State of Florida
Division of Bond Finance

Notice

The following Official Statement is placed on the internet as a matter of convenience only and does not constitute an offer to sell or the solicitation of an offer to buy bonds. Although the information has been formatted in a manner which should exactly replicate the printed Official Statement, physical appearance may differ due to electronic communication difficulties or particular user equipment. In order to assure accuracy, users should obtain a copy of and refer to the printed Official Statement. The user of this Official Statement assumes the risk of any discrepancies between the printed Official Statement and the electronic version of this document.

Copies of the printed Official Statement may be obtained from:

Florida Division of Bond Finance
1801 Hermitage Boulevard
Suite 200
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 2014B 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 F.

$117,300,000
STATE OF FLORIDA
Full Faith and Credit
State Board of Education
Public Education Capital Outlay Refunding Bonds, 2014 Series B

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

Bond Ratings	AAA Standard & Poor's Ratings Services Aa1 Moody's Investors Service AAA Fitch Ratings
Tax Status	In the opinion of Bond Counsel, interest on the 2014B 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 2014B 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 H -"Form of Bond Counsel Opinion" for assumptions and limitations made by Bond Counsel.
Redemption	The 2014B Bonds maturing on and after June 1, 2025 are subject to optional redemption as provided herein.
Security	The 2014B Bonds are payable primarily from Gross Receipts Taxes and are additionally secured by the full faith and credit of the State of Florida.
Lien Priority	The lien of the 2014B Bonds on the Gross Receipts Taxes will be on a parity with the outstanding Parity Bonds and any Additional Bonds hereafter issued. The aggregate principal amount of Parity Bonds which will be outstanding subsequent to the issuance of the 2014B Bonds is $9,777,140,000 excluding the Refunded Bonds, which will be economically but not legally defeased and will be redeemed on June 1, 2015. See "SECURITY FOR THE 2014B BONDS-Outstanding Obligations" herein for more detailed information.
Additional Bonds	Additional Bonds payable on a parity with the 2014B Bonds may be issued if historical Gross Receipts Taxes are at least 1.11 times annual debt service in each ensuing fiscal year. This description of the requirements for the issuance of Additional Bonds is only a summary of the complete requirements. See "ADDITIONAL PARITY BONDS" herein for more complete information.
Purpose	The proceeds of the 2014B Bonds will be used to refund a portion of the Outstanding State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2003 Series D and 2004 Series C, and to pay costs of issuance.
Interest Payment Dates	December 1 and June 1, commencing December 1, 2014.
Record Dates	May 15 and November 15.
Form/Denomination	The 2014B 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 2014B Bonds will not receive physical delivery of the 2014B Bonds.
Closing/Settlement	It is anticipated that the 2014B Bonds will be available for delivery through the facilities of DTC in New York, New York on September 4, 2014.
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 2014B Bonds will mature on the dates and bear interest at the rates set forth on the inside front cover.

August 7, 2014

MATURITY STRUCTURE

Initial CUSIP©	Due Date	Principal Amount	Interest Rate	Price or Yield*	First Optional Redemption Date and Price
3 4 1 5 3 P 3 V 8	June 1, 2015	$290,000	5.00%	0.11%	-
3 4 1 5 3 P 3 W 6	June 1, 2016	6,275,000	5.00	0.27	-
3 4 1 5 3 P 3 X 4	June 1, 2017	6,595,000	5.00	0.52	-
3 4 1 5 3 P 3 Y 2	June 1, 2018	6,930,000	5.00	0.83	-
3 4 1 5 3 3 P 3 Z 9	June 1, 2019	7,270,000	5.00	1.17	-
3 4 1 5 3 4 P 4 A 3	June 1, 2020	7,630,000	5.00	1.50	-
3 4 1 5 3 P 4 B 1	June 1, 2021	8,015,000	5.00	1.76	-
3 4 1 5 3 P 4 C 9	June 1, 2022	8,415,000	5.00	2.00	-
3 4 1 5 3 P 4 D 7	June 1, 2023	8,840,000	5.00	2.18	-
3 4 1 5 3 P 4 E 5	June 1, 2024	9,275,000	5.00	2.30	-
3 4 1 5 3 P 4 F 2	June 1, 2025**	9,745,000	5.00	2.43	June 1, 2024 @ 100%
3 4 1 5 3 P 4 G 0	June 1, 2026**	10,230,000	3.00	2.70	June 1, 2024 @ 100
3 4 1 5 3 P 4 H 8	June 1, 2027**	10,530,000	3.00	2.85	June 1, 2024 @ 100
3 4 1 5 3 P 4 J 4	June 1, 2028	10,855,000	3.00	3.05	June 1, 2024 @ 100
3 4 1 5 3 P 4 K 1	June 1, 2029	6,405,000	3.00	3.10	June 1, 2024 @ 100

* Price and yield information provided by the underwriters.

** The yield on this maturity is calculated to a 100% call on June 1, 2024.

© Copyright 2014, American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services.

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 2014B 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

STATE BOARD OF EDUCATION

GARY CHARTRAND

DR. ADA G. ARMAS

JOHN A. COLON

MARVA JOHNSON

REBECCA FISHMAN LIPSEY

JOHN R. PADGET

ANDY TUCK

COMMISSIONER OF EDUCATION
PAM STEWART

GOVERNING BOARD OF THE DIVISION OF BOND FINANCE

GOVERNOR
RICK SCOTT
Chairman

ATTORNEY GENERAL
PAM BONDI
Secretary

CHIEF FINANCIAL OFFICER
JEFF ATWATER
Treasurer

COMMISSIONER OF AGRICULTURE
ADAM H. PUTNAM

J. BEN WATKINS III
Director
Division of Bond Finance

LINDA CHAMPION
Deputy Commissioner, Finance and Operations
Department of Education

ASHBEL C. WILLIAMS
Executive Director and CIO
State Board of Administration of Florida

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

[This page intentionally left blank]

