1968, as amended; Section 201.15 and Sections 215.57 through Section 215.83, Florida Statutes; Sections 373.470 and 373.472, Florida Statutes; Chapter 2002-261, Laws of Florida; Chapter 2015-229, Laws of Florida; and other applicable provisions of law.

“Fiscal Year” shall mean the period commencing with and including July 1 of each year and ending with and including the next June 30; provided, however, that when such term is used to describe the period during which deposits are to be made pursuant to Section 4.03 of this Resolution to amortize principal and interest on the Bonds maturing or becoming due or subject to redemption or the period used in the determination of Debt Service Requirement, interest and principal maturing or becoming due or subject to redemption on July 1 of any year shall be deemed to mature or become due or subject to redemption on the last day of the preceding fiscal year.

"Florida Forever Bonds" shall mean the State of Florida Department of Environmental Protection, Florida Forever Revenue Bonds authorized to be issued by the Florida Forever Laws and this Resolution.

"Florida Forever Laws" shall mean Article VII, Section 11(e) of the State Constitution of 1968, as amended; Sections 215.57 through Section 215.83, Florida Statutes; Section 259.105, Florida Statutes; Chapters 99-246, 99-247 and 2000-170, Laws of Florida; Chapter 2015-229, Laws of Florida, and other applicable provisions of law.

"Florida Forever Collection Account" shall mean the Department of Environmental Protection Florida Forever Collection Account established as an account within the Land Acquisition Trust Fund to be used as provided in Section 4.03 of this Resolution.

"Florida Forever Trust Fund" shall mean the Florida Forever Trust Fund created by Section 259.1051, Florida Statutes.

"Governing Board" shall mean the Governor and Cabinet of the State of Florida acting in their capacity as the Governing Board of the Division of Bond Finance, as provided in Sections 215.58(7) and 215.62, Florida Statutes.

"Land and/or Water Acquisition and Improvements Programs", shall mean those programs entitled by the Florida Forever Laws to receive proceeds of the Bonds.

"Land Acquisition Trust Fund" shall mean the Land Acquisition Trust Fund created pursuant to the Outdoor Recreation and Conservation Act of 1963 and Article XII, Section 9(a)(1) of the State Constitution of 1968, which adopted and incorporated Article IX, Section 17 of the State Constitution of 1885, as amended, and which was continued by the Florida Forever Laws and Chapter 2015-229, Laws of Florida.

"Master Bond Agreement" shall mean that certain Master Bond Agreement dated as of January 25, 2006, as supplemented and amended from time to time, by and among the Department, the Division and the Board, pertaining to the issuance of Everglades Bonds.

"Maximum Debt Service Requirement" shall mean, as of any particular date of calculation, the largest Debt Service Requirement for any ensuing Fiscal Year.

"Moody's" shall mean Moody's Investors Service and its successors.

"Outstanding", "Bonds Outstanding", or "Outstanding Bonds" shall mean all Bonds which have been issued pursuant to this Resolution except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds defeased pursuant to Section 5.02 hereof;

(c) Bonds which are called for redemption and deemed paid pursuant to Section 2.03 hereof or in lieu of which other Bonds have been issued under Section 2.08 hereof; and

(d) Bonds for which the funds for payment have been provided to the Board pursuant to Section 7.02 of this Resolution.

"Pledged Revenues" shall mean the tax sources distributed pursuant to Section 201.15, Florida Statutes, and all earnings and investment income derived from the investment thereof; provided, however, that the use of investment income derived from the investment of moneys in the funds and accounts shall be first subject to the use of such investment income for the payment of the Rebate Amount.

"Program Account" shall mean an account created in the Florida Forever Trust Fund that receives proceeds of a Series of the Bonds as provided by Section 3.01(E) of this Resolution.

"Program Participants" shall mean those governmental agencies entitled to receive proceeds of the Bonds pursuant to Section 259.105(3), Florida Statutes.

"Rebate Account" shall mean each separate account established within the Rebate Fund for each Series of Bonds issued under this Resolution.

"Rebate Amount" shall mean, with respect to each Series of Bonds issued hereunder that are not Taxable Bonds, the excess of the amount earned on all non-purpose investments (as defined in Section 148(f)(6) of the Code) over the amount which would have been earned if such non-purpose investments were invested at a rate equal to the yield on that Series of Bonds, plus any income attributable to such excess, or shall have such other meaning as may be required by applicable federal law.

"Rebate Fund" shall be the Rebate Fund created and established pursuant to Section 6.04(B) hereof.

"Rebate Year" shall mean, with respect to a particular Series of Bonds issued hereunder, a one-year period (or shorter period from the Closing Date) that ends at the close of business on the date in the calendar year selected by the Division as the last day of a Rebate Year. The date selected by the Division shall be the day immediately prior to a Debt Service Payment Date or any other date allowed by law.

"Record Date" shall mean December 15 for each January 1 Debt Service Payment Date and June 15 for each July 1 Debt Service Payment Date or such other dates with respect to a Series of Bonds as the Division shall determine by subsequent resolution adopted prior to the issuance of such Series.

"Registered Owner", "Owner", "Holder", "Bondholder" or any similar term, shall mean the owner of any Bond or Bonds as shown on the registration books of the Department kept by the Bond Registrar.

"Reserve Account" shall mean the Florida Forever Reserve Account established pursuant to Section 4.03(B) hereof within the Sinking Fund created and established pursuant to Section 4.03(A) of this Resolution.

"Reserve Product" means bond insurance, a surety bond or a letter of credit or other credit facility used in lieu of a cash deposit in the Reserve Account and meeting the terms and conditions of Section 4.03(B) of this Resolution.

"Reserve Product Provider" means a nationally recognized bond insurer or a bank or other financial institution providing a Reserve Product, whose bond insurance policies insuring, or whose letters of credit, surety bonds or other credit facilities securing, the payment, when due, of the principal of and interest on bond issues by public entities results in such issues (as of the date the Reserve Product is obtained) being rated in one of the two highest full rating categories by either S&P or Moody's.

"Reserve Requirement" means, with respect to the Composite Reserve Sub-Account, the Composite Reserve Requirement, which amount shall be available for use only with respect to those Series of Bonds secured by the Composite Reserve Sub-Account, and, with respect to each Series of Bonds issued hereunder that is not secured by the Composite Reserve Sub-Account, the amount of money, if any, or available amount of Reserve Product, if any, required by subsequent resolution of the Division adopted prior to the issuance of such Series of Bonds to be maintained in the sub-account in the Reserve Account with respect to such Series of Bonds pursuant to Section 4.03 hereof, and which amount shall be available for use only with respect to such Series of Bonds.

"Resolution" shall mean this resolution, as amended and restated by the 13th Subsequent Resolution dated January 23, 2001, as further supplemented or amended on February 25, 2003, December 5, 2006, and August 2, 2011, and as amended, supplemented and restated by the Forty-first Subsequent Resolution, and as may be subsequently amended and supplemented from time to time.

"S & P" shall mean Standard & Poor's Corporation and its successors.

"Series" means any portion of the Bonds authenticated and delivered in a single transaction, and identified pursuant to the resolution authorizing such Bonds as a separate Series of Bonds, regardless of variations in maturity, interest rate, Sinking Fund Deposits or other provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution of a Series of Bonds.

"Serial Bonds" shall mean Bonds of a Series (other than Term Bonds) which mature in annual or semiannual installments.

"Sinking Fund" shall mean the Florida Forever Bond Interest and Sinking Fund, to be held and administered by the Board, established pursuant to Section 4.03(A) of this Resolution.

"Sinking Fund Deposit" shall mean the amounts required to be deposited into the bond redemption account in the Sinking Fund in a given Fiscal Year for the mandatory redemption of the Term Bonds of a designated Series as established upon sale and award of the Bonds.

"State" shall mean the State of Florida.

"State Bond Act" shall mean Sections 215.57 through 215.83, Florida Statutes, as amended.

“Taxable Bonds” shall mean Bonds issued on the basis that the interest on such Bonds is not intended at the time of issuance thereof to be excluded from the gross income of the Holders thereof for federal income tax purposes.

“Term Bonds” shall mean Bonds of a Series, maturing on one date which are subject to mandatory redemption by application of the Sinking Fund Deposits.

“Variable Rate Everglades Bonds” shall mean any Everglades Bonds issued under the Master Bond Agreement the interest rate on which is other than an interest rate that is fixed to maturity.

Where the context so requires, words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations or other entities, including government, and words importing the masculine gender shall include the feminine gender, and vice versa.

Section l.03. FINDINGS. It is hereby found, determined and declared as follows:

(A) The Department adopted a resolution on January 22, 2001, requesting the Division to issue the Florida Forever Bonds on its behalf.

(B) The provisions of the resolution of January 23, 2001, and all supplements and amendments thereto, which authorized the issuance and sale of the Florida Forever Bonds prior to the date hereof, remain in effect and are hereby ratified and retained, pursuant to the provisions of Section 7.06 of this Resolution, except as amended herein.

(C) The Florida Forever Bonds have been and will be issued to acquire and improve land, water areas, and related property interests and resources, in urban and rural settings, for the purposes of restoration, conservation, recreation, water resource development, or historical preservation, and for capital improvements to lands and water areas that accomplish environmental restoration, enhance public access and recreational enjoyment, promote long-term management goals, and facilitate water resource development.

The acquisitions and improvements financed by the Florida Forever Bonds constitute valid public purposes for which revenue bonds may be issued pursuant to the Florida Forever Laws.

(D) Article VII, Section 11(e) of the State Constitution of 1968, as amended in 1998, authorizes issuance by the State of Florida pledging all or part of a dedicated state tax revenue for acquisition and improvement of land, water areas, and related property interests and resources for the purposes of conservation, outdoor recreation, water resource development, restoration of natural systems, and historic preservation, such issuance to be as provided by general law. Chapter 99-247, Laws of Florida implemented Article VII, Section 11(e) of the State Constitution of 1968, as amended, authorizing the Department to request issuance of the Florida Forever Bonds and to distribute the proceeds thereof in accordance with Section 259.105(3), Florida Statutes. The Department, therefore, is authorized, pursuant to the Florida Forever Laws to request the issuance on its behalf of the Florida Forever Bonds and to distribute the proceeds thereof in accordance with Section 259.105(3), Florida Statutes.

(E) The Pledged Revenues have been designated by the legislature as the tax source to be deposited in or credited to the Land Acquisition Trust Fund for repayment of the Bonds, pursuant to the Florida Forever Laws, and will be at least equal to the amount required to pay the principal of, redemption premiums, if any, and interest on all of the Bonds, and to make all Sinking Fund and other payments provided for in this Resolution.

(F) The principal of, redemption premiums, if any, and interest on the Bonds, and all the Sinking Fund and other payments provided for in this Resolution, will be secured solely by and will be paid from the Pledged Revenues, and the Bonds shall not be deemed to constitute a pledge of the full faith and credit of the State of Florida or any agency or political subdivision thereof within the meaning of any constitutional or legislative provision or limitation, and it is expressly agreed that the Registered Owner of any of the Bonds shall never have the right to compel the levy of any taxes not specifically pledged or legislative appropriation of moneys not specifically pledged by the State of Florida or the Department for the payment of the principal of and interest on the Bonds or for the payment of any other amounts provided in this Resolution.

Section 1.04. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a valid and legally binding contract between the Division, the Department and such Bondholders, and the covenants and agreements herein set forth to be performed by the Division or the Department shall be for the equal benefit, protection and security of the legal Holders of any or all of the Bonds, all of which shall be of equal rank and without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided therein and herein. In the event of any deficiency in any of the funds hereinafter provided for the payment of the principal of and interest on the Bonds, there shall be no distinction or preference of any of the Bonds over any other thereof regardless of the time or times of presentment or demand for payment thereof; provided, however, that matured or maturing interest on the Bonds shall always be paid prior to matured or maturing principal on the Bonds, but without any distinction or preference as between the Bonds on which said matured or maturing interest or principal is due.

ARTICLE II
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION, AND ISSUANCE OF BONDS

Section 2.01. AUTHORIZATION OF BONDS. Subject and pursuant to the provisions of this Resolution and the Florida Forever Laws, bonds of the Department, to be known as State of Florida Department of Environmental Protection, Florida Forever Revenue Bonds are hereby authorized to be issued in one or more Series in the aggregate principal amount of not exceeding $3,000,000,000. The $3,000,000,000 limitation does not apply to refunding bonds.

Section 2.02. DESCRIPTION OF THE BONDS. The Bonds (other than Taxable Bonds which may be issued as bearer bonds) shall be issued as fully registered Bonds in denominations of $1,000 or any integral multiple thereof except for Capital Appreciation Bonds, which may be initially issued in any denomination so long as their Compounded Amount at maturity shall be $1,000 or any integral multiple thereof; shall each be designated State of Florida Department of Environmental Protection Florida Forever Revenue Bonds; shall be payable as to interest on January 1 and July 1 of each year or on such other dates as the Division shall determine by subsequent resolution adopted prior to the issuance of such Series of Bonds, except for Capital Appreciation Bonds, which shall bear interest as described under the defined terms "Capital Appreciation Bonds" and "Compounded Amount", payable only upon redemption or maturity thereof; shall be payable as to both principal and interest in lawful money of the United States of America at such place or places determined by subsequent resolution of the Division; shall be dated such date; and shall mature on such dates in such years and amounts, all as determined by subsequent resolution adopted by the Division prior to the sale of the Bonds or any Series thereof. The Bonds shall bear interest at a rate to be authorized by the Division prior to the issuance of the Bonds, which rate shall not exceed the maximum lawful rate of interest on the date of the issuance of the Bonds. The Bonds shall mature prior to the termination date of the Land Acquisition Trust Fund.

The Bonds issued hereunder may be Serial Bonds (including Capital Appreciation Serial Bonds), Term Bonds (including Capital Appreciation Term Bonds), or Taxable Bonds.

Interest on any Series of current interest Bonds shall commence and be paid on the dates provided by resolution of the Division adopted prior to the issuance of such Series of Bonds, to the Registered Owner of record of registered Bonds whose name appears on the books of the Bond Registrar as of 5:00 p.m. on the Record Date. The Bonds may be sold in one or more Series as the Division may determine, with either overlapping, identical or different maturity schedules, subject, however, to the limitations on principal amount contained in Section 2.01 hereof. All of the Bonds, when issued, will be on a parity and will rank equally as to lien on, source of and security for payment from the Pledged Revenues, and in all other respects, except that proceeds of any Series of Bonds deposited in the Florida Forever Trust Fund shall be subject to a lien in favor of only the Holders of the Series of Bonds from which such proceeds were derived.

Each Series of Bonds shall be separately identified by year and letter as designated by subsequent resolution of the Division adopted prior to issuance of such Series of the Bonds.

Notwithstanding any provision in this Resolution to the contrary, unless unregistered or coupon bonds, the interest on which is excludable from gross income for federal income tax purposes, may again be issued under the Code, all Bonds issued hereunder, except Taxable Bonds, shall be in fully registered form. To the extent the Division under then applicable law may issue any Series of Bonds in unregistered or coupon form, the interest on which, in the opinion of Bond Counsel, is excludable from gross income for federal income tax purposes, the Governing Board, without the consent of the Registered Owners of the Bonds, may amend this Resolution, including the form of the Bonds contained in Section 2.09 hereof, to authorize and provide for the issuance and payment of such unregistered or coupon Bonds.

Section 2.03. PROVISIONS FOR REDEMPTION. The Bonds may be made redeemable at the option of the Division, in such manner and upon such terms and conditions as determined by subsequent resolution adopted by the Governing Board prior to the sale of the Bonds or any Series thereof.

Unless waived by any Holder of Bonds to be redeemed, a notice of the redemption prior to maturity of any of the Bonds shall be mailed by first class mail (postage prepaid) at least thirty (30) days prior to the date of redemption to the Registered Owner of the Bonds to be redeemed, of record on the books of the Bond Registrar, as of forty-five days prior to the date of redemption. Such notice of redemption shall specify the serial or other distinctive numbers or letters of the Bonds to be redeemed, if less than all, the date fixed for redemption, and the redemption price thereof and, in the case of Bonds to be redeemed in part only, the principal amount thereof to be redeemed. Failure so to give any such notice by mailing to any Bondholder, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bond or portion thereof with respect to which no such failure has occurred. Any notice mailed as provided above shall be conclusively presumed to have been given, whether or not the Registered Owner of such Bond receives such notice.

Notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions of Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date. On the date so designated for redemption, notice having been given and moneys for payment of the redemption price being held in separate accounts by an escrow agent, the Board, the Bond Registrar, or a paying agent, in trust for the Registered Owners of the Bonds or portions thereof to be redeemed, all as provided in this Resolution, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds and portions of Bonds shall cease to be Outstanding under the provisions of this Resolution and shall not be entitled to any lien, benefit or security under this Resolution, and the Registered Owners of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof from the moneys held in trust for the payment thereof and, to the extent provided in this Section to receive Bonds for any unredeemed portion of the Bonds. Any and all Bonds redeemed prior to maturity shall be duly cancelled by the Bond Registrar and shall not be reissued.

In addition to the mailing of the notice described above, each notice of redemption and payment of the redemption price shall meet the requirements of this paragraph; provided, however, that failure of such notice or payment to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above in this Section 2.03.

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; (v) the publication date of the official notice of redemption; (vi) the name and address of the Bond Registrar; and (vii) any other descriptive information needed to identify accurately the Bonds being redeemed.

(b) Each further notice of redemption shall be sent at least thirty-five (35) days before the redemption date by certified mail or overnight delivery service or telecopy to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being The Depository Trust Company, New York, New York, Midwest Securities Trust Company, Chicago, Illinois, and Philadelphia Depository Trust Company, Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying the Bonds redeemed with the proceeds of such check or other transfer.

In case part but not all of an Outstanding Bond shall be selected for redemption, the Registered Owner thereof shall present and surrender such Bond to the Bond Registrar for payment of the principal amount thereof so called for redemption, and the Bond Registrar shall execute and deliver to or upon the order of such Registered Owner, without charge therefor, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds fully registered as to principal and interest.

Section 2.04. EXECUTION OF BONDS. The Bonds shall be executed by the Division, in the name of and on behalf of the Department, by the Governor as Chairman of the Governing Board, and attested by the Secretary or any Assistant Secretary of the Governing Board or such other officers as may be designated by resolution of the Governing Board, and the seal of the Division shall be affixed thereto or reproduced thereon. The signatures of the Governor, as Chairman of the Governing Board, the Secretary or Assistant Secretary of the Governing Board, or such other officer, may be by facsimile, and the Bond Registrar's Certificate of Authentication shall appear on the Bonds with the signature of an authenticating agent of the Bond Registrar executed thereon, provided that at least one of the foregoing signatures shall be manually executed. In case any one or more of the officers who shall have executed or sealed any of the Bonds shall cease to be such officer of the Division before the Bonds so executed and sealed shall have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who executed or sealed said Bonds had not ceased to hold such office. Any Bond may be executed and sealed on behalf of the Division by such person who at the actual time of the execution of such Bonds shall hold the proper office in the Division, although at the date of such Bond such person may not have held such office or may not have been so authorized.

A certification as to Circuit Court validation, in substantially the form hereinafter provided, shall be executed with the facsimile signature of the Chairman of the Governing Board.

Section 2.05. NEGOTIABILITY AND REGISTRATION. The Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities Law of the State of Florida.

Section 2.06. REGISTRATION. The Bond Registrar shall be responsible for maintaining the books for the registration of, for the transfer of, and for the payment of principal of and interest on the Bonds in accordance with its agreement with the state.

Upon surrender to the Bond Registrar of any Bond or Bonds for transfer or exchange, duly endorsed for transfer or accompanied by an assignment duly executed in writing by the Registered Owner or the Registered Owner's attorney-in-fact or legal representative, the Bond Registrar shall deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same Series and maturity for the aggregate principal amount which the Registered Owner is entitled to receive.

All Bonds presented for transfer, exchange, redemption or payment (if so required by the Division or the Bond Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Division and the Bond Registrar, duly executed by the Registered Owner or by the Registered Owner's attorney-in-fact or legal representative.

Neither the Division nor the Bond Registrar may charge the Bondholder or the Registered Owner's transferee for any expenses incurred in making any exchange or transfer of the Bonds. However, the Division and the Bond Registrar may require payment from the Bondholder of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such governmental charges and expenses shall be paid before any such new Bond shall be delivered. New Bonds delivered upon any transfer or exchange shall be valid obligations of the Department, evidencing the same debt as the Bonds surrendered, shall be secured by this Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The Division and the Bond Registrar may treat the Registered Owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary.

Notwithstanding the foregoing provisions of this Section 2.06, the Division reserves the right, on or prior to the delivery of any Series of the Bonds, to amend or modify the foregoing provisions relating to registration of the Bonds in order to comply with all applicable laws, rules, and regulations of the United States Government and the State of Florida relating thereto and to provide for the issuance of bearer Bonds as contemplated hereby.

In addition, notwithstanding the foregoing, to the extent permitted by applicable law, the Division may establish a system of registration with respect to any Series or all Series of Bonds issued hereunder and may issue certificated public obligations (represented by instruments) or uncertificated registered public obligations (not represented by instruments) commonly known as book-entry obligations, combinations thereof, or such other obligations as may then be permitted by law. The Division or the Board shall appoint such registrars, transfer agents, depositories and other agents as may be necessary to cause the registration, registration of transfer and redelivery of the Bonds within a commercially reasonable time according to the then current industry standards and to cause the timely payment of interest, principal and premium, if any, payable with respect to the Bonds. Any such system may be effective for any Series of Bonds then outstanding or to be subsequently issued, provided that if the Division adopts a system for the issuance of uncertificated public obligations, it may permit thereunder the conversion, at the option of a holder of any Bonds then outstanding, of a certificated registered public obligation to an uncertificated registered obligation, and the reconversion of the same.

Section 2.07. DESTRUCTION OF BONDS. Whenever any Bond shall be delivered to the Bond Registrar for cancellation, upon payment of the principal amount thereof or for replacement, transfer or exchange, such Bond shall either be retained by the Bond Registrar for a period of time specified in writing by the Division or the Board or at the option of the Division or the Board shall be cancelled and destroyed by the Bond Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the Division or the Board.

Section 2.08. BONDS MUTILATED, DESTROYED, STOLEN, OR LOST. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Division may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen, or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen, or lost, and upon the Holder furnishing the Division proof of the Holder's ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Division may prescribe and paying such expense as the Division may incur. All Bonds so surrendered shall be cancelled by the Division or the Bond Registrar, as its agent. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Division may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen, or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 2.08 shall constitute original, additional contractual obligations on the part of the Department, whether or not the lost, stolen, or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on, source of and security for payment from the Pledged Revenues, with all other Bonds issued hereunder, and any supplemental resolutions hereafter adopted.

Section 2.09. FORM OF BONDS. The text of the Bonds, together with the certificate of authentication and validation certificate to be endorsed thereon, shall be substantially of the following tenor, with such omissions, insertions, and variations as may be necessary and desirable and authorized or permitted by this Resolution, or any subsequent resolution adopted prior to the issuance thereof, including such variations as are necessary and desirable for the issuance of Taxable Bonds and Capital Appreciation Bonds, or as may be necessary to reflect the terms of such Bonds or to comply with applicable laws, rules, and regulations of the United States Government and the State of Florida in effect upon the issuance thereof:

REGISTERED
NUMBER
R - ______________

UNITED STATES OF AMERICA
STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

FLORIDA FOREVER REVENUE BOND
SERIES ___

MATURITY DATE	____________________
INTEREST RATE	____________________ **%**
ORIGINAL ISSUE DATE	____________________
REGISTERED OWNER	____________________
	____________________
PRINCIPAL AMOUNT	____________________ **DOLLARS**

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE HEREOF WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE. [To be printed on the front of each bond, in the event any portion of the text thereof shall be printed on the reverse of the bonds.]

THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA (hereinafter the "Division of Bond Finance"), acting for and on behalf of the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (hereinafter the "Department"), for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns or legal representatives, but only from the special funds hereinafter described, on the Maturity Date identified above, (unless redeemed prior thereto as hereinafter provided), upon the presentation and surrender hereof at the principal corporate trust office of __________________________________, ________, ________ or its successors, as Bond Registrar and Paying Agent (the "Bond Registrar"), the Principal Amount shown above and to pay to the Registered Owner hereof, solely from such special funds, by check or draft mailed to such Registered Owner at the Registered Owner's address as it appears at 5:00 p.m. on the Record Date, on the registration books kept by the Bond Registrar under the Resolution hereinafter referred to, interest on such Principal Amount from the date hereof or from the most recent interest payment date to which interest has been paid, whichever is applicable, at the Interest Rate per annum specified above until the payment of said Principal Amount, such interest being payable semi-annually on the first day of and the first day of each year, commencing ___________________ , 20__. The Record Date for the 1 payment is 15, and the Record Date for the 1 payment is 15. The principal of and interest on this Bond are payable in lawful money of the United States of America.

This Bond is one of an authorized Series of Bonds in the aggregate principal amount of $ which Series is part of an authorized issue of Bonds in the aggregate principal amount of not exceeding $3,000,000,000, issued to finance the acquisition and improvement of lands and water areas in Florida, for the purposes of outdoor recreation and natural resources preservation, under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly Article VII, Section 11(e) of the State of Florida Constitution of 1968, as amended and implemented by Chapter 99-247, Laws of Florida, Sections 215.57 through 215.83, Florida Statutes, and a Resolution adopted by the Governor and Cabinet of the State of Florida as Governing Board of the Division of Bond Finance on January 23, 2001, as further amended and restated (hereinafter the "Resolution"). Reference is hereby made to the Resolution for the provisions, among others, relating to the terms of, lien on and security for the Bonds of this issue, the custody and application of the proceeds of the Bonds, the rights and remedies of the Registered Owners of the Bonds and the extent of and limitations on the Division's and the Department's rights, duties and obligations, and the provisions permitting the issuance of additional parity indebtedness, to all of which provisions the

Registered Owner hereof assents by acceptance of this Bond. All terms used herein in capitalized form, unless otherwise defined herein, shall have the meanings ascribed thereto in the Resolution.

[Insert redemption provisions].

In the event any of the Bonds or portions thereof are called for redemption as aforesaid, notice thereof identifying the Bonds or portions thereof to be redeemed will be given by mailing a copy of the redemption notice by first-class mail (postage prepaid) at least 30 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed, of record on the books of the Bond Registrar, as of forty-five days prior to the date of redemption. All Bonds so called for redemption will cease to bear interest after the specified redemption date if payment thereof has been duly provided for.

The Bond Registrar shall not be required (a) to issue, transfer or exchange any Bonds during a period beginning at the opening of business on the 15th business day next preceding the date fixed for redemption of Bonds and ending at the close of business on the date fixed for redemption, or (b) to transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

The principal of and interest on this Bond are secured by a lien upon and are payable solely from (1) the tax sources distributed pursuant to Section 201.15, Florida Statutes, and certain earnings and investment income derived from the investment thereof (the "Pledged Revenues") (2) the proceeds of the Series of Bonds, of which this Bond is one, on deposit in the trust fund created by Chapter 99-246, Laws of Florida (the "Florida Forever Trust Fund"), until such moneys are withdrawn and (3) any other moneys legally available therefor which may hereafter be pledged to the payment of the Bonds all in the manner and to the extent provided in the Resolution. The use of investment income derived from the investment of moneys in the funds and accounts established under the Resolution is subject to the prior use of such investment income for the payment of certain rebate obligations to the United States of America as described in the Resolution. The covenants and agreements contained in the Resolution constitute a contract between the Division of Bond Finance, the Department and the Registered Owners of the Bonds. For the complete terms and conditions of such contract, reference is made to the Resolution.

This Bond shall not be deemed to constitute a pledge of the full faith and credit of the State of Florida or any agency or political subdivision thereof within the meaning of any constitutional or legislative provision or limitation but shall be payable solely from, and secured by a pledge of a lien on, the Pledged Revenues. It is expressly agreed that the Registered Owner of this Bond shall never have the right to compel the levy of any taxes not specifically pledged or legislative appropriation of moneys not specifically pledged by the State of Florida or its agencies for the payment of the principal of and interest on this Bond or for the payment of any other amounts provided for in the Resolution.

It is further agreed between the Department, the Division and the Registered Owner of this Bond that this Bond and the indebtedness evidenced hereby shall not constitute a lien on any of the lands acquired from the proceeds of the Bonds, or any part thereof, or any other property or funds of the Department, the Division of Bond Finance, or the State of Florida, but shall constitute a lien only on the Pledged Revenues in the manner and to the extent provided in the Resolution.

This Bond has all the qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities Law of the State of Florida. The original Registered Owner and each successive Registered Owner of this Bond shall be conclusively deemed by the Registered Owner's acceptance hereof to have agreed that this Bond shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code -Investment Securities Law of the State of Florida.

This Bond may be transferred only upon the books of the Department kept by the Bond Registrar under the Resolution upon surrender thereof at the principal corporate trust office of the Bond Registrar with an assignment duly executed in writing by the Registered Owner or the Registered Owner's attorney-in-fact or legal representative, but only in the manner, subject to the limitations and upon payment of any applicable tax, fee or other governmental charge as indicated in the Resolution, and upon surrender and cancellation of this Bond. Upon any such transfer, there shall be executed in the name of the transferee, and the Bond Registrar shall deliver, a new registered bond or bonds in the same aggregate principal amount and series, maturity, and interest rate of the authorized denominations as the surrendered Bond.

In like manner, subject to the limitations and upon payment of the charges referred to in the preceding paragraph, the Registered Owner of any Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or the Registered Owner's attorney-in-fact or legal representative) in exchange for an equal aggregate principal amount of fully registered Bonds of the same installment and maturity of any other authorized denomination.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen, and to be performed precedent to the issuance of this Bond, exist, have happened, and have been performed in regular and due form and time as required by the Constitution and Laws of the State of Florida applicable thereto, and that the issuance of this Bond, and of the issue of Bonds of which this Bond is one, does not violate any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the certificate of authentication hereon shall have been signed by an authorized agent of the Bond Registrar.

IN WITNESS WHEREOF, the Division of Bond Finance has issued this Bond on behalf of the State of Florida Department of Environmental Protection and has caused the same to be signed by the Chairman of its Governing Board, or executed with the Chairman's facsimile signature; has caused the seal of the Division of Bond Finance to be affixed hereto or imprinted hereon, attested by the Secretary or Assistant Secretary of the Governing Board of the Division of Bond Finance on behalf of the Department of Environmental Protection, with his manual or facsimile signature all as of the _____ day of ___________________, _______.

DIVISION OF BOND FINANCE OF THE STATE OF STATE BOARD OF ADMINISTRATION OF FLORIDA, on behalf of the STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

(SEAL)

By: Governor of the State of Florida, as Chairman

ATTEST:

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in and executed under the provisions of the within-mentioned Resolution.

BOND REGISTRAR

By Authenticating Agent

Date of Authentication

VALIDATION CERTIFICATE

This Bond is one of a series of Bonds which were validated and confirmed by judgment of the Circuit Court of the Second Judicial Circuit of the State of Florida, in and for Leon County, rendered on the day of , [Enter year of validation of Bonds]

, Governor of the State of Florida, as Chairman of the Governing Board, Division of Bond Finance of the State Board of Administration of Florida

STATE BOARD OF ADMINISTRATION CERTIFICATE

The issuance of these Bonds has been approved by the State Board of Administration as required by law. This certificate is made in compliance with Sections 215.73 and 375.051, Florida Statutes.

, Governor of the State of Florida as Chairman of the State Board of Administration

CERTIFICATE

The issuance of these Bonds has been approved under the provisions of the State Bond Act by the Governing Board of the Division of Bond Finance of the State Board of Administration of Florida. This Certificate is made in compliance with 215.68(6), Florida Statutes.