TABLE OF CONTENTS

	Page
INTRODUCTION	1
AUTHORITY FOR THE ISSUANCE OF THE 2014B BONDS	2
General Legal Authority	2
State Board of Education	2
Division of Bond Finance	2
State Board of Administration of Florida	2
Administrative Approval	2
DESCRIPTION OF THE 2014B BONDS	3
REDEMPTION PROVISIONS	3
Optional Redemption	3
Notice of Redemption	3
THE REFUNDING PROGRAM	3
Sources and Uses of Funds	4
Application of the 2014B Bond Proceeds	4
SECURITY FOR THE 2014B BONDS	4
Pledge of Gross Receipts Taxes	5
Full Faith and Credit of the State	5
Outstanding Obligations	5
Future Bonding	5
Flow of Funds	5
ADDITIONAL PARITY BONDS	6
GROSS RECEIPTS TAX REVENUES AND DEBT SERVICE COVERAGE	6
Levy of Taxes	6
Distribution of Gross Receipts Tax Revenues	6
Gross Receipts Tax Collections	7
Historical Debt Service Coverage	9
SCHEDULE OF DEBT SERVICE	10
PROVISIONS OF STATE LAW	11
Bonds Legal Investment for Fiduciaries	11
Negotiability	11
TAX MATTERS	11
General	11
Risk of Future Legislative Changes and/or Court Decisions	12
Original Issue Discount and Original Issue Premium	12
State Taxes	13
RECENT STATE FINANCIAL DEVELOPMENTS	13
Fiscal Year 2012-13	13
Fiscal Year 2013-14	14
Fiscal Year 2014-15	14
MISCELLANEOUS	15
Variable Rate Debt and Derivatives	15
Investment of Funds	15
Bond Ratings	16
Verification of Mathematical Calculations	16
Litigation	17
Legal Opinion and Closing Certificates	17
Continuing Disclosure	17
Underwriting	17
Execution of Official Statement	18

			Page
APPENDIX A	-	State of Florida	A-1
APPENDIX B	-	General Purpose Financial Statements	B-1
APPENDIX C	-	Master Resolution	C-1
APPENDIX D	-	Fiftieth Supplemental Authorizing Resolution	D-1
APPENDIX E	-	Fifty-seventh Supplemental Authorizing Resolution	E-1
APPENDIX F	-	Certain Definitions	F-1
APPENDIX G	-	Form of Continuing Disclosure Agreement	G-1
APPENDIX H	-	Form of Bond Counsel Opinion	H-1
APPENDIX I	-	Provisions for Book-Entry Only System or Registered Bonds	I-1

OFFICIAL STATEMENT
Relating to
$117,300,000
STATE OF FLORIDA
Full Faith and Credit
State Board of Education
Public Education Capital Outlay Refunding Bonds, 2014 Series B

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

INTRODUCTION

This Official Statement sets forth information relating to the sale and issuance of the $117,300,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2014 Series B, dated the Date of Delivery (the "2014B Bonds"), by the Division of Bond Finance of the State Board of Administration of Florida (the "Division of Bond Finance").

Proceeds of the 2014B Bonds will be used to refund a portion of the Outstanding State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2003 Series D and 2004 Series C, (the "Refunded Bonds"), and to pay costs of issuance. The refunding is being effectuated to achieve debt service savings due to lower interest rates. See "THE REFUNDING PROGRAM" below for more detailed information.

The 2014B Bonds will be secured by and payable primarily from Gross Receipts Taxes and are additionally secured by the full faith and credit of the State of Florida. See "SECURITY FOR THE 2014B BONDS" herein for more detailed information.

The lien of the 2014B Bonds on the Gross Receipts Taxes will be on a parity with the outstanding Parity Bonds and with any Additional Bonds hereafter issued. The aggregate principal amount of Parity Bonds which will be outstanding subsequent to the issuance of the 2014B Bonds is $9,777,140,000 excluding the Refunded Bonds, which will be economically but not legally defeased and will be redeemed on June 1, 2015. See "SECURITY FOR THE 2014B BONDS-Outstanding Obligations" herein for more detailed information.

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 2014B 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 2014B BONDS

General Legal Authority

The State Board of Education (the "Board of Education") is authorized to issue bonds payable primarily from Gross Receipts Taxes and additionally secured by the full faith and credit of the State of Florida, in accordance with Section 9(a)(2) of Article XII of the Florida Constitution (the "Public Education Bond Amendment"), and the State Bond Act. Under the State Bond Act, the Division of Bond Finance is authorized to act as the agent of the Board of Education to issue Board of Education bonds. All such bonds are issued in the name of the Board of Education. No election or approval of qualified electors is required for the issuance of the 2014B Bonds.

The amount of bonds which can be issued pursuant to Section 9(a)(2), Article XII is limited to 90% of the amount which the Board of Education determines can be serviced by the Gross Receipts Tax revenues.

State Board of Education

The Board of Education is established by Article IX, Section 2 of the Florida Constitution. It consists of seven members appointed by the Governor to staggered four-year terms, subject to confirmation by the Florida Senate. The Commissioner of Education is appointed by the Board of Education.

The following individuals have been appointed by the Governor to the State Board of Education:

Board Member	Term Expires
Dr. Ada G. Armas - physician (Coral Gables, FL)	December 31, 2016
Gary Chartrand, chair - businessman (Ponte Vedra Beach, FL)	December 31, 2014
John Colon - businessman (University Park, FL)	December 31, 2014
Marva Johnson - businesswoman (Winter Garden, FL)	December 31, 2017
Rebecca Fishman Lipsey - businesswoman (Aventura, FL)	December 31, 2017
John R. Padget - private equity investor and philanthropist (Key West, FL)	December 31, 2016
Andy Tuck - businessman (Sebring, FL)	December 31, 2017

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 Board of Education in administering the Sinking Fund and the Rebate Fund.

Administrative Approval

By the Master Resolution adopted on July 21, 1992, as amended by the Fiftieth Supplemental Authorizing Resolution adopted on January 18, 2011, and as supplemented by the Fifty-seventh Supplemental Authorizing Resolution adopted on April 10, 2014, the Board of Education authorized the issuance of various series of Public Education Capital Outlay Bonds under the terms, limitations and conditions contained therein, including the 2014B Bonds. The Master Resolution, the Fiftieth Supplemental Authorizing Resolution, and the Fifty-seventh Supplemental Authorizing Resolution are reproduced herein as Appendices C, D, and E (collectively, the "Resolution").

The Board of Education authorized the sale of the 2014B Bonds by a resolution adopted on April 10, 2014.

The Division of Bond Finance authorized the issuance and sale of the 2014B Bonds by resolutions adopted on April 22, 2014.

The Board of Administration approved the fiscal sufficiency of the 2014B Bonds by a resolution adopted on April 22, 2014.

DESCRIPTION OF THE 2014B BONDS

The 2014B Bonds are full faith and credit obligations of the State issued in the name of the Board of Education.

The 2014B Bonds are being issued as fully registered bonds in the denomination of $1,000 or integral multiples thereof. The 2014B Bonds are payable from the Pledged Revenues as described herein. The 2014B Bonds will be dated the Date of Delivery, and will mature as set forth on the inside front cover. Interest is payable on December 1, 2014, for the period from the Date of Delivery to December 1, 2014, and semiannually thereafter on June 1 and December 1 of each year until maturity or redemption.