, Comptroller, or any Successor, of the State of Florida, as Secretary of the Governing Board of the Division of Bond Finance of the State Board of Administration of Florida

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned, ___________________ hereby sells, assigns and transfers to _
____
____

PLEASE INSERT SOCIAL SECURITY OR FEDERAL EMPLOYER IDENTIFICATION NUMBER
the within Bond and does hereby irrevocably constitute and appoint the Bond Registrar as the transferor's agent to transfer the Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: ____________________________

Signature guaranteed:

____
(Bank, Trust Company or Firm)

Notice: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

(Authorized Officer)

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration, enlargement or any change whatever, and the Social Security Number or federal employer identification must be supplied.

ARTICLE III
APPLICATION OF PROCEEDS

Section 3.01. APPLICATION OF BOND PROCEEDS. Upon receipt of the proceeds from the sale and delivery of the Bonds and each Series thereof, unless otherwise provided by resolution adopted prior to the sale thereof, the Division shall transfer and apply such proceeds as follows:

(A) An amount equal to the accrued interest, if any, on the Bonds shall be transferred to the Board and deposited into the Sinking Fund hereinafter created and established, and used for the payment of interest on the Bonds.

(B) An amount, if any, which the Division shall designate by subsequent resolution to be adopted prior to the issuance of each Series of the Bonds, as necessary to satisfy the Reserve Requirement shall be transferred to the Composite Reserve Sub-Account or the Sub-account in the Reserve Account created for such Series of Bonds, as applicable, provided that such amount shall not exceed the maximum amount of proceeds of such Series of Bonds permitted to be used to fund a debt service reserve for such Series of Bonds under the Code, and the amount necessary to pay the fee, charge, premium or other amounts payable for any Reserve Product or other credit enhancement shall be paid to the Reserve Product Provider or other credit enhancer.

(C) The amount, if any, determined in the sole discretion of the Division prior to the issuance of the Bonds, as being necessary to provide for the payment of interest on the Bonds for a reasonable period from the date of issuance of the Bonds shall be transferred to the Board and deposited in the Sinking Fund.

(D) The amount necessary to pay all costs and expenses of the Division in connection with the preparation, sale and issuance of the Bonds, including a fee for the services of the Division, shall be transferred to the Division to be deposited in the appropriate trust fund established and maintained in accordance with the State Bond Act unless such amount shall be provided from another legally available source.

(E) After the transfers provided for above have been made, the remainder of the proceeds from the sale of each Series of the Bonds (other than refunding bonds), including any premium, shall be transferred to the Florida Forever Trust Fund and separately maintained in a Program Account therein adequately identified, created for each Series of Bonds. Moneys in a Florida Forever Program Account shall be used to pay the Costs of Land and/or Water Acquisition and shall be distributed by the Department in accordance with law and the covenants made hereunder. If any unexpended balance of moneys remains in a Program Account after payment of the Costs of Land and/or Water Acquisition, which includes payment of the Rebate Amount, such unexpended balance may be (1) transferred to the Sinking Fund and held in a special account (or sub-account thereof), which is hereby created, to be used to purchase or redeem Bonds of the Series which funded such Program Account, or (2) upon receipt of an opinion of Bond Counsel that such use will not cause interest on the Bonds or any portion thereof (other than Taxable Bonds) to be included in gross income for federal income tax purposes, transferred to another Program Account or used for any other lawful purpose which is permitted pursuant to the provisions of Article VII, Section 11 (e) of the Florida Constitution. It is hereby specifically expressed to be the intention of the State of Florida that all proceeds of the Florida Forever Bonds be used in the furtherance of the purposes of Article VII, Section 11 (e) and Article XII, Section 9 (a) of the Florida Constitution and the financing of such purposes.

Section 3.02. LIEN OF BONDHOLDERS ON FLORIDA FOREVER TRUST FUND. The Florida Forever Trust Fund shall constitute a trust fund hereunder and the Holders of each Series of Florida Forever Bonds shall have a lien on all the proceeds of such Series of Florida Forever Bonds deposited in the Florida Forever Trust Fund until such moneys are withdrawn from the Florida Forever Trust Fund. The Bondholders shall not acquire a lien upon or any interest in land, water areas or improvements acquired with the proceeds of the Bonds or upon proceeds held in the Florida Forever Trust Fund derived from a Series of Bonds different from the Series held by the Bondholder.

Section 3.03. BONDHOLDERS NOT AFFECTED BY APPLICATION OF BOND PROCEEDS. The Holders of the Bonds shall not have any responsibility whatsoever for the application or use of any of the proceeds derived from the sale of the Bonds, and the rights and remedies of the Holders of such Bonds and their right to payment from the Pledged Revenues, as provided herein, shall not be affected or impaired by the application or use of such proceeds. Upon the issuance of the Bonds, all the covenants and agreements among the Division, the Department and the Bondholders contained in this Resolution shall be valid and binding covenants and agreements among the Division, the Department and the Bondholders without regard to the application of the proceeds of the Bonds.

ARTICLE IV
PAYMENT AND APPLICATION OF PLEDGED REVENUES; INVESTMENT OF FUNDS AND ACCOUNTS

Section 4.01. BONDS NOT DEBT OF STATE. The Bonds shall not be deemed to constitute a pledge of the full faith and credit of the State of Florida or any agency or political subdivision thereof within the meaning of any constitutional or statutory provision or limitation, and it is expressly agreed that the Holders of the Bonds shall never have the right to compel the levy of any taxes not specifically pledged or the legislative appropriation of moneys not pledged by the State of Florida or its agencies for the payment of the principal of and interest on the Bonds or for the payment of any other amounts provided for in this Resolution.

Section 4.02. BONDS SECURED BY PLEDGE OF THE PLEDGED REVENUES. The Bonds shall be secured equally and ratably by a lien on the Pledged Revenues. The Pledged Revenues are hereby irrevocably pledged to the payment of the principal of, redemption premiums, if any, and interest on the Bonds as the same shall become due, specifically including the purposes provided in Section 4.03 of this Resolution.

Section 4.03. APPLICATION OF PLEDGED REVENUES. In each month while any of the Bonds remain Outstanding Pledged Revenues in an amount sufficient for the transfers required to be made by the Department pursuant to (A),(B), and (C) below shall be collected and deposited into a separate account within the Land Acquisition Trust Fund to be designated as the Florida Forever Collection Account which is hereby created and established. The Department shall transfer money from the Florida Forever Collection Account in the following manner, amounts and order of priority.

(A) First, the Department shall transfer to the Board for deposit into the Florida Forever Bond Interest and Sinking Fund, which is hereby created and established: (1) an amount, for deposit into an interest account in the Sinking Fund on the 15th day of each month while any of the Bonds remain Outstanding, sufficient to pay 1/6th of the interest becoming due on the Bonds on the next Debt Service Payment Date; provided, however, that (a) such monthly deposits for interest payment shall not be required to be made into the interest account to the extent that money on deposit therein is sufficient for such purpose and (b) if the period to elapse between interest payment dates will be other than 6 months, then such monthly deposits shall be adjusted to provide equal monthly deposits aggregating to the amount due on the next interest payment date; (2) an amount, for deposit into a principal account in the Sinking Fund on the 15th day of each month while any of the Bonds remain Outstanding, in the case of Serial Bonds which mature semi-annually, sufficient to pay 1/6th of the principal amount of the Serial Bonds which will mature and become due on the next succeeding semi-annual maturity date and in the case of Serial Bonds which mature annually, sufficient to pay 1/12th of the principal amount of the Serial Bonds and Term Bonds (other than Term Bonds that are otherwise subject to mandatory redemption from Sinking Fund Deposits) which will mature and become due on the next succeeding annual maturity date, beginning with the 15th day of the first full calendar month following the Closing Date of the first Series of the Bonds; provided, however, that (a) such monthly deposits for principal shall not be required to be made into the principal account to the extent that money on deposit therein is sufficient for such purpose and (b) if the period to elapse between the date of delivery of the Bonds and the next Debt Service Payment Date will be other than 6 months, in the case of Serial Bonds which mature semi-annually, or 12 months, in the case of Serial Bonds which mature annually, then such monthly deposits shall be adjusted to provide equal monthly deposits aggregating to the required principal amount maturing on the next Debt Service Payment Date; (3) an amount, for deposit into a bond redemption account in the Sinking Fund on the 15th day of each month while any of the Bonds remain Outstanding, beginning on such dates, in such years and in such sums as may be required to provide for the payment of each Sinking Fund Deposit in equal monthly installments over the twelve-month period ending in the month preceding the date provided for the redemption of Term Bonds from such Sinking Fund Deposits; provided, however, that such monthly deposits for mandatory redemption of Term Bonds from Sinking Fund Deposits shall not be required to be deposited into the bond redemption account to the extent that money on deposit therein is sufficient for such purpose; and (4) on the 15th day of each month beginning with the 15th day of the first full calendar month following the Closing Date of the first Series of the Bonds an amount sufficient to pay Administrative Expenses or other fees and charges accruing with respect to the Bonds or the administration of funds under this Section 4.03 becoming due and payable during such month to the extent other moneys are not available therefor. Notwithstanding any provision of this Resolution to the contrary, payments of principal and interest may occur at such time as shall be provided by subsequent resolution of the Division adopted prior to the issuance of a Series of Bonds to which such payment schedule shall apply, which may include the payment of principal or interest or both on a monthly or less frequent basis. Any deposits as provided by this Resolution for the purpose of meeting payments of interest, principal or Sinking Fund Deposits for any Series of Bonds shall be adjusted accordingly, to reflect the payment schedule applicable to such Series of Bonds. Any deficiencies for prior payment into the interest account, the principal account and the bond redemption account shall be restored from the first Pledged Revenues available therefor.

(B) Second, on the 15th day of each month, the Department shall transfer to the Board for deposit into the Composite Reserve Sub-Account hereby established and created or other appropriate sub-accounts in the Florida Forever Reserve Account, amounts which, when combined with the amounts then on deposit therein, including amounts available under any Reserve Product applicable to such sub-account as provided for below, are equal to the Reserve Requirement for each such sub-account and the amount, if any, necessary to reinstate any Reserve Product previously drawn upon or to reimburse a Reserve Product Provider for any such draw. If the Division elects to fund any sub-account in the Reserve Account by installments over a period of time, as provided below, this maintenance requirement shall be calculated based upon the amounts required to be on deposit in the Reserve Account in accordance with such election. The Department shall also (1) transfer to the Board for deposit in the Reserve Account or applicable sub-account sufficient funds to make up any deficiency caused by a withdrawal or resulting from the valuation of the funds on deposit in the Reserve Account or any sub-account or deficiencies in previous deposits, and (2) withdraw from the Florida Forever Collection Account sufficient funds to pay the fee, charge or premium for any Reserve Product not paid from Bond proceeds, deposited into one or more sub-accounts in the Reserve Account in lieu of cash, which action is hereby authorized.

Prior to the issuance of each Series of Bonds, the Division shall by resolution designate whether or not such Series of Bonds shall be secured by the Composite Reserve Sub-Account, and if not, shall designate any Reserve Requirement that it may require with respect to such Series of Bonds. The Division may create one or more separate sub-accounts in the Reserve Account which sub-account shall secure only those Series of Bonds as shall be designated in such resolution. Bonds of each Series for which a separate sub-account is established shall be secured only by the sub-account in the Reserve Account created and established with respect to such Series of Bonds and shall have no lien on or right to payment from any other sub-account in the Reserve Account. Funds on deposit in the separate sub-accounts in the Reserve Account, if any, shall be used solely to cure the deficiencies in the Sinking Fund with respect to the Series of Bonds to which such sub-account pertains. Except as provided below with respect to the delivery of a Reserve Product, if funds on deposit in any sub-account in the Reserve Account exceed the Reserve Requirement with respect thereto, such excess shall be transferred to the Sinking Fund. Any proceeds received from a Reserve Product Provider obtained to satisfy the Reserve Requirement pursuant to this Section with respect to a sub-account in the Reserve Account shall be applied immediately to cure deficiencies in funds required to pay debt service with respect to the Series of Bonds secured by such sub-account and for no other purpose.

Notwithstanding the foregoing, if the Department shall have determined, or be required, to fund a sub-account in the Reserve Account with respect to a Series of Bonds, the Department shall not be required to fully fund such sub-account at the time of issuance of such Series of Bonds hereunder if the Division elects, by resolution adopted prior to the issuance of such Series of Bonds, subject to the limits described below, to fully fund the applicable sub-account in the Reserve Account over a period of time specified in such resolution not to exceed 60 months, during which time the Department shall make substantially equal monthly deposits to the applicable sub-accounts in the Reserve Account in order that the amounts on deposit therein at the end of such period of time shall equal the Reserve Requirement for such Series of Bonds. If the applicable sub-account in the Reserve Account is to be funded in installments the deposits required pursuant to the foregoing may be limited to an amount equal to the required monthly installment specified in such resolution, plus an additional amount necessary to make up any deficiencies caused by withdrawals or resulting from a valuation of the funds on deposit therein. In lieu of funding a sub-account in the Reserve Account or in substitution for the funds then on deposit in the Reserve Account, the Department may at any time provide a Reserve Product issued by a Reserve Product Provider in an amount which, together with sums on deposit, or required to be deposited over a specified period as authorized above, in the applicable sub-account in the Reserve Account equals the Reserve Requirement with respect to such Series of Bonds. A Reserve Product as provided for in this paragraph (B) must provide for payment on or before any interest or principal payment date (provided adequate notice is given) on which date a deficiency exists (or is expected to exist) in moneys held hereunder for a payment with respect to Bonds of the Series secured thereby which cannot be cured by funds in any other account held pursuant to this Resolution and available for such purpose, and shall name the Paying Agent or the Board as the beneficiary thereof. In no event shall the use of such Reserve Product be permitted if it would cause an impairment in any existing rating on the Bonds or any Series thereof. If a disbursement is made from a Reserve Product as provided pursuant to this paragraph (B), the Department shall be obligated to reinstate the maximum limits of such Reserve Product immediately following such disbursement or to replace such Reserve Product by transferring to the Board for deposit into the applicable sub-account in the Reserve Account from the first Pledged Revenues available for deposit pursuant to this paragraph (B), funds in the maximum amount originally payable under such Reserve Product, plus any amounts required to reimburse the Reserve Product Provider for previous disbursements made pursuant to such Reserve Product, or a combination of such alternatives, and for purposes of this paragraph (B), amounts required to satisfy any such reimbursement obligation and other obligations of the Department to such a Reserve Product Provider shall be deemed required deposits into the applicable sub-account in the Reserve Account, but shall be used by the Department to satisfy its obligations to the Reserve Product Provider.

Any excess funds arising from the substitution of a Reserve Product for funds then on deposit in the Reserve Account may be withdrawn; provided, however, that such amounts shall be transferred only to a separate Program Account within the Florida Forever Trust Fund to be used for such purposes as are consistent with the use or uses of the proceeds of the particular Series of Bonds that funded the Reserve Account, or such other projects or uses as are permitted by Article VII, section 11 (e) and Article XII, Section 9 (a) of the Florida Constitution, as applicable. Until expended, such withdrawn funds shall be subject to the pledge thereof and lien thereon in favor of the Registered Owners of the Bonds to the same extent as if such funds had been deposited into the Program Account on the date of delivery of the Series of Bonds to which they are appropriately allocated, as determined by the Division and the Department in consideration of federal income tax rules and regulations and subject to Section 6.04 of this resolution.

(C) Third, on the 15th day of each month, there shall be transferred to the Rebate Fund, to the extent that any Rebate Amount calculated pursuant to Section 6.04 of this Resolution is not fully funded from investment earnings on moneys in the funds and accounts, the amount necessary to pay such Rebate Amount.

(D) Then, in each month, after providing for the payments required by Sections 4.03(A),(B), and (C), and after providing for any deficiencies for prior payments, any excess moneys remaining in the Florida Forever Collection Account shall, to the extent feasible, be paid back to the fund from which such moneys were transferred and any remaining excess moneys shall be deposited in the State of Florida General Revenue Fund.

The funds and accounts established by this Resolution shall constitute trust funds for the purposes provided herein and shall be continuously secured in the same manner as governmental deposits are authorized to be secured by the laws of the State of Florida. Funds in the Sinking Fund shall be used only to pay interest on the Bonds when due, the principal of maturing Serial Bonds, the Compounded Amounts of any Capital Appreciation Bonds, the current Sinking Fund Deposit (or the principal of and redemption premium, if any, with respect to Term Bonds payable from the Sinking Fund Deposit), the Rebate Amount, fees and charges of the paying agents and any other fees and charges accruing with respect to the Bonds or the administration of funds under this Section 4.03.

Section 4.04. REDEMPTION OF BONDS FROM SINKING FUND DEPOSITS. In each Fiscal Year moneys deposited into the bond redemption account in the Sinking Fund as Sinking Fund deposits for the mandatory redemption of Term Bonds shall be applied to the retirement of Term Bonds of each Series as follows:

(A) First, the Board shall endeavor to purchase outstanding Term Bonds of the maturity subject to mandatory redemption from the Sinking Fund Deposit at the most advantageous price obtainable with reasonable diligence, but that price shall not exceed the principal of such Term Bonds or the Compounded Amounts of Capital Appreciation Term Bonds and the redemption premium which would be applicable if the moneys applied to such purchase were otherwise applied to the redemption of Term Bonds under paragraph (B) below, and no such purchase shall be made by the Board within 61 days immediately preceding the date on which such Term Bonds are subject to call for redemption.

(B) Then, to the extent such moneys were not used under paragraph (A) above, the Board shall call by lot for redemption on the date on which Term Bonds of such Series are subject to mandatory redemption from the Sinking Fund Deposit such amount of Term Bonds of such Series then subject to redemption as will as nearly as may be practicable exhaust the remainder of the Sinking Fund Deposit of the current Fiscal Year.

The Board shall pay from the Sinking Fund the principal of, the redemption premiums, if any, and the interest accrued or accreted on such Term Bonds to the date of redemption thereof. If, by the application of moneys pursuant to this Section 4.04 or Section 4.05, Term Bonds in a principal amount in excess of the amount subject to mandatory redemption in any year are purchased or redeemed, such excess may be credited, in any manner to be determined in the discretion of the Division or the Department, against mandatory redemption requirements for Term Bonds of the same Series and maturity.

Section 4.05. REDEMPTION OF BONDS FROM EXCESS BOND PROCEEDS TRANSFERRED FROM THE FLORIDA FOREVER TRUST FUND. All moneys transferred to the special account in the Sinking Fund to redeem Bonds as provided in subsection 3.01(E) of this Resolution shall be used to purchase and redeem Bonds as follows:

(A) First, the Board shall endeavor to purchase outstanding Bonds at the most advantageous price obtainable with reasonable diligence, but that price cannot exceed the principal amount or the Compounded Amount of any such Bond and the redemption premium which would be applicable if the moneys applied to such purchase were otherwise applied to the redemption of Bonds under paragraph (B) below, and no such purchase shall be made by the Board within 61 days immediately preceding the date on which such Bonds are subject to call for redemption.

(B) Then, to the extent such moneys were not used under paragraph (A) above, the Board shall redeem Bonds on the next date for which notice can be given in accordance with Section 2.03 of this Resolution. The Board shall pay the principal of, the redemption premium, if any, and the interest accrued or accreted on any such Bond to the date of redemption thereof.

Section 4.06. INVESTMENT OF FUNDS AND ACCOUNTS. Moneys held in the funds and accounts created under the provisions of this Resolution may be invested and reinvested in securities authorized in Section 215.47, Florida Statutes. Any investments of moneys needed to meet the requirements of this Resolution shall mature not later than the dates on which such moneys are expected to be needed. Unless otherwise provided by this Resolution, any and all income and interest received upon any investments or reinvestments of moneys in a fund or account shall be retained in such fund or account and used for the purposes specified for such fund or account; provided, however, that an amount necessary to pay the Rebate Amount with respect to any Series of the Bonds shall be transferred to the Rebate Fund.

Section 4.07. VALUATION OF FUNDS. In computing the amount in any fund or account created under the provisions of this Resolution, securities therein purchased as an investment of moneys shall be valued at the cost thereof, exclusive of accrued interest. A valuation of amounts on deposit in the Reserve Account or any sub-account therein shall be conducted at least once each calendar year to determine if the amount on deposit is equal to the Reserve Requirement; if a deficiency exists, such deficiency shall be compensated as provided in Section 4.03(B) of this Resolution.

Section 4.08. ENFORCEABILITY BY BONDHOLDERS. The Department and the Division hereby irrevocably agree that the pledge of the Pledged Revenues made herein shall be deemed to have been made for the benefit of the Holders from time to time of the Bonds to be issued by or on behalf of the Department, and that such pledge and all provisions of this Resolution shall be enforceable in any court of competent jurisdiction by any Holder or Holders of such Bonds, against either the Department, the Board, or any other agency of the State of Florida or political subdivision or instrumentality having any duties concerning the collection, administration, and disposition of the Pledged Revenues; and the Department does hereby consent to the bringing of any proceedings in any court of competent jurisdiction by any Holder or Holders of Bonds for the enforcement of all provisions of this Resolution and does hereby, to the extent permitted by law, waive any privilege or immunity from suit which it may now or hereafter have as an agency of the State of Florida. However, no pledge or provision contained in this Resolution or any Bond issued pursuant thereto shall be deemed to be the pledge, covenant or agreement of any officer or employee of the State of Florida, in his or her or individual capacity and neither the officers nor employees of the State of Florida nor any official executing any of the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 4.09. USE OF ADDITIONAL FUNDS FOR DEBT PAYMENT. Nothing herein contained shall preclude the Department from using any legally available funds which may come into its possession, including without limitation the proceeds of the sale of refunding bonds, or the receipt of contributions or grants, for the purpose of payment of principal of and interest on the Bonds, or for the purchase or redemption of the Bonds in accordance with the provisions of this Resolution.

ARTICLE V
ISSUANCE OF ADDITIONAL OBLIGATIONS

Section 5.01. ISSUANCE OF ADDITIONAL PARITY BONDS. Additional Parity Bonds may be issued by the Department only upon the terms, restrictions and conditions contained in the Florida Forever Laws or the Everglades Laws, and this Section 5.01. Additional Parity Bonds shall not be created or issued unless:

(A) the Debt Service Requirement for all Florida Forever Bonds Outstanding and any additional Bonds proposed to be issued does not exceed in any Fiscal Year the maximum amounts permitted to be transferred in each respective Fiscal Year to the Land Acquisition Trust Fund pursuant to Section 201.15, Florida Statutes; and

(B) for any 12 consecutive months out of the 24 month period immediately preceding the issuance of proposed Additional Parity Bonds**,** (i) the amount of excise taxes distributed pursuant to Section 201.15, Florida Statutes, equals at least 150% of the Maximum Debt Service Requirement for all Florida Forever Bonds Outstanding, Everglades Bonds Outstanding and the proposed Additional Parity Bonds, and (ii) the Pledged Revenues applicable to the Florida Forever Bonds and Everglades Bonds, respectively, equaled or exceeded at least 100% of the Debt Service Requirement on the Florida Forever Bonds Outstanding and Everglades Bonds Outstanding during such period. Notwithstanding the language in clause (B)(i) above, the Legislature may, from time to time, provide that the amount of excise taxes used to make the computation in clause (B)(i) is to be less than the total amount of excise taxes distributed pursuant to Section 201.15, Florida Statutes. In that case, the computation made pursuant to clause (B)(i) shall be made using the portion of the excise taxes then currently permitted by law to be used to make the computation, which amount may be changed from time to time; and

(C) for purposes of paragraph (A) and (B) above, the terms Pledged Revenues, Debt Service Requirement, Maximum Debt Service Requirement and Outstanding shall be determined with reference to the definition of those terms (i) in this Resolution when applying the provisions of paragraphs (A) and (B) to Florida Forever Bonds, and (ii) in the Master Bond Agreement when applying the provisions of paragraphs (A) and (B) to Everglades Bonds. Further, for purposes of clause (B)(i) above, Debt Service Requirement and Maximum Debt Service Requirement with respect to Everglades Bonds shall be computed assuming (y) that Variable Rate Everglades Bonds bear interest at the Maximum Rate permitted under the Master Bond Agreement without regard to any lesser interest rate provided under the Master Bond Agreement or Florida Law, and (z) principal is amortized at the time and in the amounts provided for under the Master Bond Agreement, without regard to clause (a) of the Master Bond Agreement's definition of Debt Service Requirement (but with regard to all other provisions in such definition).

No such Additional Parity Bonds shall be issued hereunder unless the Division has determined by certificate of an authorized officer of the Division that the foregoing coverage requirements have been met, based on the following:

(1) A certificate of the State Comptroller, any successor at law or other appropriate state official setting forth the amount of excise taxes distributed pursuant to Section 201.15, Florida Statutes, for the applicable period; and,

(2) A certificate of the Department or the Board setting forth the Debt Service Requirement and the Maximum Debt Service Requirement (defined as provided in (C) above) on the Florida Forever Bonds and Everglades Bonds for all ensuring Fiscal Years after the issuance of the Additional Parity Bonds and the Debt Service Requirement (defined as provided in (C) above) on all Florida Forever Bonds Outstanding and Everglades Bonds Outstanding during the applicable period.

No such Additional Parity Bonds shall be created or issued at any time, however, unless the Board shall certify that all the payments required under the provisions of Section 4.03 hereof, including any deficiencies for prior payments, have been made as required to the date of the sale of such Additional Parity Bonds.

Notwithstanding the requirements set forth above, the Department may at any time and from time to time issue Additional Parity Bonds for the purpose of refunding any Series of Bonds, or any maturity of Bonds within a Series, without the necessity of complying with the requirements set forth above, provided that prior to the issuance of such Additional Parity Bonds, there shall be filed with the Division a certificate of an independent financial consultant, of suitable experience and responsibility, to the effect that (i) the net proceeds from such Additional Parity Bonds, together with any other funds provided for such purpose, will be sufficient to cause the lien created by this Resolution with respect to the Bonds to be refunded, to be defeased pursuant to Section 5.02 below, and (ii) the Debt Service Requirement with respect to such Additional Parity Bonds in each Fiscal Year following the issuance thereof shall be equal to or less than the Debt Service Requirement for such Fiscal Year with respect to the Bonds which would have been Outstanding in such Fiscal Year had the same not been refunded pursuant to this Section 5.01.

Such Additional Parity Bonds shall be deemed to have been issued pursuant to this Resolution to the same extent as the Bonds originally authorized and issued pursuant to this Resolution, and all of the covenants and other provisions of this Resolution (except as to details of such Additional Parity Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Holders of any Bonds originally authorized and issued pursuant to this Resolution and the Holders of any such Additional Parity Bonds subsequently issued within the limitations of and in compliance with this Section 5.01. All of such original Bonds and Additional Parity Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Pledged Revenues and their source of and security for payment therefrom without preference of any Bond or Additional Parity Bond over any other; provided, however, that each Series of Bonds issued hereunder shall, with respect to the Reserve Account, have rights only to moneys in the sub-account in the Reserve Account created with respect to such Series.

Upon the issuance of any such Additional Parity Bonds, the payments required to be made or set aside from Pledged Revenues under Section 4.03 shall be increased in the amounts necessary for the payments contemplated thereby.

Section 5.02. DEFEASANCE. If, at any time, the Department shall have paid, or shall have made provision for the payment of, the principal, interest and redemption premiums, if any, with respect to the Bonds or any Series thereof or any maturity within any Series, and the fees and charges with respect thereto, then, in that event, the pledge of and lien on the Pledged Revenues in favor of the Holders of such Bonds and all other liens created hereby in favor of such Holders shall no longer be in effect with respect to such Bonds. For purposes of the preceding sentence, the deposit of cash, non-callable direct obligations of the United States of America, non-callable obligations the principal of and interest on which are guaranteed by the United States of America, "stripped" interest payment obligations of debt obligations of the Resolution Funding Corporation, or bank certificates of deposit fully secured as to principal and interest by such direct obligations in irrevocable trust with a banking institution, trust company or the Board, for the sole benefit of the Bondholders, in an aggregate principal amount which, together with interest to accrue thereon, will be sufficient to make timely payment of the principal of, interest on, and redemption premiums, if any, on the Bonds to be refunded, and the paying agent fees and expenses with respect thereto, shall be considered "provision for payment." Nothing herein shall be deemed to require the Department to call any of the Outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Department in determining whether to exercise any such option for early redemption. Moneys held in any fund or account created hereby that are in excess of the amounts required to pay or make provision for payment of the principal and interest on the Bonds, the fees and charges of any paying or fiscal agents and the Rebate Amount may be withdrawn and used by the Department for any lawful purpose.

Section 5.03. ISSUANCE OF OTHER OBLIGATIONS OR CREATION OF ENCUMBRANCES. The Department covenants that until the Bonds are defeased as provided herein, it will not issue any other obligations, except Additional Parity Bonds provided for in Section 5.01 hereof, payable from the Pledged Revenues, or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge, having priority to or being on a parity with the lien of the Holders of the Bonds upon the Pledged Revenues. Any such other obligations hereafter issued by the Department in addition to and other than the Bonds authorized by this Resolution and such Additional Parity Bonds provided for in Section 5.01 hereof shall contain an express statement that such obligations are junior, inferior, and subordinate to the Bonds originally issued pursuant to this Resolution and any Additional Parity Bonds theretofore or thereafter issued, as to lien on and source and security for payment from such Pledged Revenues.

ARTICLE VI
COVENANTS WITH BONDHOLDERS

Section 6.01 DEPOSIT AND TRANSFER OF PLEDGED REVENUES. The Department covenants and agrees with the Division and the Bondholders that so long as any of the Bonds or interest thereon are outstanding and unpaid, all of the payments of the Pledged Revenues provided for in this Resolution shall be deposited, transferred and applied in the manner and priority set forth in this Resolution, and the Bondholders shall have a valid and enforceable lien on such Pledged Revenues until applied as provided in this Resolution.

Section 6.02. ENFORCEMENT OF COLLECTIONS. The Department covenants and agrees with the Division and the Bondholders that it will diligently enforce its right to receive the Pledged Revenues. The Department will not take any action which will impair or adversely affect the Pledged Revenues, as herein pledged, or impair or adversely affect in any manner the pledge of the Pledged Revenues made herein or the rights of the Bondholders. The Department shall be unconditionally and irrevocably obligated, so long as any of the Bonds are outstanding and unpaid, to take all lawful action necessary or required to continue to entitle the Department to receive the Pledged Revenues in amounts sufficient to pay the principal of and interest on the Bonds and to make the other payments provided for herein.

Section 6.03. REMEDIES. The Department hereby covenants and agrees with the Division and the Bondholders that any Bondholder or the Division may sue to protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State of Florida or the United States of America, or granted and contained in this Resolution, and to enforce and compel the performance of all duties required by this Resolution or by any applicable laws to be performed by the Department or by any officer thereof, and the collection of all revenue pledged hereby; and may enforce such liens and collect such revenue and other charges as shall become delinquent to the full extent permitted or authorized by the laws of the State of Florida or the United States of America.

Section 6.04. COMPLIANCE WITH TAX REQUIREMENTS: REBATE FUND. (A) It is the intention of the Division and the Department that the interest on each Series of Bonds issued hereunder, except Taxable Bonds, be and remain excluded from gross income for federal income tax purposes and to this end the Division and the Department hereby covenant and agree, for the benefit of the Holders from time to time of the Bonds issued hereunder that are not Taxable Bonds that each will comply with the requirements applicable to it contained in Section 103 and Part IV of Subchapter B of Chapter 1 of the Code to the extent necessary to preserve the exclusion of interest on each Series of Bonds issued hereunder that are not Taxable Bonds from gross income for federal income tax purposes. Specifically, without intending to limit in any way the generality of the foregoing, the Department covenants and agrees:

(1) to be responsible for making or causing to be made all necessary determinations and calculations of the Rebate Amount and required payments of the Rebate Amount and to obtain verification of such determinations and calculations by the Division;

(2) to set aside, or cause to be set aside, sufficient moneys in the Rebate Account with respect to such Series of Bonds, from the Pledged Revenues, or from any other legally available funds, to permit a timely payment of the Rebate Amount to the United States of America;

(3) to pay, or cause to be paid, the Rebate Amount at the times required pursuant to Section 148(f) of the Code;

(4) to maintain and retain, or cause to be maintained and retained, all records pertaining to the Rebate Amount with respect to each Series of Bonds issued hereunder that are not Taxable Bonds, and required payments of the Rebate Amount with respect to that Series of Bonds, for at least six years after the final maturity of that Series of Bonds or such other period as shall be necessary to comply with the Code;

(5) to refrain from using proceeds from the Bonds issued hereunder that are not Taxable Bonds in a manner that might cause the Bonds or any Series of them to be classified as private activity bonds under Section 141(a) of the Code; and

(6) to refrain from taking any action that would cause the Bonds issued hereunder that are not Taxable Bonds, or any Series of them, to become arbitrage bonds under Section 148 of the Code or any action that would otherwise cause interest on the Bonds of any Series that are not Taxable Bonds to become includable in gross income for federal income tax purposes.