The 2014B Bonds will initially be issued exclusively in "book-entry" form. Ownership of one 2014B 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 2014B Bonds. Individual purchases of the 2014B Bonds will be made in book-entry form only, and the purchasers will not receive physical delivery of the 2014B Bonds or any certificate representing their beneficial ownership interest in the 2014B Bonds. See Appendix I, "Provisions for Book-Entry Only System or Registered Bonds" for a description of DTC, certain responsibilities of DTC, the Board of Education and the Bond Registrar/Paying Agent, and the provisions for registration and registration for transfer of the 2014B Bonds if the book-entry only system of registration is discontinued.

REDEMPTION PROVISIONS

Optional Redemption

The 2014B Bonds maturing in the years 2015 through 2024 are not redeemable prior to their stated dates of maturity. The 2014B Bonds maturing in 2025 and thereafter are redeemable prior to their stated dates of maturity, without premium, at the option of the Board of Education, (i) in part, by maturities to be selected by the Board of Education, and by lot within a maturity if less than an entire maturity is to be redeemed, or (ii) as a whole, on June 1, 2024, or on any date thereafter, at the principal amount of the 2014B Bonds so redeemed, together with interest accrued to the date of redemption.

Notice of Redemption

All notices of redemption of 2014B Bonds will be transmitted to the Bond Registrar/Paying Agent, registered securities depositories and the Municipal Securities Rulemaking Board (the "MSRB") using its Electronic Municipal Market Access System ("EMMA"), and will be mailed at least 30 days prior to the date of redemption to Registered Owners of the 2014B Bonds to be redeemed, of record as of 45 days prior to the date of redemption. Such notices of redemption will specify the 2014B Bonds to be redeemed, if less than all; the redemption price thereof; the place for presentation thereof; and that interest on the 2014B Bonds so called for redemption will cease to accrue on the redemption date.

Failure to give any required notice of redemption as to any particular 2014B Bonds will not affect the validity of the call for redemption of any 2014B Bonds in respect of which no such failure has occurred. Any notice mailed as provided in the Resolution will be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice.

THE REFUNDING PROGRAM

The proceeds derived from the sale of the 2014B Bonds will be used to refund the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2003 Series D, maturing in the years 2016 through 2028, in the outstanding principal amount of $51,250,000, and portions of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2004 Series C, maturing in the years 2016 through 2029, in

the outstanding principal amount of $75,050,000, (collectively, the "Refunded Bonds"). This refunding is being effectuated to achieve debt service savings.

Simultaneously with the delivery of the 2014B Bonds, the Board of Education will cause to be deposited a portion of the proceeds of the 2014B Bonds, along with other legally available moneys, into the State Treasury investment pool, a fund held and invested by the State Treasurer of Florida.

The amount of moneys initially deposited, together with interest thereon, is expected to be sufficient to make all payments with respect to the Refunded Bonds. The Refunded Bonds will be considered as remaining outstanding and economically defeased only, and will continue to be secured by the Gross Receipts Taxes and the full faith and credit of the State, until they are redeemed.

The Refunded Bonds will be called for redemption on June 1, 2015 (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.

Sources and Uses of Funds

Sources:	
Par Amount of 2014B Bonds	$117,300,000
Net Original Issue Premium	15,147,821
Available Sinking Fund Moneys	1,542,859
Total Sources	$133,990,680
Uses:	
Deposit to Escrow	$133,019,444
Underwriter's Discount	720,222
Cost of Issuance	251,014
Total Uses	$133,990,680

Application of the 2014B Bond Proceeds

Upon receipt of the proceeds of the 2014B Bonds, the Board of Education will transfer and apply such proceeds as follows:

(A) The amount necessary to pay all costs and expenses of the Division of Bond Finance in connection with the preparation, sale and issuance of the 2014B Bonds, including a reasonable charge for the services of the Division of Bond Finance, will be transferred to the Division of Bond Finance to be deposited in the Bond Proceeds Trust Fund, subject to disbursement of the funds to the Bond Fee Trust Fund and the Arbitrage Compliance Trust Fund pursuant to written instructions at the delivery of the 2014B Bonds unless such amount will be provided from another legally available source.

(B) All remaining proceeds will be transferred to the Board of Administration for deposit into escrow. After the redemption of the Refunded Bonds, any excess proceeds not used for such purpose will be transferred to the Public Education Trust Fund, and shall be used for any purpose for which moneys may be legally used from such fund (including the payment of debt service).

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

SECURITY FOR THE 2014B BONDS

The 2014B Bonds will be payable primarily from the Gross Receipts Taxes on utilities in the State, and will be additionally secured by the full faith and credit of the State. The lien of the 2014B Bonds on the Gross Receipts Taxes will be on a parity with the outstanding Parity Bonds and with any Additional Bonds hereafter issued. See "Outstanding Obligations" below for a description of the Parity Bonds.

No Registered Owners of the 2014B Bonds will be entitled to require the payment of the principal of or interest on the 2014B Bonds from any funds of the State, the Board of Education, or any other political subdivision or agency of said State, except from the Gross Receipts Taxes pledged for the payment thereof and moneys appropriated for such purpose pursuant to the pledge of the full faith and credit of the State.

Pledge of Gross Receipts Taxes

The Master Resolution provides that payment of the principal (including Amortization Installments, if any) of and interest on all of the Bonds issued thereunder, including any Additional Bonds, will be secured equally and ratably by a lien on the Gross Receipts Taxes deposited in the Public Education Fund pursuant to the Public Education Bond Amendment, and that all such Gross Receipts Taxes are irrevocably pledged to the payment of the principal of and interest on the Bonds.

Full Faith and Credit of the State

The Resolution provides that the 2014B Bonds are additionally secured by a pledge of the full faith and credit of the State, and that the State is unconditionally and irrevocably required to make all payments required for payment of the principal of and interest on the 2014B Bonds as the same mature and become due to the full extent that the Gross Receipts Taxes on deposit in the Sinking Fund are insufficient for such payments. It will be the mandatory duty of the Board of Education on or prior to each principal or interest payment date to immediately certify to the proper officials of the State any deficiencies in the moneys necessary for the payments on such dates, and the appropriate officials of the State will have the mandatory duty to pay over to the Board of Education the amounts of any such deficiencies.

The Florida Constitution requires the Legislature to appropriate moneys sufficient to pay debt service on bonds pledging the full faith and credit of the State as the same become due. All State tax revenues, other than trust funds dedicated by the Florida Constitution for other purposes, would be available for such an appropriation, if required. Amounts of such State tax revenues in recent years are shown in Appendices A and B.

Outstanding Obligations

The Board of Education has issued its State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 1999 Series D through 2014 Series A Bonds (collectively, the "Parity Bonds"). Subsequent to the issuance of the 2014B Bonds, the aggregate principal amount of Parity Bonds to be outstanding is $9,777,140,000 excluding the Refunded Bonds, which will be economically but not legally defeased and will be redeemed on June 1, 2015. The 2014B Bonds will be on a parity with the Parity Bonds as to the lien on the Gross Receipts Taxes.