The Division and the Department understand that the foregoing covenants impose continuing obligations on them that will exist as long as the requirements of Section 103 and Part IV of Subchapter B of Chapter 1 of the Code are applicable to the Bonds.

Notwithstanding any other provision of this Resolution, the obligation to pay over the Rebate Amount to the United States and to comply with all other requirements of this Section 6.04 shall survive the defeasance or payment in full of the Bonds or any Series of them.

(B) The Department may deposit or direct another to deposit into the appropriate Rebate Account in the Rebate Fund which is hereby created and established, from investment earnings on moneys deposited in the other Funds and Accounts created hereunder, or from any other legally available funds of the Department, an amount equal to the Rebate Amount for such Rebate Year. Such moneys deposited in a Rebate Account shall be used only for the payment of the Rebate Amount to the United States as required by subsection (A) of this Section 6.04, and as directed by the Department. At the end of each Rebate Year, however, funds on deposit in any Rebate Account in excess of the applicable Rebate Amount may be withdrawn and paid over to the Department. In complying with the foregoing, the Department and Division may rely upon any instructions or opinions from Bond Counsel.

If any amount remains in a Rebate Account after payment in full of all Bonds of the Series for which such Rebate Account was established and after payment in full of any Rebate Amount to the United States on account of such Series of Bonds in accordance with the terms hereof, such amount may be used for any purpose authorized by the law.

Each Rebate Account shall be held separate and apart from all other funds and accounts of the Department and shall be subject to a lien in favor of the Bondholders, but only to secure payment of the Rebate Amount, and the moneys in the Rebate Fund shall be available for use only as herein provided.

The Division and the Department shall not be required to continue to comply with the requirements of this Section in the event that the Division and Department receive an opinion of Bond Counsel that such compliance is no longer required in order to maintain the exclusion from gross income for Federal income tax purposes of interest on the Bonds or that compliance with some other requirement will comply with the provisions of the Code in respect of arbitrage rebate.

Notwithstanding any of the above, the Department's responsibilities and duties pursuant to Section 6.04(A)(1), (2), (3) or (4) may be assumed in whole or in part by the Division or another entity as provided by law, administrative rule, or resolution of the Division.

Section 6.05. PUNCTUAL PAYMENT. The Department hereby covenants and agrees to make or cause to be made all payments and transfers of funds provided for in this Resolution in the manner provided herein and to duly and punctually perform and carry out all the covenants and duties imposed upon the Department by this Resolution.

Section 6.06. BUDGET PREPARATION. The Department hereby covenants and agrees that in preparing, approving and adopting any budget controlling or providing for the expenditures of its funds for each Fiscal Year, it will approve, to the extent legally required, the amounts sufficient to make the payments due under this Resolution.

Section 6.07. LEGISLATIVE RECOMMENDATIONS. The Department hereby covenants and agrees to recommend to the Legislature from time to time such revisions in the amounts of revenue required to be deposited in the Land Acquisition Trust Fund which will be necessary as additional security to pay, when due, the payments due under this Resolution.

Section 6.08. INTERGOVERNMENTAL AGREEMENTS. Subsection 259.1051(3), Florida Statutes, provides that the administration and use of the proceeds of the Bonds received by the designated agencies of the State will be subject to such terms and conditions imposed thereon by the Department and the Division for certain purposes, including the purpose of ensuring that the interest on the Bonds will not be included in the gross income of the Holders of such Bonds for Federal income tax purposes. In order to impose certain terms and conditions on the use of the proceeds of the Bonds and the lands acquired with such proceeds, as shall be necessary to ensure compliance with applicable Florida law and federal income tax laws, the Department shall enter into intergovernmental agreements between the Department and the state agencies which receive proceeds of the Bonds.

ARTICLE VII
MISCELLANEOUS

Section 7.01. BOND ANTICIPATION NOTES. Notwithstanding any other provision of this Resolution, if the Division shall deem it advisable, short-term obligations (hereinafter "Notes") are hereby authorized to be issued by the Division on behalf of the Department, in anticipation of the sale and delivery of Bonds, to pay all or a portion of the Costs of Land Acquisition. The Notes shall be payable from the proceeds received from the sale of the Bonds and, in the interim, from moneys lawfully available therefore; provided, however, that if the Notes are payable from the Pledged Revenues then they shall be, and shall contain an express statement that they are, junior, inferior and subordinate to any of the Bonds as to lien on and source and security for payment from such Pledged Revenues. If such Notes are issued, the Costs of Land and/or Water Acquisition shall be amended to include the payment of the Notes. The Notes may be issued in such denomination or denominations, in the aggregate principal amount (not exceeding $3,000,000,000 to be issued subsequent to January 23, 2001), in the form, may bear interest at the lawful rate or rates payable on such dates (not to exceed five years from the date of issue) and may be subject to such conditions and terms as the Division shall deem necessary or desirable in connection with such Notes, all as shall be provided by resolution of the Division adopted at or before sale of the Notes, in accordance with Sections 215.431 and 215.68(7), Florida Statutes.

Section 7.02. NON-PRESENTMENT OF BONDS. In the event any Bond shall not be presented for payment when the principal (or Compounded Amount) thereof becomes due, either at maturity or otherwise, if funds sufficient to pay such Bond shall have been made available to the Board for the benefit of the Owner or Holder thereof, all liability of the Department to the Owner or Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Board to hold such funds, without liability for interest thereon, for the benefit of the Owner or Holder of such Bond, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on the Owner or Holder's part under this Resolution or on, or with respect to, said Bond. Any such funds held by the Board for the Holders of such Bonds for seven years after the principal (or Compounded Amount) of the respective Bonds for which such funds have been so set aside has become due and payable and remaining (whether at maturity or upon redemption or otherwise) shall be subject to the laws of the State of Florida relating to disposition of unclaimed property, and unless demand for the payment of such Bonds shall have been made prior to the expiration of such seven years, the obligation thereon shall be extinguished.

Section 7.03. MODIFICATION OR AMENDMENT. Except as otherwise provided in this section, no material modification or amendment of this Resolution, or of any resolution amendatory thereof or supplemental thereto, may be made without the consent in writing of (i) the Holders of more than fifty percent in principal amount of the Bonds then Outstanding or (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, the Holders of more than 50% in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon or affecting the unconditional promise of the Department to pay the principal of and interest on the Bonds, as the same mature or become due, from the Pledged Revenues, or reduce the percentage of Holders of Bonds required above for such modification or amendments, without the consent of the Holders of all the Bonds then Outstanding.

This Resolution may be amended, changed, modified and altered without the consent of the Holders of Bonds, (i) to cure any ambiguity or correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions contained herein, (ii) to provide other changes including such changes as may be necessary in order to adjust the terms hereof so as to facilitate the issuance of various types of Bonds which, as certified by a nationally recognized financial advisor, will not materially adversely affect the interests of the Bondholders, (iii) to provide for the issuance of Bonds in coupon form if, in the opinion of Bond Counsel, such issuance will not affect the exemption from Federal income taxation of interest on the Bonds that are not Taxable Bonds, (iv) to obtain credit enhancements or a higher rating in one of the three highest full rating categories of a rating agency, (v) to add to the covenants and agreements of the Division or the Department in the Resolution, other covenants and agreements to be observed by the Division or the Department which are not contrary to or inconsistent with the Resolution as theretofore in effect, (vi) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the Division or the Department which are not contrary to or inconsistent with the Resolution as theretofore in effect, (vii) to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United State of America, (viii) to enable the Division and the Department to comply with their covenants, agreements and obligations under Section 6.04 of this Resolution or (ix) to make any amendment, change, modification or alteration that, as certified by a nationally recognized financial advisor, does not materially adversely affect the interests of the Bondholders.

Section 7.04. CONTINUING DISCLOSURE. (A) In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Department shall provide or cause to be provided such information as may be required, from time to time, under such rule.

(B) The Director of the Division, in conjunction with the Secretary of the Department, shall execute and deliver any agreement or documents which are necessary to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission.

SECTION 7.05. CAPITAL APPRECIATION BONDS. (a) For the purposes of (i) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) computing the amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving any notice, consent, request or demand pursuant to this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Compounded Amount.

Section 7.06. [RESERVED].

Section 7.07. SEVERABILITY OF PROVISIONS. If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provisions of law, or contrary to the policy of express law though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid or unenforceable, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity or enforceability of any of the other covenants, agreements or provisions of this Resolution or of said Bonds, issued hereunder.

Section 7.08. VALIDATION AUTHORIZED. The Attorney General or the attorneys for the Division, or both, are hereby authorized to institute proceedings to validate the Bonds or any series thereof, pursuant to Chapter 75, Florida Statutes, the State Bond Act, and the Florida Forever Laws.

Section 7.09. EFFECTIVE DATE. This Resolution shall take effect immediately, subject to the conditions provided herein and by the applicable laws.

ADOPTED on January 23, 2001, as further amended or supplemented on February 25, 2003, December 5, 2006, and August 2, 2011, as amended and restated on August 5, 2015.

ADOPTED ON August 5, 2015.

A RESOLUTION (THE "FORTY-THIRD SUBSEQUENT RESOLUTION"), SUPPLEMENTING A RESOLUTION ADOPTED ON AUGUST 5, 2015; AUTHORIZING THE COMPETITIVE SALE AND ISSUANCE OF STATE OF FLORIDA, DEPARTMENT OF ENVIRONMENTAL PROTECTION, FLORIDA FOREVER REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED), TO REFUND ALL OR A PORTION OF THE OUTSTANDING STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION, FLORIDA FOREVER REVENUE BONDS, SERIES 2008B; PROVIDING FOR THE TERMS AND AUTHORIZATIONS IN CONNECTION WITH THE SALE AND ISSUANCE OF SAID BONDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Governor and Cabinet of the State of Florida, as the Governing Board of the Division of Bond Finance of the State Board of Administration (the "Division"), adopted a resolution on August 5, 2015 (the "Authorizing Resolution"), authorizing the issuance of State of Florida Department of Environmental Protection Florida Forever Revenue Bonds (the "Florida Forever Bonds") for the implementation of the Florida Forever Act and for the refunding of State of Florida Department of Environmental Protection Florida Forever Revenue Bonds (the "Florida Forever Refunding Bonds"); and,

WHEREAS, the State of Florida, Department of Environmental Protection (the "Department"), is expected to approve a resolution requesting the Division to refund any or all of the currently Outstanding State of Florida Department of Environmental Protection, Florida Forever Revenue Bonds, Series 2008B (the "Refunded Bonds"), as determined by the Division; and

WHEREAS, upon receipt of such request, the Division wishes to issue, on behalf of the Department, the State of Florida Department of Environmental Protection, Florida Forever Revenue Refunding Bonds, Series (to be determined) or such other designation as the Division may determine (the "Refunding Bonds"), to refund all or a portion of the Outstanding Refunded Bonds; and

WHEREAS, in Specific Appropriation number 1554 of Section 5 of Chapter 2017-70, Laws of Florida, the Florida Legislature appropriated certain debt service funds for Fiscal Year 2017-18 which may be used for refinancing any or all series of State of Florida Department of Environmental Protection Florida Forever Bonds; and

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION, ON BEHALF OF THE STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION:

Section 1. Definitions. All terms used herein in capitalized form, unless otherwise defined herein, shall have the same meaning given to them in the Authorizing Resolution.

Section 2. Authority. This resolution (the "Resolution") is adopted pursuant to the Authorizing Resolution, the Florida Forever Laws, and any other applicable laws, and constitutes a resolution authorizing bonds pursuant to the State Bond Act.

Section 3. Authorizing Resolution to Constitute Contract. In consideration of the purchase or acceptance of any and all of the Refunding Bonds by those Registered Owners who shall hold the same from time to time, the Authorizing Resolution, as supplemented by this Resolution, shall be deemed to be and shall constitute a valid and legally binding contract between the Division, the Department and such Registered Owners, and the covenants and agreements set forth therein and herein to be performed by the Division or the Department shall be for the equal benefit, protection and security of the Registered Owners of any or all of the Refunding Bonds, all of which shall be of equal rank on a parity with all other Outstanding Bonds under the Authorizing Resolution without preference, priority or distinction except as expressly provided in the Authorizing Resolution or in this Resolution. In the event of any deficiency in any of the funds provided for the payment of the principal of and interest on the Refunding Bonds, there shall be no distinction or preference of any of the Refunding Bonds over any other thereof regardless of the time or times of presentment or demand for payment thereof as to lien on and security for payment from the Pledged Revenues; provided, however, that matured or maturing interest on the Refunding Bonds shall always be paid prior to matured or maturing principal on the Refunding Bonds, but without any distinction or preference as between the Refunding Bonds on which said matured or maturing interest or principal is due; and except that proceeds of any Series of Bonds deposited in the Florida Forever Trust Fund shall be subject to a lien in favor of only the Holders of the Series of Bonds from which such proceeds were derived until such moneys are withdrawn from the Florida Forever Trust Fund in accordance with the terms of the Authorizing Resolution.

Section 4. Authorization of Refunding, and Issuance and Sale of Refunding Bonds. (A) The Refunding Bonds, fully titled the "State of Florida Department of Environmental Protection, Florida Forever Revenue Refunding Bonds, Series (to be determined)" (or such other designation as may be determined by the Director of the Division) are hereby authorized to be sold in an aggregate principal amount not exceeding $110,000,000 on a date and at a time to be determined by the Director of the Division. The Refunding Bonds shall be issued to refund all or a portion of the State of Florida Department of Environmental Protection, Florida Forever Revenue Bonds, Series 2008B. The maturities or portions thereof to be refunded shall be as determined by the Director of the Division to be in the best financial interest of the State. The redemption of the Refunded Bonds so refunded is hereby authorized. All or a portion of the Refunding Bonds may be combined with (in a single or separate series) and sold with any separately authorized Bonds, and in such event, the Refunding Bonds may be redesignated as determined by the Director of the Division. The portion of such Florida Forever Bonds allocable to the Refunded Bonds shall be considered "Florida Forever Refunding Bonds" for purposes of the Authorizing Resolution and "Refunding Bonds" for purposes of this Resolution to the full extent as if such Refunding Bonds had not been redesignated. The Refunding Bonds will be dated and bear interest from such date, and be payable in each year, as indicated or provided for in the Notice of Bond Sale. The Refunding Bonds shall be issued in fully registered form and shall be issued in denominations of $1,000 or any integral multiple thereof. The Refunding Bonds are authorized in addition to the amounts previously authorized in the Authorizing Resolution. Interest on the Refunding Bonds shall be paid by check or draft mailed on the Debt Service Payment Date (or in certain cases by wire transfer, at the election of a Registered Owner other than a securities depository), in the manner and under the terms provided for in the State's agreement with the Bond Registrar and paying agent (provided that such Registered Owner advances to the paying agent the amount, if any, necessary to pay the wire charges or authorizes the paying agent to deduct the amount of such payment) to the Registered Owner thereof as of 5:00 p.m. on the Record Date at the address shown on the registration books maintained by the Bond Registrar and paying agent for the Refunding Bonds. The interest rates on the Refunding Bonds, not to exceed the maximum lawful rate on the date of sale of the Refunding Bonds, the date on which such interest shall commence and the dates on which such interest shall be paid shall be determined in accordance with the Notice of Bond Sale. The Refunding Bonds shall mature in such years and in such amounts as shall be determined by the Director of the Division to be in the best financial interests of the State, which maturity schedule shall be set forth or provided for in the Notice of Bond Sale. Principal of the Refunding Bonds will be payable to the Registered Owners thereof upon their presentation and surrender when due at the corporate offices of the Bond Registrar and paying agent. Upon election by the successful bidder as provided in the Notice of Bond Sale, a portion of the Refunding Bonds identified in such election may be designated as Term Bonds subject to mandatory redemption from Sinking Fund Deposits.