Future Bonding

There is currently no legislative authorization for additional Public Education Capital Outlay bonds to finance new capital outlay projects during the 2014-15 fiscal year. Although recent legislative changes affecting Gross Receipts Taxes have increased available bonding capacity by approximately $2.2 billion according to the August 2014 Revenue Estimating Conference, the issuance of additional bonds is dependent on approval by the Legislature, which has not occurred. Additionally, future bonding capacity may also be affected by Gross Receipts Tax litigation and future legislative changes. See "ADDITIONAL PARITY BONDS" herein for a description of the Master Resolution and current statutory conditions to the issuance of additional parity Public Education Capital Outlay Bonds. See also "Levy of Taxes" and "Gross Receipts Tax Collections - *Potential Impact on Gross Receipts Tax Collections*" under the heading "GROSS RECEIPTS TAX REVENUES AND DEBT SERVICE COVERAGE" herein.

Flow of Funds

The Gross Receipts Taxes, after making provision for any prior deficiencies, are deposited in the Public Education Fund in the State Treasury to be used and applied only in the following manner and order of priority:

(a) First, for the payment in each year of the full amount of the principal of and interest coming due on the Bonds.

(b) Thereafter, in each fiscal year, the remaining moneys are distributable by the Board of Education (i) for the payment of any amounts required to be paid into funds or accounts, or to reimburse providers of credit or liquidity support, established pursuant to a Supplemental Authorizing Resolution, (ii) to the State of Florida in amounts sufficient to reimburse the State for moneys paid pursuant to the State's full faith and credit pledge, (iii) for the payment of the cost of any Capital Outlay Projects approved by the Legislature, and (iv) for the direct purchase or redemption of Bonds.

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

ADDITIONAL PARITY BONDS

The Master Resolution provides that no additional parity Public Education Capital Outlay Bonds can be issued unless the Board of Education determines that the debt service requirements in each ensuing fiscal year of the Bonds then Outstanding and the Additional Bonds proposed to be issued will not exceed 90% of the amount of Gross Receipts Taxes to be available in each Fiscal Year after the issuance of the Additional Bonds. No such Additional Bonds will be issued unless all payments required to be made by the Master Resolution have been made, and unless the Board of Education is in compliance with all of the covenants, agreements and provisions of such resolution. Public Education Capital Outlay Bonds may be refunded on a parity basis as long as the Additional Bonds requirements are met.

The Master Resolution was amended on January 18, 2011, by the Fiftieth Supplemental Resolution, to confirm the ability of the Board of Education to take into account the amount of federal subsidy payments received pursuant to the American Recovery and Reinvestment Act of 2009 for Build America Bonds in determining the amount of Debt Service Requirements on Bonds for purposes of the Additional Bonds test. Federal subsidy payments will be received in relation to Public Education Capital Outlay Bonds in the approximate amount of $12 million annually through Fiscal Year 2018 and will decrease annually thereafter through Fiscal Year 2039.

Florida law has additionally provided that no additional parity Public Education Capital Outlay Bonds can be issued unless the Board of Education determines that the debt service requirements in each ensuing fiscal year of the Bonds then Outstanding and the Additional Bonds proposed to be issued will not exceed 90% of the average annual amount of Gross Receipts Taxes collected in the 24 months immediately preceding the most recent collection date before the issuance of such Additional Bonds. During the 2010 Legislative Session, legislation was adopted which permits the revenues to be adjusted to reflect revenues which would have been collected had legislation enacted into law before the date of determination been in effect during the 24-month period. Pursuant to that legislation, historical collections of Gross Receipts Taxes utilized for determining the authority for the issuance of the 2014B Bonds have been adjusted accordingly for the additional gross receipts taxes enacted during the 2010 and 2014 Legislative Sessions. See “GROSS RECEIPTS TAX REVENUES AND DEBT SERVICE COVERAGE - Levy of Taxes” herein.

GROSS RECEIPTS TAX REVENUES AND DEBT SERVICE COVERAGE

Levy of Taxes

The pledged revenues are Gross Receipts Taxes, which are derived from several sources. The gross receipts tax on sellers of electricity and natural or manufactured gas is imposed at a rate of 2.5%. The gross receipts tax on the sale of communications services is taxed at a rate of 2.37%. In 2010, the Legislature provided for an additional 0.15% tax on communications services to be pledged to the Bonds. During the 2014 legislative session, the Legislature reduced the sales tax on electricity and created an additional gross receipts tax of 2.6% on the retail sale of electric power or energy (excluding sales to residential households) to be pledged to the Bonds.

The term “gross receipts” does not include gross receipts derived from: the sale of natural gas to a public or private utility, either for resale or for use as fuel in the generation of electricity; or the sale of electricity to a public or private utility, for resale within the state, or as part of an electrical interchange agreement between such utilities for the purpose of transferring more economically generated power.

Communications services means the transmission, conveyance, or routing of voice, data, audio, video or any other information or signals, including video services, by or through any electronic, radio, satellite, cable, optical, microwave, or other medium or method now in existence or hereafter devised. Among other things, the term does not include internet access service, electronic mail service, electronic bulletin board service, or similar on-line computer services.

Distribution of Gross Receipts Tax Revenues

The Public Education Bond Amendment requires that all Gross Receipts Taxes be placed in the Public Education Fund administered by the Board of Education. The moneys in the Public Education Fund must be expended in each fiscal year first, for the payment of principal of and interest on bonds maturing in such fiscal year; second, for annual reserve fund deposits, if any, for such fiscal year, then for direct payment of authorized project costs, or for the purchase or redemption of outstanding bonds.

Amounts required for debt service are transferred to the Sinking Fund semiannually just prior to each interest/principal payment date. Investment of bond sinking fund moneys is generally controlled by the resolution authorizing the issuance of a particular series of bonds. The policy of the Board of Administration permits sinking funds to be invested only in U.S. Treasury securities and repurchase agreements backed by U.S. Treasury securities (if so authorized by the bond resolution). The Resolution for the 2014B Bonds authorizes such investments.

Gross Receipts Tax Collections

Historical - By Industry. The following schedule illustrates the revenues associated with each component of the Gross Receipts Tax base.