(B) The Director of the Division, the Secretary or an Assistant Secretary of the Governing Board is authorized to determine the most advantageous date and time of a public sale and to provide notice pursuant to applicable law of such sale, at a time and in such manner as determined by the Director of the Division to be appropriate to provide adequate notice to potential bidders. Bids for the purchase of the Refunding Bonds will be received at the office of the Division or at another location designated in the Notice of Bond Sale, until the time and date of sale determined by the Director of the Division.

(C) The Director of the Division is authorized to publish and distribute a Notice of Bond Sale and a proposal for the sale of the Refunding Bonds or alternatively, the prior publication and distribution of a Notice of Bond Sale and proposal is ratified. The Notice of Bond Sale for the Refunding Bonds shall be in such form as shall be determined by the Director of the Division and shall contain such information as is consistent with the terms of the Authorizing Resolution, as supplemented hereby, and as the Director of the Division determines to be in the best financial interest of the State.

(D) The Director of the Division, the Secretary, or an Assistant Secretary of the Governing Board is authorized to award the sale of the Refunding Bonds and to pay the costs, fees and expenses associated therewith. Such award by the Director of the Division or Secretary or an Assistant Secretary shall be based on his determination of the best bid submitted in accordance with the terms hereof and of the Notice of Bond Sale and such award shall be final. The sale shall be reported to the Governing Board after award of the Refunding Bonds.

(E) Any portion of the Refunding Bonds may be issued separately, provided that the Refunding Bonds of each portion shall be numbered consecutively from one (1) upward.

(F) In the event that conditions preclude, or circumstances render unnecessary or undesirable, the sale of the maximum principal amount of the Refunding Bonds authorized to be sold by this Resolution, then in such event the Director of the Division or the Secretary or an Assistant Secretary of the Governing Board is hereby authorized to offer for sale a lesser principal amount than that set forth herein. Any portion not offered shall remain authorized to be offered at a later date, but only for the purposes set forth in this Resolution.

(G) The Refunding Bonds shall be subject to redemption, if at all, as provided in the Authorizing Resolution and the Notice of Bond Sale. The Notice of Bond Sale shall contain such redemption provisions as shall be determined by the Director of the Division to be in the best financial interest of the State. Additionally, in lieu of mailing the notice of redemption, the Bond Registrar and paying agent may elect to provide such notice by electronic means to any Registered Owner who has consented to such method of receiving notices.

(H) The Director of the Division, the Secretary, or an Assistant Secretary of the Governing Board is authorized to provide in the Notice of Bond Sale that the purchase price for the Refunding Bonds may include a discount to par.

(I) The Chairman, the Secretary, or an Assistant Secretary of the Governing Board or their duly authorized alternative officers are hereby authorized on behalf of the Division to execute the Refunding Bonds (including any temporary bond or bonds) as provided in the Authorizing Resolution and any of such officers is hereby authorized, upon the execution of the Refunding Bonds in the form and manner set forth in the Authorizing Resolution, to deliver the Refunding Bonds in the amounts authorized to be issued hereunder to the Bond Registrar for authentication and, upon receipt of payment of the purchase price (together with accrued interest), delivery to or upon the order of the original purchaser of the Refunding Bonds, and to distribute the proceeds of the Refunding Bonds as provided herein and in the Authorizing Resolution.

(J) The Chairman, the Secretary, or any Assistant Secretary of the Governing Board, the Director of the Division, and such other officers and employees of the Division as may be designated as agents of the Division in connection with the issuance and delivery of the Refunding Bonds, are authorized and empowered, collectively or individually, to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other action on behalf of the Division, in each case as they may deem necessary or desirable, in connection with the sale, execution and delivery of the Refunding Bonds, including, but not limited to, contracting with consultants to verify escrow calculations for the refunding of the Refunded Bonds, and provide the certificate required by Section 5.01 of the Authorizing Resolution, retaining bond counsel to render special tax opinions relating to the use of the proceeds from the sale of Florida Forever Refunding Bonds for compensation in addition to the compensation for basic services relating to the Florida Forever Refunding Bonds, and providing for the redemption of any or all Florida Forever Bonds refunded by Florida Forever Refunding Bonds.

Section 5. Authorization to Execute and Deliver an Escrow Deposit Agreement; Designation of Escrow Agent. The Director of the Division, the Secretary, or an Assistant Secretary of the Governing Board are hereby each authorized to execute and deliver an escrow deposit agreement on behalf of the Division in such form as may be determined by the Director of the Division for the purpose of providing for the deposit of a portion of the proceeds of the Refunding Bonds into an Escrow Deposit Trust Fund for the refunding of the Refunded Bonds. The State Board of Administration is hereby designated as escrow agent (the "Escrow Agent") under said agreement which shall be entered into by the Division and the State Board of Administration and endorsed and accepted by the Department (the "Escrow Deposit Agreement").

Section 6. Application of Proceeds; Reserve Account. (A) Proceeds from the sale of the Refunding Bonds, including accrued interest, if any, shall be disposed of as follows:

(1) Accrued interest, if any, shall be deposited into the Sinking Fund created pursuant to the Authorizing Resolution and applied against interest next coming due on the Refunding Bonds.

(2) An amount which, together with other available funds (including those held for the Refunded Bonds or a portion thereof), and investment earnings thereon, will be sufficient to pay the principal of and interest and redemption premiums, if any, on the Refunded Bonds (or the portion thereof actually refunded) when due, in

accordance with the schedules to be attached to the Escrow Deposit Agreement, shall be (1) transferred to the Escrow Agent for deposit into the Escrow Deposit Trust Fund created and established pursuant to the Escrow Deposit Agreement and shall be used and applied pursuant to and in the manner described in the Escrow Deposit Agreement to pay principal and interest on the Refunded Bonds (or the portion thereof actually refunded) and to pay call premiums and costs with respect thereto, or (2) at the discretion of the Director of the Division, deposited with the Bond Registrar/Paying Agent.

(3) An amount which, together with other available funds and investment earnings thereon, is sufficient to pay the paying agent, registrar and other fees and expenses with respect to the Refunded Bonds (or the portion thereof actually refunded), if any, shall be (1) transferred to the Escrow Agent to be held by the Escrow Agent and used to pay such fees and expenses as described in the Escrow Deposit Agreement or (2) at the discretion of the Director of the Division, deposited with the Bond Registrar/Paying Agent.

(4) An amount necessary to pay all costs and expenses of the Division in connection with the preparation, sale and issuance of the Refunding Bonds, including a fee for the services of the Division, shall be transferred to the Division to be deposited into the appropriate trust fund established and maintained in accordance with the State Bond Act unless such amount shall be provided from another legally available source.

(B) Any moneys deposited by an Escrow Agent into an Escrow Deposit Trust Fund shall be administered and applied as follows:

(i) If the moneys are deposited into an Escrow Deposit Trust Fund, the Escrow Deposit Trust Fund shall be held in irrevocable trust by the Escrow Agent and, except as provided in Section 6(B)(ii) below, shall be applied solely to refund the Refunded Bonds and to the payment of the fees and expenses incurred in connection with such refunding. The application of the moneys in the Escrow Deposit Trust Fund shall be made for said purposes pursuant to an Escrow Deposit Agreement.

(ii) Moneys on deposit in the Escrow Deposit Trust Fund shall be used to purchase Federal Obligations (as defined in the Escrow Deposit Agreement) in accordance with the schedules given in the Escrow Deposit Agreement. The maturing Federal Obligations, the earnings thereon, if required, and the cash on deposit in the Escrow Deposit Trust Fund shall be sufficient to accomplish the refunding described above. In the alternative, in the discretion of the Director of the Division, moneys on deposit in the Escrow Deposit Trust Fund shall be invested in the State Treasury, or in such other legally authorized investments, until such time as such funds, together with other legally available funds, if necessary, are needed to effect the redemption of the Refunded Bonds, or may be held uninvested. In such event, the amount to be deposited to the Escrow Deposit Trust Fund under Section 6(A)(2) above may, in the discretion of the Director of the Division, be calculated without regard to investment earnings.

(C) Amounts held in the Reserve Account and Sinking Fund allocable to the Refunded Bonds (or the portion thereof actually refunded) under the Authorizing Resolution shall be applied as directed by Certificate of the Director of the Division or an Assistant Secretary of the Governing Board at closing provided that such funds shall be used (1) to refund the Refunded Bonds (or the portion thereof actually refunded) or (2) to pay debt service on, or fund reserve accounts for, the unrefunded Refunded Bonds or Refunding Bonds under the Authorizing Resolution, or any combination of the foregoing, all in accordance with the terms of the Authorizing Resolution.

Section 7. Reserve Requirement. (A) Subject to paragraph (B) of this Section, the Refunding Bonds shall be secured, together with the Outstanding Bonds and any other Series of Florida Forever Bonds designated to be secured thereby, by the Composite Reserve Sub-account. Amounts on deposit in the Composite Reserve Sub-account shall be held for the benefit of the Registered Owners of the Refunding Bonds and all other series of Florida Forever Bonds designated to be secured by the Composite Reserve Sub-account and shall be applied in the manner provided in the Authorizing Resolution.

The reserve requirement for the Composite Reserve Sub-account shall be as provided in the Authorizing Resolution, subject to any federal income tax regulations with respect to the funding of such account from proceeds of Refunding Bonds. Upon the issuance of the Refunding Bonds an amount equal to the amount necessary to cause the amounts then on deposit in or credited to (including available amounts under any Reserve Products credited thereto) the Composite Reserve Sub-account to equal the Composite Reserve Requirement, subject to any federal income tax regulations with respect to the funding of such account from proceeds of tax-exempt bonds, shall be deposited to the credit of the Composite Reserve Sub-account from Refunding Bond Proceeds or by providing a Reserve Product, or a combination thereof.

(B) In lieu of securing the Refunding Bonds by the Composite Reserve sub-account, the Director of the Division is hereby authorized to determine that the Refunding Bonds will be secured by a separate sub-account in the Reserve Account, which separate sub-account is hereby authorized to be established for the Refunding Bonds, or no reserve account at all. In the event the Director of the Division determines to secure the Refunding Bonds with a separate sub-account in the Reserve Account, the Reserve Requirement for the Refunding Bonds shall be an amount determined by the Director of the Division, which amount may be zero, but which amount shall not exceed the maximum amount permitted pursuant to the Authorizing Resolution. The Reserve Requirement for the separate sub-account in the Reserve Account for the Refunding Bonds shall be funded with proceeds of the Refunding Bonds, a Reserve Product, or some combination thereof, as determined by the Director of the Division. Amounts on deposit in the sub-account in the Reserve Account for the Refunding Bonds may be commingled with the amounts deposited for Bonds of additional Series which are secured thereby, shall be held for the benefit of the Registered Owners of only such Bonds as may be specifically secured by the such subaccount, and shall be applied in the manner provided in the Authorizing Resolution. The amounts on deposit in such separate subaccount of the Reserve Account may be specifically designated by the Director of the Division to be transferred to the Sinking Fund and applied to the repayment of the last debt service payments coming due on the Refunding Bonds (or other Bonds secured by such subaccount if so designated by the Director of the Division). To the extent that such designation is made, the amount of any such transfer shall be credited against the Debt Service Requirements for the Refunding Bonds (or other Bonds, as applicable) in the Fiscal Year such transfer amount will be applied to the repayment of the Refunding Bonds.

Section 8. Registrar and Paying Agent. U. S. Bank Trust National Association, New York, New York, is hereby designated as the Bond Registrar and paying agent for the Refunding Bonds on the terms and conditions set forth in the Registrar, Paying Agent and Transfer Agreement between the State of Florida and the U. S. Bank Trust National Association.

Section 9. Authorization of Official Statement. The Division is hereby authorized to prepare and distribute preliminary and final Official Statements in connection with the Refunding Bonds, on behalf of the Department, pursuant to the State Bond Act or alternatively, the prior distribution of such preliminary official statement is ratified. The Chairman, Secretary or an Assistant Secretary of the Governing Board and the Director of the Division are hereby authorized to execute the final Official Statement in connection with the Refunding Bonds, and the execution thereof shall be conclusive evidence that the Governing Board has approved the form and content of the final Official Statement. The Division is further authorized to have up to 1,500 copies of the preliminary Official Statement and 3,500 copies of the final Official Statement relating to the Refunding Bonds printed and distributed; to contract with national rating services; to conduct information meetings; to make a determination that the Preliminary Official Statement is "deemed final" for purposes of SEC Rule 15c2-12(b)(1); and to take such other actions as may be deemed appropriate for the dissemination of information relating to the sale of the Refunding Bonds.

Section 10. Form of Refunding Bonds. (A) The text of the Refunding Bonds shall be substantially in the form set forth in Section 2.09 of the Authorizing Resolution with such omissions, insertions and variations as may be necessary or desirable and authorized or permitted by this Resolution, the Authorizing Resolution or by any subsequent resolution adopted prior to the issuance thereof or as may be necessary to comply with applicable law, rules, and regulations of the United States Government or the State of Florida, as approved by the officers executing the same, such execution to be conclusive evidence of such approval.

(B) The Refunding Bonds shall be numbered from one upward. Principal of and premium, if any, and interest on the Refunding Bonds shall be paid in the manner provided for herein and in the Authorizing Resolution.

(C) Notwithstanding anything to the contrary in the Authorizing Resolution, this Resolution, or any other resolution relating to the Refunding Bonds (for the purposes of this section, collectively, the "Bond Resolution"), the Refunding Bonds may be issued in book-entry only form utilizing the services of a Securities Depository (as used herein, "Securities Depository" means The Depository Trust Company, New York, New York, or its nominees, successors and assigns).

So long as a book-entry only system of evidence of transfer of ownership of all the Refunding Bonds is maintained in accordance herewith, any provision of the Bond Resolution relating to the delivery of physical bond certificates shall be inapplicable, and the Bond Resolution shall be deemed to give full effect to such book-entry system.

If the Refunding Bonds are issued in book-entry only form:

(1) The Refunding Bonds shall be issued in the name of the Securities Depository as Registered Owner of the Refunding Bonds, and held in the custody of the Securities Depository or its designee.

(2) Transfers of beneficial ownership of the Refunding Bonds will be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository ("Participants" include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, as well as other organizations that clear through or maintain a custodial relationship with such organizations, either directly or indirectly).

(3) Each Participant shall be credited in the records of the Securities Depository with the amount of such Participant's interest in the Refunding Bonds. Beneficial ownership interests in the Refunding Bonds may be purchased by or through Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive Refunding Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the Participant from which such Beneficial Owner purchased its Refunding Bonds. Transfers of ownership interests in the Refunding Bonds shall be accomplished by book entries made by the Securities Depository and, in turn, by Participants acting on behalf of Beneficial Owners.

(4) Unless otherwise provided herein, the Division, the Department, the State Board of Administration and the Bond Registrar/Paying Agent (as used in this section, the "State and its agents") shall treat the Securities Depository as the sole and exclusive owner of the Refunding Bonds registered in its name for the purposes of

(a) payment of the principal of, premium, if any, and interest on the Refunding Bonds or portion thereof to be redeemed or purchased. Payments made to the Securities Depository of principal, premium, and interest shall be valid and effective to fully satisfy and discharge the Department's obligations to the extent of the sums so paid;

(b) giving any notice permitted or required to be given to Registered Owners under the Bond Resolution; and

(c) the giving of any direction or consent or the making of any request by the Registered Owners hereunder. The State and its agents may rely conclusively upon

(i) a certificate of the Securities Depository as to the identity of the Participants with respect to the Refunding Bonds; and

(ii) a certificate of any such Participant as to the identity of, and the respective principal amount of Refunding Bonds beneficially owned by, the Beneficial Owners.