Source of Collections
(to the nearest ten thousand dollars)[1]

Fiscal Year	Electric	Telecommunications	Gas Fuels	Total Gross Receipts
2003-04	$425,000,000	$383,070,000	$18,520,000	$826,590,000
2004-05	453,250,000	405,690,000	23,210,000	882,150,000
2005-06	524,330,000	422,910,000	28,550,000	975,790,000
2006-07	597,500,000	441,000,000	29,100,000	1,067,600,000
2007-08	639,210,000	455,860,000	30,900,000	1,125,960,000
2008-09	623,710,000	473,100,000	29,410,000	1,126,220,000
2009-10	633,050,000	431,700,000	32,910,000	1,097,660,000
2010-11	606,920,000	432,190,000	32,530,000	1,071,650,000
2011-12	586,550,000	424,380,000	24,360,000	1,035,290,000
2012-13	558,560,000	418,270,000	26,220,000	1,003,050,000
2013-14	575,170,000	404,440,000	25,750,000	1,005,360,000

Source: Office of Economic and Demographic Research.
[1] Numbers may not add due to rounding.

Historical - Monthly. Presented below are monthly Gross Receipts Tax Collections.

Gross Receipts Tax Monthly Collections

	2009-10	2010-11	2011-12	2012-13	2013-14
July	$93,096,586	$93,189,017	$93,774,065	$87,362,722	$83,525,179
August	99,350,144	95,088,991	91,427,019	91,531,542	87,964,203
September	101,575,140	98,310,098	98,360,249	90,599,921	89,085,526
October	99,273,246	98,133,489	94,065,637	89,207,420	89,719,981
November	97,621,700	93,425,396	91,038,819	90,907,155	87,536,543
December	90,556,249	84,754,364	87,880,578	88,497,993	82,005,863
January	86,201,508	86,122,133	79,150,349	75,174,906	79,822,764
February	93,714,709	90,455,317	80,291,839	81,030,905	82,260,848
March	81,735,515	83,624,794	78,453,854	75,565,803	83,443,917
April	86,312,377	80,703,096	73,626,714	76,937,245	86,688,249 [2]
May	84,095,558	81,808,890	83,836,312	77,261,237	72,038,890 [2]
June	84,126,246	86,033,119	83,383,871	78,971,094	81,265,558
Total	$1,097,658,978	$1,071,648,704	$1,035,289,306	$1,003,047,943	$1,005,357,521
Percent Increase	(2.54)%[1]	(2.37)%	(3.39)%	(3.11)%	0.23%

Source: Office of Economic and Demographic Research.
[1] Based on a comparison with the total collections of $1,126,220,809 for Fiscal Year 2008-09.
[2] Collections for April 2014 included approximated $7.2 million that should have been attributable to May 2014.

Projected. Presented below are projected Gross Receipts Tax collections, which are revised at least semiannually by the Consensus Estimating Conference. For a description of the Consensus Estimating Conference, see "STATE FINANCIAL OPERATIONS - Budgetary Process" in Appendix A. 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 Gross Receipts Tax collections; no assurance can be given that there will not continue to be material differences relating to such amounts.***

Projected Gross Receipts Tax Collections
(in millions)

Fiscal Year	Projected Gross Receipts Tax Collections [1]	Projected Gross Receipts Tax Collections from Sales Tax Shift [1,2]	Total Projected Gross Receipts Tax Collections
2014-15	$1,010.52	$152.40	$1,162.92
2015-16	1,020.43	171.70	1,192.13
2016-17	1,036.13	175.60	1,211.73
2017-18	1,053.50	178.00	1,231.50
2018-19	1,069.42	184.10	1,253.52
2019-20	1,084.89	188.65	1,273.54
2020-21	1,098.91	193.35	1,292.26
2021-22	1,113.36	198.17	1,311.53
2022-23	1,129.20	203.10	1,332.30
2023-24	1,145.29	208.16	1,353.45

[1] Official projections adopted by the Florida Revenue Estimating Conference held August 2014.

[2] Projections represent the additional gross receipts tax collections expected to result from 2014 legislation converting a 2.6% sales tax on electrical power or energy (excluding sales to residential households) to gross receipts taxes. Since collections of gross receipts taxes lag implementation of the tax, the projected impact on collections for Fiscal Year 2014-15 includes 10.9 months collections of the new gross receipts tax.

Potential Impact on Gross Receipts Tax Collections. The State may refund a portion of Gross Receipts Taxes resulting from AT&T Mobility's ("AT&T") settlement of a class action lawsuit for improperly collecting taxes on certain internet access services, such as smart phone data plans, which was collected by AT&T from November 1, 2005 through September 7, 2010. The potential refund was previously estimated to be $26.15 million, however, due to the State refund process, the timing and final amounts of the refund payments are currently unknown and may vary from the previous estimate. Accordingly, the Consensus Estimating Conference has not yet adjusted its projections to account for the estimated refund. The Consensus Estimating Conference has considered the reduction of Gross Receipts Tax collections attributable to AT&T's improper collection of taxes on data plans in the projected Gross Receipts Tax collections provided above. Presently, there is no information indicating other service providers have collected Gross Receipts Taxes on data plans, which could further reduce the tax base for Gross Receipts Taxes.

During the 2011 legislative session, the Legislature adopted a bill that directs the State Board of Education to disregard the impact of the AT&T refund on Gross Receipts Tax collections in calculating the amount of additional Public Education Capital Outlay bonds that may be issued. The effect of this bill is increased capacity to issue Public Education Capital Outlay bonds.

Historical Debt Service Coverage

Set forth below is the historical debt service coverage for all outstanding Public Education Capital Outlay Bonds.

Schedule of Historical Debt Service Coverage

Fiscal Year	Gross Receipts Taxes	Annual Program Debt Service[1]	Coverage Ratio
2009-10	$1,097,658,978	$922,207,272[2]	1.19x
2010-11	1,071,648,704	938,473,074[3]	1.14x
2011-12	1,035,289,306	962,289,681[4]	1.08x
2012-13	1,003,047,943	946,509,164[5]	1.06x
2013-14	1,005,357,521	909,342,254[6]	1.11x

[1] Net of the federal subsidy on the 2006 Series G, 2007 Series G, 2008 Series D, and 2009 Series F Build America Bonds.
[2] Includes $13,674,842 of accrued debt service on previously refunded Bonds.
[3] Includes $8,155,958 of accrued debt service on previously refunded Bonds.
[4] Includes $17,486,271 of accrued debt service on previously refunded Bonds.
[5] Includes $17,636,828 of accrued debt service on previously refunded Bonds.
[6] Includes $3,250,915 of accrued debt service on previously refunded Bonds.

(Remainder of page intentionally left blank)

SCHEDULE OF DEBT SERVICE

The table below shows the debt service on the Parity Bonds, debt service on the 2014B Bonds and total debt service for the Bonds.