(5) The State and its agents shall have no responsibility or obligations to the Securities Depository, any Participant, any Beneficial Owner or any other person which is not shown on the Bond Register, with respect to

(a) the accuracy of any records maintained by the Securities Depository or any Participant;

(b) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or interest on, any Refunding Bond;

(c) the delivery of any notice by the Securities Depository or any Participant;

(d) the selection of the Participants or the Beneficial Owners to receive payment in the event of any partial redemption of the Refunding Bonds; or

(e) any consent given or any other action taken by the Securities Depository or any Participant.

(6) The requirements in the Bond Resolution of holding, delivering or transferring Refunding Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository as to registering or transferring the book-entry Refunding Bonds to produce the same effect. Any provision hereof permitting or requiring delivery of the Refunding Bonds shall, while the Refunding Bonds are in book-entry only form, be satisfied by the notation thereof on the books of the Securities Depository in accordance with applicable state law.

(D) The Division may discontinue the book-entry system with the then-current securities depository, subject to the terms of its agreement with such securities depository. In this event, the Division shall either

(1) identify another qualified securities depository or

(2) prepare and deliver replacement Refunding Bonds in the form of fully registered bonds to each Beneficial Owner.

Section 11. Federal Tax Certificate. Upon the execution of a "Tax Compliance Certificate", or other certificate relating to compliance by the Department or the Division with federal tax law requirements, the representations, terms and covenants in each such certificate shall be deemed to be incorporated in this resolution and shall be deemed to benefit the Registered Owners of the Refunding Bonds.

Section 12. Continuing Disclosure. (A) In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Division hereby agrees on behalf of the Department to provide or cause to be provided such information as may be required, from time to time, under such rule.

(B) The Secretary of the Department, in conjunction with the appropriate officer of the Division, is authorized and directed to execute and deliver any documents or agreements which are necessary to allow the purchasers of the Refunding Bonds to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission.

Section 13. Confirmation of Authorizing Resolution; Inconsistent Provisions. As supplemented by this Resolution, the Authorizing Resolution is in all respects ratified and confirmed and this Resolution shall be read, taken and construed as a part of the Authorizing Resolution. Where there is an inconsistency between this Resolution and the Authorizing Resolution, the terms of this Resolution (including the notice of bond sale) and the Authorizing Resolution, the terms of this Resolution shall prevail and the inconsistent terms of the Authorizing Resolution shall not apply to the Refunding Bonds.

Section 14. Rescission of Prior Issuance and Sale Authorizations. The issuance and sale authorizations for the unsold $50,235,000 approved in the Forty-second Subsequent Resolution adopted by the Division on May 10, 2016, are hereby cancelled and rescinded.

Section 15. Approval of the State Board of Administration. The authorization of the sale of the Refunding Bonds pursuant to this Resolution is subject to prior approval as to fiscal sufficiency by the State Board of Administration, pursuant to Section 215.73, Florida Statutes.

Section 16. Effective Date. This Resolution shall take effect immediately, subject to the conditions provided herein and by the applicable laws.

Adopted August 16, 2017.

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the Series 2017A Bonds, Squire Patton Boggs (US) LLP, Bond Counsel, proposes to render its final opinion with respect to the Series 2017A Bonds in substantially the following form.

State of Florida
State Board of Administration
Division of Bond Finance
Tallahassee, Florida

We have examined the transcript of proceedings (the "Transcript") relating to the issuance by the Division of Bond Finance of the State Board of Administration of Florida (the "Division"), on behalf of the Department of Environmental Protection (the "Department"), of $75,125,000 Department of Environmental Protection Florida Forever Revenue Refunding Bonds, Series 2017A (the "Series 2017A Bonds"), dated the date of delivery thereof, pursuant to Article VII, Section 11 (e) of the Constitution of the State of Florida, Article IX, Section 17 of the Florida Constitution of 1885, as amended, as adopted and incorporated by Article XII, Section 9(a)(1), Constitution of the State of Florida, Section 215.57 through 215.83, Florida Statutes, Chapter 375, Florida Statutes, Chapters 90-132, 90-217, 99-246, 99-247 and 2015-229, Laws of Florida, and other applicable provisions of law (collectively, the "Act"), and a resolution adopted by the Governor and Cabinet of the State, as the Governing Board of the Division on February 12, 1991, as amended and restated by the Thirteenth Subsequent Resolution adopted by the Governing Board of the Division on January 23, 2001, and as further amended by the Twenty-Second Subsequent Resolution adopted by the Governing Board of the Division on Februrary 25, 2003, the Twenty-Eighth Subsequent Resolution adopted by the Governing Board of the Division on December 5, 2006, and the Thirty-Seventh Subsequent Resolution adopted by the Governing Board of the Division on August 2, 2011, as further amended and restated by the Forty-first Subsequent Resolution adopted by the Governing Board of the Division on August 5, 2015, as supplemented by the Forty-third Subsequent Resolution adopted by the Governing Board of the Division on August 16, 2017 (collectively, the "Resolution"). The documents in the Transcript include a certified copy of the Resolution. Capitalized terms used and not otherwise defined herein shall have the same meanings specified in the Resolution.

The Division has previously issued under the Resolution and there remain outstanding (i) State of Florida, Department of Environmental Protection Florida Forever Revenue Bonds in multiple series, and (ii) State of Florida, Department of Environmental Protection Florida Forever Revenue Refunding Bonds in multiple series (collectively, the "Outstanding Florida Forever Bonds" and, together with the Series 2017A Bonds and any Additional Parity Bonds issued under the Resolution, the "Florida Forever Bonds"). Pursuant to the Act and as provided in the Resolution, the Florida Forever Bonds are payable from and secured solely by a lien on and pledge of certain tax sources distributed under Section 201.15 and certain investment earnings thereon, all as more specifically provided in the Resolution (the "Pledged Revenues"). The Pledged Revenues also secure on a parity basis the payment of debt service on the Department's Everglades Restoration Revenue Bonds (collectively, the "Everglades Bonds") issued under a Master Bond Agreement dated as of January 1, 2006, among the Department, the Division and the State Board of Administration of the State of Florida, as amended and supplemented from time to time (collectively the "Everglades Bond Agreement"). Both the Resolution and the Everglades Bond Agreement provide for the treatment of the Everglades Bonds and Florida Forever Bonds as parity obligations payable from and secured by the same tax sources distributed pursuant to Section 201.15, Florida Statutes.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Series 2017A Bonds, a conformed copy of the signed but unauthenticated Series 2017A Bond of the first maturity, the Resolution and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Series 2017A Bonds and the Resolution incorporated in the Transcript are valid, binding and enforceable in accordance with their respective terms.

2. The principal of, premium, if any, and interest on the Series 2017A Bonds are payable from and secured solely by a lien on the Pledged Revenues, on a parity with certain other obligations issued under the Resolution and the Everglades Bond Agreement, as more fully described in the Resolution.

3. The Series 2017A Bonds and the income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended.

4. Interest on the Series 2017A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, portions of the interest on the Series 2017A Bonds earned by certain corporations may be subject to a corporate alternative minimum tax.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Division.

In rendering those opinions with respect to treatment of the interest on the Series 2017A Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Department and the Division. Failure to comply with certain of those covenants subsequent to issuance of the Series 2017A Bonds may cause interest on the Series 2017A Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Series 2017A Bonds and the enforceability of the Series 2017A Bonds and the Resolution are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Series 2017A Bonds is concluded upon delivery of this letter.

Respectfully submitted,

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the State of Florida Department of Environmental Protection (the "Department") and the Division of Bond Finance of the State Board of Administration of Florida (the "Division") in connection with the issuance of $75,125,000 State of Florida, Department of Environmental Protection, Florida Forever Revenue Refunding Bonds, Series 2017A (the "Bonds"). This Disclosure Agreement is being executed and delivered pursuant to Section 12 of the Forty-third Subsequent Resolution, which resolution was adopted by the Governor and Cabinet, as the Governing Board of the Division of Bond Finance, on August 16, 2017, providing for the issuance and sale of the Bonds. The Department and the Division covenant and agree as follows:

SECTION 1. PURPOSE OF THE DISCLOSURE AGREEMENT. This Disclosure Agreement is being executed and delivered by the Department and the Division for the benefit of the Registered Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission (the "SEC"). It shall inure solely to the benefit of the Department, the Division, the Registered Owners, the Beneficial Owners and the Participating Underwriters.

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Forty-first Subsequent Resolution adopted by the Division of Bond Finance on August 5, 2015, which amended, restated and supplemented the Thirteenth Subsequent Resolution authorizing the issuance of Florida Forever Revenue Bonds, which apply to any capitalized term used in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

SECTION 3. CONTINUING DISCLOSURE. (A) Information To Be Provided. The Department assumes all responsibilities for any continuing disclosure as described below. In order to comply with the Rule, the Department hereby agrees to provide or cause to be provided the information set forth below, or such other information as may be required, from time to time, to be provided by the Rule or the Division. The Division will be responsible for the filing of the information required by the Rule.

(1) Financial Information and Operating Data. For fiscal years ending on June 30, 2017 and thereafter, annual financial information and operating data shall be provided within nine months after the end of the State's fiscal year. Such information shall include:

(a) Documentary Stamp Tax Collections;
(b) Debt Service Coverage;
(c) Investment of Funds;
(d) Five Year History of Trust Fund and General Revenues (formerly Sources and Amounts of State Funds);
(e) Operating and Fixed Capital Outlay Budget by Program Area (formerly History of Legislative Appropriations);
(f) Statement of Assets and Liabilities (formerly Statement of Resources and Liabilities); and
(g) Debt Outstanding by Type and Program and Total State Debt Outstanding (formerly Schedule of Outstanding Bonds).

(2) Audited Financial Statements. If not submitted as part of the annual financial information, a copy of the State's audited financial statements, prepared in accordance with generally accepted accounting principles, will be provided when and if available.

(3) Material Events Notices. Notice of the following events relating to the Bonds will be provided in a timely manner, not in excess of ten business days after the occurrence of the event:

(a) principal and interest payment delinquencies;
(b) non-payment related defaults;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;
(d) unscheduled draws on credit enhancements reflecting financial difficulties;
(e) substitution of credit or liquidity providers, or their failure to perform;
(f) adverse tax opinions the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
(g) modifications to rights of security holders, if material;
(h) bond calls, if material, and tender offers;
(i) defeasances;
(j) release, substitution or sale of property securing repayment of the securities, if material;
(k) rating changes
(l) bankruptcy, insolvency, receivership or similar event of the obligated person;
(m) the consummation of merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(4) Failure to Provide Annual Financial Information; Remedies.

(a) Notice of the failure of the Department to provide the information required by paragraphs (A)(1) or (A)(2) of this Section will be provided in a timely manner.

(b) The Department acknowledges that its undertaking pursuant to the Rule set forth in this Section is for the benefit of the Beneficial Owners and Registered Owners of the Bonds and shall be enforceable only by such Beneficial Owners and Registered Owners; provided that the right to enforce the provisions of such undertaking shall be conditioned upon the same enforcement restrictions as are applicable to the information undertakings in the Resolution and shall be limited to a right to obtain specific enforcement of the Department's obligations hereunder.

(B) Method of Providing Information.

(1) (a) Annual financial information and operating data described in paragraph 3(A)(1) and the audited financial statements described in paragraph 3(A)(2) shall be transmitted to the Municipal Securities Rulemaking Board (hereafter "MSRB") using the MSRB's Electronic Municipal Market Access System ("EMMA") or by such other method as may be subsequently determined by the MSRB.

(b) Material event notices described in paragraph 3(A)(3) and notices described in paragraph 3(A)(4) shall also be transmitted to the MSRB using EMMA or by such other method as may be subsequently determined by the MSRB.

(2) (a) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly, or indirectly through an indenture trustee or a designated agent.

(b) All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(C) If this Disclosure Agreement is amended to change the operating data or financial information to be disclosed, the annual financial information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(D) The Department's obligations hereunder shall continue until such time as the Bonds are no longer Outstanding or until the Department shall otherwise no longer remain obligated on the Bonds.

(E) This Disclosure Agreement may be amended or modified so long as:

(1) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body;

(2) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted;

(3) this Disclosure Agreement, as amended, would have complied with the requirements of Rule 15c2-12 of the SEC at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and

(4) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the issuer or obligated person (such as bond counsel), or by approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

SECTION 4. ADDITIONAL INFORMATION. If, when submitting any information required by this Disclosure Agreement, the Department chooses to include additional information not specifically required by this Disclosure Agreement, the Department shall have no obligation to update such information or include it in any such future submission.

Dated this ____ day of ______________________, 2017.

DEPARTMENT OF ENVIRONMENTAL PROTECTION	DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
By_________________________	By____________________________
Secretary	Assistant Secretary

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DEFINITIONS

"2017A Bonds" shall mean the $75,125,000 State of Florida, Department of Environmental Protection, Florida Forever Revenue Refunding Bonds, Series 2017A, authorized by the Forty-third Subsequent Resolution.

"Additional Parity Bonds" shall mean any bonds or other obligations including any Florida Forever Bonds and Everglades Bonds hereafter issued by or for the Department or its lawful successor, pursuant to the Florida Forever Laws or Everglades Restoration Laws, and under the terms, limitations and conditions contained in the Resolution, which shall rank equally as to lien on, source of and security for payment from the Pledged Revenues, with any Additional Parity Bonds issued pursuant to the Authorizing Resolution.

"Administrative Expenses" shall mean, with respect to the Bonds or the administration of any funds under the Authorizing Resolution, to the extent applicable: (i) fees and/or charges of the Board of Administration or the Division of Bond Finance; and (ii) such other fees and/or charges as may be approved by the Board of Administration or the Division of Bond Finance, including but not limited to those relating to tax law compliance, disclosure of information, paying agents, rating agencies, and providers of credit enhancement; all as may be determined from time to time as necessary.

"Authorizing Resolution" shall mean the resolution originally adopted by the Governor and Cabinet as the Governing Board of the Division of Bond Finance on January 23, 2001, authorizing the issuance and validation of $3,000,000,000 State of Florida Department of Environmental Protection, Florida Forever Revenue Bonds, as further amended, restated and supplemented by the Forty-first Subsequent Resolution adopted on August 5, 2015, as amended and supplemented from time to time.

"Board of Administration" shall mean the State Board of Administration of Florida or other agency of the State that lawfully succeeds to the powers and duties of the Board of Administration pertinent hereto.

"Bond Counsel" shall mean counsel experienced in matters relating to the validity of, and exclusion from gross income for federal income tax purposes of interest on, obligations of states and their political subdivisions.

"Bond Registrar/Paying Agent" shall mean U.S. Bank Trust National Association, or other entity authorized by Florida law and designated from time to time by the Division of Bond Finance and/or the Board of Administration to perform the duties of the Bond Registrar set forth in the Authorizing Resolution.

"Bonds" shall mean the Florida Forever Bonds authorized to be issued pursuant to the Authorizing Resolution, together with any other Additional Parity Bonds or other obligations issued under the terms, limitations and conditions contained in the Authorizing Resolution.

"Closing Date" shall mean, with respect to a particular Series of Bonds issued under the Authorizing Resolution, the date of issuance and delivery of such Bonds to the original purchaser thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and except as otherwise provided in the Authorizing Resolution or required by the context thereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final, temporary or proposed regulations), the applicable rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings) and applicable court decisions.

"Composite Reserve Requirement" shall mean an amount of money or available amount under one or more Reserve Products, or a combination thereof, equal to the Maximum Debt Service Requirement calculated with respect to all Series of Bonds Outstanding under the Authorizing Resolution that are secured by the Composite Reserve Sub-Account, calculated on a combined basis.

"Composite Reserve Sub-Account" shall mean the sub-account in the Reserve Account established pursuant to Section 4.03(B) of the Authorizing Resolution.

"Costs of Issuance" shall mean all fees, costs and expenses of the Division of Bond Finance or the Department incurred in connection with the authorization, issuance, sale and delivery of the Bonds (or notes issued in anticipation thereof) including, but not limited to, legal fees, financial advisory fees, credit and liquidity enhancement fees, including municipal bond insurance premiums, fiscal or escrow agent fees, rating agency fees, printing fees and travel expenses.

"Costs of Land and/or Water Acquisition" shall mean the expenses necessary to fund the Land and/or Water Acquisition and Improvements Programs including, but not limited to: the acquisition and improvement of all lands, waters and related property interests and resources or interests therein; legal, technical, architectural, appraisal, and engineering fees, including any preliminary engineering or other necessary expenses incurred by Program Participants, the Board of Administration, the Division of Bond Finance, or any other agency of the State of Florida which provides services or facilities for purposes of the Florida Forever Laws and the Authorizing Resolution; advertising of resolutions, notices of sale and other proceedings; sums determined by the Division of Bond Finance to be necessary to fund the Reserve Account, including insurance premiums and letter of credit fees, if any; the amount, if any, determined to be necessary to provide for the payment of interest on the Bonds for a reasonable period from the date of issuance of the Bonds; the Rebate Amount; reasonable fees and expenses of financial consultants, if any; reasonable amounts for contingencies; expenses for plans, surveys, and estimates of costs and revenues; and all other costs and expenses, including Costs of Issuance, reasonably necessary for the Land and/or Water Acquisition and Improvements Programs and the financing thereof, including advances by Program Participants.

"Debt Service Payment Date" shall mean January 1 and July 1 of each year or such other dates with respect to a Series of Bonds as the Division of Bond Finance shall determine by subsequent resolution adopted prior to the issuance of such Series.

"Debt Service Requirement" shall mean the amounts of principal (excluding the principal of Term Bonds maturing on a principal maturity date with respect to which Sinking Fund Deposits are required to be made) and interest (including Compounded Amounts of Capital Appreciation Bonds) plus the Sinking Fund Deposit becoming due and payable on all Bonds Outstanding in each Fiscal Year (or in any applicable twelve month period pursuant to Section 5.01 of the Authorizing Resolution) in the manner provided in the Authorizing Resolution, except any portion of such amounts which are provided from the proceeds of the Bonds.

"Department" shall mean the State of Florida Department of Environmental Protection (formerly the Department of Natural Resources), created pursuant to Section 20.255, Florida Statutes, or its lawful successor.

"Division of Bond Finance" shall mean the Division of Bond Finance of the State Board of Administration of Florida, created by Section 215.62, Florida Statutes, as amended, or its lawful successor.

"Everglades Bonds" shall mean the State of Florida, Department of Environmental Protection Everglades Restoration Revenue Bonds issued pursuant to the Master Bond Agreement.

"Everglades Restoration Laws" shall mean Article VII, Section 11(e) of the State Constitution of 1968, as amended; Section 201.15 and Sections 215.57 through Section 215.83, Florida Statutes; Sections 373.470 and 373.472, Florida Statutes; Chapters 2002-261 and 2015-229, Laws of Florida; and other applicable provisions of law.

"Fiscal Year" shall mean the period commencing with and including July 1 of each year and ending with and including the next June 30; provided, however, that when such term is used to describe the period during which deposits are to be made pursuant to Section 4.03 of the Authorizing Resolution to amortize principal and interest on the Bonds maturing or becoming due or subject to redemption or the period used in the determination of Debt Service Requirement, interest and principal maturing or becoming due or subject to redemption on July 1 of any year shall be deemed to mature or become due or subject to redemption on the last day of the preceding fiscal year.

"Florida Forever Bonds" shall mean the State of Florida Department of Environmental Protection Florida Forever Revenue Bonds authorized by the Florida Forever Laws and the Authorizing Resolution, including any refunding bonds thereof, together with any Additional Parity Bonds or other obligations issued under the terms, limitations and conditions in the Authorizing Resolution.

"Florida Forever Laws" shall mean Article VII, Section 11(e) of the State Constitution of 1968, as amended; Sections 215.57 through 215.83, Florida Statutes; Section 259.105, Florida Statutes; Chapters 99-246, 99-247, 2000-170 and 2015-229, Laws of Florida; and other applicable provisions of law.

"Florida Forever Collection Account" shall mean the Department of Environmental Protection Florida Forever Collection Account established as an account within the Land Acquisition Trust Fund to be used as provided in Section 4.03 of the Authorizing Resolution.

"Florida Forever Trust Fund" shall mean the Florida Forever Trust Fund created by Section 259.1051, Florida Statutes.

"Forty-third Subsequent Resolution" shall mean the resolution adopted by the Governing Board of the Division of Bond Finance on August 16, 2017, authorizing the issuance of not exceeding $110,000,000 State of Florida, Department of Environmental Protection, Florida Forever Revenue Refunding Bonds.

"Governing Board" shall mean the Governor and Cabinet of the State of Florida acting in their capacity as the Governing Board of the Division of Bond Finance, as provided in Sections 215.58(7) and 215.62, Florida Statutes, as amended.

"Land Acquisition Trust Fund" shall mean the Land Acquisition Trust Fund created pursuant to the Outdoor Recreation and Conservation Act of 1963, Article XII, Section 9(a)(1) of the State Constitution of 1885, as amended, and which was continued by the Florida Forever Laws.

"Land and/or Water Acquisition and Improvements Programs" shall mean those programs entitled by law to receive proceeds of the Florida Forever Bonds.

"Master Bond Agreement" shall mean that certain Master Bond Agreement dated as of January 25, 2006, as supplemented and amended from time to time, by and among the Department, the Division of Bond Finance and the Board of Administration, pertaining to the issuance of Everglades Bonds.

"Maximum Debt Service Requirement" shall mean, as of any particular date of calculation, the largest Debt Service Requirement for any ensuing Fiscal Year.

"Moody's" shall mean Moody's Investors Service and its successors.

"Outstanding," "Bonds Outstanding," or **"Outstanding Bonds"** shall mean all Bonds which have been issued pursuant to the Authorizing Resolution except:

(a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
(b) Bonds defeased pursuant to Section 5.02 of the Authorizing Resolution;
(c) Bonds which are called for redemption and deemed paid pursuant to Section 2.03 of the Authorizing Resolution or in lieu of which other Bonds have been issued under Section 2.08 of the Authorizing Resolution; and
(d) Bonds for which the funds for payment have been provided to the Board of Administration pursuant to Section 7.02 of the Authorizing Resolution.

"Pledged Revenues" shall mean the tax sources distributed pursuant to Section 201.15, Florida Statutes; and all earnings and investment income derived from the investment thereof; provided, however, that the use of investment income derived from the investment of moneys in the funds and accounts shall be first subject to the use of such investment income for the payment of the Rebate Amount.

"Program Account" shall mean an account created in the Florida Forever Trust Fund that receives proceeds of a Series of the Bonds as provided by Section 3.01(E) of the Authorizing Resolution.

"Program Participants" shall mean those governmental agencies entitled to receive proceeds of the Florida Forever Bonds pursuant to Section 259.105(3), Florida Statutes.

"Rebate Account" shall mean each separate account established within the Rebate Fund for each Series of Bonds issued under the Authorizing Resolution.

"Rebate Amount" shall mean, with respect to each Series of Bonds issued hereunder that are not Taxable Bonds, the excess of the amount earned on all non-purpose investments (as defined in Section 148(f)(6) of the Code) over the amount which would have been earned if such non-purpose investments were invested at a rate equal to the yield on that Series of Bonds, plus any income attributable to such excess, or shall have such other meaning as may be required by applicable federal law.

"Rebate Fund" shall be the Rebate Fund created and established pursuant to Section 6.04(B) of the Authorizing Resolution.

"Record Date" shall mean December 15 for each January 1 Debt Service Payment Date and June 15 for each July 1 Debt Service Payment Date or such other dates with respect to a Series of Bonds as the Division of Bond Finance shall determine by subsequent resolution adopted prior to the issuance of such Series.

"Registered Owner," "Owner," "Holder," "Bondholder" or any similar term, shall mean the owner of any Bond or Bonds as shown on the registration books of the Department kept by the Bond Registrar.

"Reserve Account" shall mean the Florida Forever Reserve Account established pursuant to Section 4.03(B) of the Authorizing Resolution within the Sinking Fund created and established pursuant to Section 4.03(A) of the Authorizing Resolution.

"Reserve Product" shall mean bond insurance, a surety bond or a letter of credit or other credit facility used in lieu of a cash deposit in the Reserve Account and meeting the terms and conditions of Section 4.03(B) of the Authorizing Resolution.

"Reserve Product Provider" shall mean a nationally recognized bond insurer or a bank or other financial institution providing a Reserve Product, whose bond insurance policies insuring, or whose letters of credit, surety bonds or other credit facilities securing, the payment, when due, of the principal of and interest on bond issues by public entities results in such issues (as of the date the Reserve Product is obtained) being rated in one of the two highest full rating categories by either S&P or Moody's.

"Reserve Requirement" shall mean, with respect to the Composite Reserve Sub-Account, the Composite Reserve Requirement, which amount shall be available for use only with respect to those Series of Bonds secured by the Composite Reserve Sub-Account, and, with respect to each Series of Bonds issued under the Authorizing Resolution that is not secured by the Composite Reserve Sub-Account, the amount of money, if any, or available amount of Reserve Product, if any, required by subsequent resolution of the Division adopted prior to the issuance of such Series of Bonds to be maintained in the sub-account in the Reserve Account with respect to such Series of Bonds pursuant to Section 4.03 of the Authorizing Resolution, and which amount shall be available for use only with respect to such Series of Bonds.

"S & P" shall mean Standard & Poor's Ratings Services and its successors.

"Serial Bonds" shall mean Bonds of a Series (other than Term Bonds) which mature in annual or semiannual installments.

"Series" shall mean any portion of the Bonds authenticated and delivered in a single transaction, and identified pursuant to the resolution authorizing such Bonds as a separate Series of Bonds, regardless of variations in maturity, interest rate, Sinking Fund Deposits or other provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution of a Series of Bonds.

"Sinking Fund" shall mean the Florida Forever Bond Interest and Sinking Fund, to be held and administered by the Board of Administration, established pursuant to Section 4.03(A) of the Authorizing Resolution.

"Sinking Fund Deposit" shall mean the amounts required to be deposited into the bond redemption account in the Sinking Fund in a given Fiscal Year for the mandatory redemption of the Term Bonds of a designated Series as established upon sale and award of the Bonds.

"State" shall mean the State of Florida.

"State Bond Act" shall mean Sections 215.57 through 215.83, Florida Statutes, as amended.

"Taxable Bonds" shall mean Bonds issued on the basis that the interest on such Bonds is not intended at the time of issuance thereof to be excluded from the gross income of the Holders thereof for federal income tax purposes.

"Term Bonds" shall mean Bonds of a Series, maturing on one date which are subject to mandatory redemption by application of the Sinking Fund Deposits.

"Variable Rate Everglades Bonds" shall mean any Everglades Bonds issued under the Master Bond Agreement the interest rate on which is other than an interest rate that is fixed to maturity.

PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM OR REGISTERED BONDS

The Depository Trust Company and Book-Entry Only System

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DIVISION BELIEVES TO BE RELIABLE; HOWEVER, THE DIVISION TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the State of Florida, Department of Environmental Protection Florida Forever Revenue Refunding Bonds, Series 2017A (the "2017A Bonds"). The 2017A Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the 2017A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities and Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with Direct Participants, the "Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2017A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2017A Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2017A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2017A Bonds, except in the event that use of the book-entry system is discontinued.

To facilitate subsequent transfers, all 2017A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2017A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2017A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2017A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2017A Bond documents. For example, Beneficial Owners of 2017A Bonds may wish to ascertain that the nominee holding the 2017A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the 2017A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2017A Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Division as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2017A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the 2017A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Bond Registrar/Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, (nor its nominee), the Bond Registrar/Paying Agent, the Division, or the Florida Department of Environmental Protection (the "Department"), subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar/Paying Agent; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services with respect to the 2017A Bonds at any time by giving reasonable notice to the Division or Bond Registrar/Paying Agent and discharging its responsibilities with respect thereto under applicable law. The Division may decide to discontinue use of the system of book-entry transfers for the 2017A Bonds through DTC (or a successor securities depository). Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the 2017A Bonds will be printed and delivered as provided in the documents authorizing the issuance and sale of the 2017A Bonds.

For every transfer and exchange of beneficial interests in the 2017A Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

So long as Cede & Co., as nominee of DTC, is the registered owner of the 2017A Bonds, references herein to the Registered Owners or Holders of the 2017A Bonds shall mean Cede & Co. and not mean the Beneficial Owners of the 2017A Bonds unless the context requires otherwise.

The Division, the Department and the Bond Registrar/Paying Agent will not have any responsibility or obligation with respect to:

(i) the accuracy of the records of DTC, its nominee or any DTC Participant or any successor securities depository, participants thereof or nominee thereof with respect to any beneficial ownership interest in the 2017A Bonds;

(ii) the delivery to any DTC Participant or participant of any successor securities depository or any other person, other than a registered owner, as shown in the Bond Register, of any notice with respect to any 2017A Bond, including, without limitation, any notice of redemption;

(iii) the payment to any DTC Participant or participant of any successor securities depository or any other person, other than a registered owner, as shown in the Bond Register, of any amount with respect to the principal of, premium, if any, or interest on the 2017A Bonds, or the purchase price of, any 2017A Bond;

(iv) any consent given by DTC or any successor securities depository as registered owner; or

(v) the selection by DTC or any DTC Participant or by any successor depository or its participants of the beneficial ownership interests in the 2017A Bonds for partial redemption.

So long as the 2017A Bonds are held in book-entry only form, the Division, the Department and the Bond Registrar/Paying Agent may treat DTC and any successor Securities Depository as, and deem DTC and any successor Securities Depository to be, the absolute owner of the 2017A Bonds for all purposes whatsoever, including, without limitation:

(i) the payment of the principal of, premium, if any, and interest on the 2017A Bonds;
(ii) giving notices of redemption and other matters with respect to the 2017A Bonds;
(iii) registering transfers with respect to the 2017A Bonds; and
(iv) the selection of the beneficial ownership interests in the 2017A Bonds for partial redemption.

Payment, Registration, Transfer and Exchange

The following provisions shall only be applicable if the book-entry-only system of registration is discontinued; for provisions which are applicable while the book-entry only system of registration is in effect, see "Book-Entry Only System" above.

The Division, the Department and the Bond Registrar/Paying Agent may treat the Registered Owner of any 2017A Bond as the absolute owner for all purposes, whether or not such 2017A Bond is overdue, and will not be bound by any notice to the contrary.

Principal of and premium, if any, on the 2017A Bonds will be payable upon presentation and surrender of the 2017A Bonds when due at the corporate trust office of U.S. Bank Trust National Association, New York, New York, as Bond Registrar/Paying Agent.

Each 2017A Bond will be transferable or exchangeable only upon the registration books by the Registered Owner or an attorney duly authorized in writing, upon surrender of such 2017A Bond to the Bond Registrar/Paying Agent together with a written instrument of transfer (if so required) satisfactory in form to the Division of Bond Finance and the Bond Registrar/Paying Agent, duly executed by the Registered Owner or a duly authorized attorney. Upon surrender to the Bond Registrar/Paying Agent for transfer or exchange of any 2017A Bond, duly endorsed for transfer or accompanied by an assignment in accordance with the Resolution, the Bond Registrar/Paying Agent will deliver in the name of the transferee(s) a fully registered 2017A Bond of authorized denomination of the same maturity for the aggregate principal amount which the Registered Owner is entitled to receive.

Neither the Division nor the Bond Registrar/Paying Agent may charge the Registered Owner or transferee for any expenses incurred in making any exchange or transfer of the 2017A Bonds. However, the Division and the Bond Registrar/Paying Agent may require payment from the Registered Owner of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such governmental charges and expenses must be paid before any such new 2017A Bond is delivered.

The Bond Registrar/Paying Agent will not be required to issue, transfer or exchange any 2017A Bonds on the Record Date.

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