Fiscal Year	Parity Bonds Debt Service [1,2]	2014B Bonds Debt Service			Total Debt Service
		Principal	Interest	Total	
2015	$884,528,503 [3]	$290,000	$3,785,647	$4,075,647	$888,604,151
2016	875,713,575	6,275,000	5,090,100	11,365,100	887,078,675
2017	875,674,540	6,595,000	4,776,350	11,371,350	887,045,890
2018	853,765,428	6,930,000	4,446,600	11,376,600	865,142,028
2019	866,610,178	7,270,000	4,100,100	11,370,100	877,980,278
2020	861,532,997	7,630,000	3,736,600	11,366,600	872,899,597
2021	882,220,646	8,015,000	3,355,100	11,370,100	893,590,746
2022	888,998,337	8,415,000	2,954,350	11,369,350	900,367,687
2023	852,955,648	8,840,000	2,533,600	11,373,600	864,329,248
2024	768,563,556	9,275,000	2,091,600	11,366,600	779,930,156
2025	707,853,454	9,745,000	1,627,850	11,372,850	719,226,304
2026	562,309,594	10,230,000	1,140,600	11,370,600	573,680,194
2027	532,392,808	10,530,000	833,700	11,363,700	543,756,508
2028	504,885,080	10,855,000	517,800	11,372,800	516,257,880
2029	482,314,769	6,405,000	192,150	6,597,150	488,911,919
2030	465,461,073	-	-	-	465,461,073
2031	442,723,343	-	-	-	442,723,343
2032	422,593,944	-	-	-	422,593,944
2033	380,480,528	-	-	-	380,480,528
2034	341,086,305	-	-	-	341,086,305
2035	318,459,949	-	-	-	318,459,949
2036	279,291,964	-	-	-	279,291,964
2037	233,445,108	-	-	-	233,445,108
2038	145,296,139	-	-	-	145,296,139
2039	83,126,013	-	-	-	83,126,013
2040	38,563,450	-	-	-	38,563,450
2041	4,641,000	-	-	-	4,641,000
	$14,555,487,926	$117,300,000	$41,182,147	$158,482,147	$14,713,970,074

Note: Totals may not add due to rounding.

[1] Debt service is net of the estimated anticipated federal subsidy payments on the 2006 Series G, 2007 Series G, 2008 Series D, and 2009 Series F Build America Bonds.

[2] Excludes debt service of approximately $6.2 million in 2015, $12.9 million in 2016 through 2028 and $7.5 million in 2029 for the Refunded Bonds which will be economically but not legally defeased and will be called on June 1, 2015.

[3] Includes approximately $1.5 million in accrued debt service on the Refunded Bonds that will be called for redemption on June 1, 2015.

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 2014B 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 2014B 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 2014B 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 2014B 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 Board of Education contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the 2014B 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 2014B 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 Board of Education may cause loss of such status and result in the interest on the 2014B Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the 2014B Bonds. The Division of Bond Finance and the Board of Education have covenanted to take the actions required of them for the interest on the 2014B 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 2014B 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 2014B Bonds or the market value of the 2014B Bonds.

A portion of the interest on the 2014B Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the 2014B 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 2014B Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the 2014B Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a 2014B 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 2014B Bonds ends with the issuance of the 2014B Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Division of Bond Finance, the Board of Education or the owners of the 2014B 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 2014B Bonds, under current IRS procedures, the IRS will treat the Board of Education as the taxpayer and the beneficial owners of the 2014B 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 2014B 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 2014B Bonds.

Prospective purchasers of the 2014B 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 advisers 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 2014B Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the 2014B Bonds will not have an adverse effect on the tax status of interest on the 2014B Bonds or the market value or marketability of the 2014B 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 2014B 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 2014B 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 2014B 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 2014B Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the 2014B Bonds may be adversely affected and the ability of holders to sell their 2014B Bonds in the secondary market may be reduced. The 2014B Bonds are not subject to special mandatory redemption, and the interest rates on the 2014B Bonds are not subject to adjustment in the event of any such change.

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

Original Issue Discount and Original Issue Premium

The 2014B Bonds (the "2014B Discount Bonds") maturing in 2028 and 2029 were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a 2014B Discount Bond. The issue price of a 2014B Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the 2014B Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a 2014B Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a 2014B Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations

discussed above, as other interest on the 2014B Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that 2014B Discount Bond. A purchaser of a 2014B Discount Bond in the initial public offering at the price for that 2014B Discount Bond stated on the inside front cover of this Official Statement who holds that 2014B Discount Bond to maturity will realize no gain or loss upon the retirement of that 2014B Discount Bond.

The 2014B Bonds (the "2014B Premium Bonds") maturing in 2015 through 2027 were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a 2014B Premium Bond, based on the yield to maturity of that 2014B Premium Bond (or, in the case of a 2014B Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that 2014B Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a 2014B Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a 2014B Premium Bond, the owner's tax basis in the 2014B Premium 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 2014B Premium Bond for an amount equal to or less than the amount paid by the owner for that 2014B Premium Bond. A purchaser of a 2014B Premium Bond in the initial public offering at the price for that 2014B Premium Bond stated on the inside front cover of this Official Statement who holds that 2014B Premium Bond to maturity (or, in the case of a callable 2014B Premium Bond, to its earlier call date that results in the lowest yield on that 2014B Premium Bond) will realize no gain or loss upon the retirement of that 2014B Premium Bond.

Owners of Discount 2014B and Premium 2014B Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium 2014B Bonds and as to other federal tax consequences and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

State Taxes

The 2014B 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 2014B Bonds should consult their own attorneys and advisors for the treatment of the ownership of the 2014B 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 2012-13

Revenues. Actual general revenue collections of $25.3 billion for the twelve-month period ended June 30, 2013 were $294.0 million over the March 2013 REC estimate and were up $1.7 billion (7.2%) from the same period of the prior

fiscal year. The one-time payment of $200.1 million from the National Mortgage Settlement accounted for the majority of the overage. Absent this amount, total General Revenue collections were virtually on March REC estimates.

Budget. The Fiscal Year 2012-13 Budget totaled approximately $70.0 billion, which is relatively flat when compared to the adjusted budget for Fiscal Year 2011-12. The General Fund budget totaled $24.7 billion and was primarily funded with general revenue collections and $565 million in trust fund transfers, including a $350 million transfer from the Lawton Chiles Endowment Fund.

Reserves. The General Fund Retrospect statement released on October 30, 2013 indicated total budget reversions of nearly $290 million. Combined with the one-time payment from the National Mortgage Settlement as well as revenues exceeding estimate, the Fiscal 2012-13 year-end General Fund balance increased to approximately $2.9 billion. The Budget Stabilization Fund increased to $710.5 million, with the $214.5 million transfer to the fund authorized in the Budget. When including the Budget Stabilization Fund, General Fund reserves at fiscal year end total approximately $3.6 billion (14.2% of general revenues). The Fiscal Year 2012-13 year-end trust fund reserve balances totaled $2.5 billion, including $565 million in the Lawton Chiles Endowment Fund and $1.9 billion in various unreserved trust fund balances. The inclusion of trust fund reserve balances increases the estimated total reserves to nearly $6.1 billion (23.9% of general revenues) at fiscal year end.

Fiscal Year 2013-14

Revenues. Actual general revenue collections of $26.2 billion for the twelve-month period ended June 30, 2014 were $106.7 million under the March 2014 REC estimate but were up $883 million (3.5%) from the same period of the prior fiscal year. Growth in Fiscal Year 2013-14 revenues was primarily driven by sales tax collections generated by strong taxable sales that finally surpassed the prior peak from Fiscal Year 2006-07.

Budget. The Fiscal Year 2013-14 Budget totaled approximately $74.2 billion, an increase of $4.2 billion (6.0%) over the Fiscal Year 2012-13 budget of $70.0 billion. The General Fund budget totaled $26.7 billion and was primarily funded with general revenue collections and $385 million in trust fund transfers.

Reserves. Based on the August 2014 Outlook, the Fiscal Year 2013-14 year-end General Fund balance is projected to total $2.3 billion. The Budget included a $214.5 million transfer to the Budget Stabilization Fund, which increased the Budget Stabilization Fund balance to $923 million at June 30, 2014. When including the Budget Stabilization Fund, General Fund reserves at fiscal year end are projected to total approximately $3.2 billion (12.4% of actual general revenues). The Fiscal Year 2013-14 year-end trust fund reserve balances are estimated at $2.2 billion, including an estimated $575 million in the Lawton Chiles Endowment Fund and nearly $1.6 billion in various unreserved trust fund balances. The inclusion of trust fund reserve balances increases the estimated total reserves to nearly $5.4 billion (20.7% of actual general revenues) at fiscal year end.

Fiscal Year 2014-15

Revenues. The August 2014 Outlook increased the general revenue forecast for Fiscal Year 2014-15 by $49 million over the March 2014 forecast. August 2014 estimated general revenues of $27.2 billion incorporates legislative measures affecting revenues as well as increases to sales tax collections and a reduction in corporate income taxes to reflect trends experienced during Fiscal Year 2013-14. The revised forecast exceeds actual collections for Fiscal Year 2013-14 by approximately $1 billion or 3.8%.

Budget. The Fiscal Year 2014-15 Budget totals $77.0 billion, an increase of approximately $2.8 billion (3.8%) over the Fiscal Year 2013-14 Budget of $74.2 billion. The General Fund budget totals about $27.9 billion and will be primarily funded with general revenue collections and $281 million in trust fund transfers.

Reserves. Based on the August 2014 Outlook, the Fiscal Year 2014-15 year-end General Fund balance is projected to total approximately $1.6 billion. The Budget includes a $214.5 million transfer to the Budget Stabilization Fund, which will increase the Budget Stabilization Fund balance to $1.1 billion at June 30, 2015. When including the Budget Stabilization Fund, General Fund reserves at fiscal year end are projected to total approximately $2.7 billion (10.0% of projected general revenues). The Fiscal Year 2014-15 year-end trust fund reserve balances are estimated at $1.7 billion, including an estimated $607 million in the Lawton Chiles Endowment Fund and $1.1 billion in various unreserved trust fund balances. The inclusion of trust fund reserve balances increases the estimated total reserves to approximately $4.4 billion (16.3% of projected 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. 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.

Proposed Constitutional Amendment: Water and Land Conservation. Florida's 2014 ballot for the General Election will include a proposed amendment to provide funding for the Land Acquisition Trust Fund 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. Beginning in Fiscal Year 2015-16, the State revenue restricted to the purposes specified in the amendment is estimated to be $648 million and grow to approximately $1.3 billion by the end of the 20 year period. Should the amendment pass, the documentary stamp taxes currently available for General Revenue could be reduced.

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 State of Florida, Department of Environmental Protection Everglades Restoration Revenue Bonds, Series 2007 A-B (Multi-Modal), outstanding in the amount of $74,290,000 (the "Everglades Restoration Bonds"). The Everglades Restoration 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. At closing, the 2014B Bond proceeds will be deposited as described above under the heading "THE REFUNDING PROGRAM - Application of the 2014B Bond Proceeds." After collection by the Department of Revenue, the Gross Receipts Taxes are deposited monthly for the account of the Department of Education in the Public Education Fund in the State Treasury. Amounts required for debt service are transferred to the Sinking Fund held by the Board of Administration semiannually just prior to each interest/principal payment date. Investment of Sinking Fund moneys is controlled by the Master Resolution, which is reproduced as an appendix hereto; however, see *"Investment by the Board of Administration"* below for the Board of Administration's investment policy with respect to sinking fund investments. Investment earnings are credited to the account or fund from which such investments were made.

Investment by the Chief Financial Officer - Funds held in the State Treasury are invested by internal and external investment managers. As of June 30, 2014, the ratio was approximately 46% internally managed funds, 43% externally managed funds, 3% Certificates of Deposit and 8% in an externally managed Security Lending program. The total portfolio market value on June 30, 2014, was $23,533,107,893.33.

Under State law, the Treasury is charged with investing funds of each State agency and the judicial branch. As of June 30, 2014, $15.581 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, $5.856 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 managers not employed 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, negotiable certificates of deposit, 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, covered options, 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 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, 2014, the Board of Administration directed the investment/administration of 37 funds in 475 portfolios.

As of June 30, 2014 the total market value of the FRS (Defined Benefit) Trust Fund was $149,097,956,342.50. 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 36 designated funds other than the FRS (Defined Benefit) Trust Fund. As of June 30, 2014, the total market value of these funds equaled $31,876,401,989.74. 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

Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings (herein referred to collectively as "Rating Agencies"), have assigned their municipal bond ratings of AAA, Aa1 and AAA, respectively, to the 2014B 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 State furnished to such Rating Agencies certain information and material in respect to the State and the 2014B 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 2014B Bonds.

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 2014B 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 2014B 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 Board of Education or the Division of Bond Finance threatened, which if successful would have the effect of restraining or enjoining the issuance or delivery of the 2014B Bonds or questioning or affecting the validity of the 2014B Bonds or the proceedings and authority under which such 2014B Bonds are to be issued. The Board of Education 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 2014B Bonds.

Legal Opinion and Closing Certificates

The approving legal opinion of Squire Patton Boggs (US) LLP will be provided on the date of delivery of the 2014B Bonds. Such legal opinion expresses no opinion as to the accuracy, completeness or fairness of any statement in this Official Statement or the appendices hereto or in any other report, financial information, offering or disclosure document or other information pertaining to the State or the 2014B Bonds that may be prepared or made available by the State, the Board of Education, the Division of Bond Finance or others to the purchasers or holders of the 2014B Bonds or other parties. A proposed form of the legal opinion is attached as Appendix H. 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 2014B 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 Board of Education will undertake, for the benefit of the beneficial owners and the Registered Owners of the 2014B 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 G, 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 Board of Education nor the Division of Bond Finance has failed, in the previous five years, to comply in all material aspects with any prior disclosure undertakings.

Underwriting

Citigroup Global Markets Inc. (the "Underwriters") have agreed to purchase the 2014B Bonds at an aggregate purchase price of $131,727,599.30 (which represents the par amount of the 2014B Bonds plus an original issue premium of $15,147,821.30 and minus the Underwriters' discount of $720,222.00). Underwriters may offer and sell the 2014B Bonds to certain dealers (including dealers depositing bonds into investment trusts, including trusts managed by the Underwriters) at prices lower than the initial offering prices. The offering prices or yields on the 2014B Bonds set forth on the inside front cover may be changed after the initial offering by the Underwriters.

Execution of Official Statement

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

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

PAM STEWART
Commissioner of Education

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.

(Remainder of page intentionally left blank)

TABLE OF CONTENTS

Page

GENERAL HISTORY AND GEOGRAPHY A-1
STATE GOVERNMENT A-1
Executive Branch A-1
Legislative Branch A-1
Judicial Branch A-1
Services Provided by State Government A-1
DEMOGRAPHIC & ECONOMIC INFORMATION A-3
Population A-3
Florida's Gross Domestic Product A-4
Housing Starts and Construction Value A-5
Employment A-6
Income A-7
International Trade A-9
Primary Sources of Sales Tax A-9
STATE FINANCIAL OPERATIONS A-10
Budgetary Process A-10
Revenue Estimates A-11
State Revenue Limitation A-11
Financial Control A-11
Budget Shortfalls A-11
Evaluation, Accounting and Auditing Procedures A-12
REVENUES A-12
Sales and Use Tax A-12
Motor Fuel Tax A-12
Alcoholic Beverage Tax A-13
Documentary Stamp Tax A-13
Intangible Personal Property Tax A-13
Insurance Premium Tax A-14
Gross Receipts Tax A-14
Communications Services Tax A-14
Other State Taxes A-14
Tobacco Litigation Settlement A-14
Lottery A-14
FLORIDA FINANCIAL INFORMATION A-15
Five Year History of Trust Fund and General Revenues A-16
FINANCIAL RETROSPECT AND OUTLOOK STATEMENTS A-18
Actual and Projected General Revenues A-20
STATE DEBT A-22
State Full Faith and Credit Debt A-22
State Revenue Bonds A-22
Other Obligations A-22
STATEMENT OF ASSETS AND LIABILITIES A-26
FLORIDA RETIREMENT SYSTEM A-27
RETIREE HEALTH INSURANCE SUBSIDY AND OTHER POSTEMPLOYMENT BENEFITS A-32
Retiree Health Insurance Subsidy Program A-32
Other Postemployment Benefits (OPEB) A-33
UNEMPLOYMENT COMPENSATION TRUST FUND A-35

(This page intentionally left blank)

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 Family Services 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 new department will include the Office of Tourism, Trade, and Economic Development as well as portions of the Department of Community Affairs (DCA) and the Agency for Workforce Innovation (AWI), and the Ready to Work Program from the Department of Education. Remaining portions of DCA and AWI will be 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.

Parole Commission 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 fourth most populous state, with a population of 19.3 million as of April 1, 2013. This represents nearly a 1.0% increase from April 1, 2012.

While the State's population grew by 20.5% between 2000 and 2013, 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. 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, but the State has experienced record low levels of net migration in recent years, resulting in the slowed population growth.

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 is 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 12.9% and is expected to increase to 16.0% by 2020. Florida's working age population (18-64) is currently 61.4% of total population and is expected to decline to 59.1% in 2020, and by comparison, the working age population (18-64) in the US is 62.7% of total population currently and projected to decline to 60.0%.

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	308,746	9.7
2020 (projected)	21,150	12.5	336,836	9.1

Source: Office of Economic and Demographic Research, The Florida Legislature (February, 2014) and U.S. Census Bureau.

Florida Population Age Trends, 2000-2030

	2000		2010		2020		2030	
Age	Population	% of total	Population	% of total	Population	% of total	Population	% of total
0-4	945,853	5.9%	1,073,506	5.7%	1,165,828	5.5%	1,303,639	5.5%
5 to 17	2,700,597	16.9%	2,928,585	15.6%	3,145,519	14.9%	3,410,950	14.4%
18-24	1,330,636	8.3%	1,739,657	9.3%	1,816,756	8.6%	1,969,128	8.3%
25-44	4,569,515	28.6%	4,720,799	25.1%	5,216,198	24.7%	5,876,035	24.9%
45-64	3,628,573	22.7%	5,079,161	27.6%	5,469,092	25.9%	5,361,718	22.7%
65+	2,807,650	17.6%	3,259,602	17.3%	4,327,922	20.5%	5,679,602	24.1%
Total	15,982,824		18,801,310		21,141,315		23,601,072	

Source: Office of Economic and Demographic Research, The Florida Legislature. (Demographic Estimating Conference, February, 2013).

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 2013 is estimated at $800 billion, which is about 3.0% higher than 2012 GDP of $777 billion.

Florida's GDP has increased 6.3% over the past five years from $753 billion in 2008 to $800 billion in 2013. Private industry accounted for 88% of the State's 2013 GDP and government accounted for the remaining 12%. Real estate was the largest single industry, accounting for 17% of Florida's 2013 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 2008 and 2013

(millions of chained 2005 dollars)[1]

Industry	2008	% of Total	2013	% of Total
Agriculture, forestry, fishing and hunting	$5,732	0.8%	$9,086	1.1%
Mining	1,930	0.3	2,478	0.3
Utilities	14,482	1.9	15,173	1.9
Construction	46,291	6.1	34,705	4.3
Manufacturing	39,949	5.3	39,616	4.9
Wholesale trade	51,335	6.8	56,490	7.1
Retail trade	55,576	7.4	61,580	7.7
Transportation and warehousing, excluding Postal Services	22,266	3.0	24,540	3.1
Information	32,063	4.3	30,927	3.9
Finance and insurance	36,645	4.9	44,522	5.6
Real estate and rental and leasing	130,389	17.3	133,153	16.6
Professional and technical services	50,707	6.7	54,603	6.8
Management of companies and enterprises	10,162	1.3	12,568	1.6
Administrative and waste services	30,595	4.1	31,635	4.0
Educational services	6,787	0.9	8,232	1.0
Health care and social assistance	58,298	7.7	69,331	8.7
Arts, entertainment and recreation	13,065	1.7	15,328	1.9
Accommodation and food services	30,219	4.0	35,170	4.4
Other services, except government	20,325	2.7	21,284	2.7
Government	96,197	12.8	100,069	12.5
Total [2]	$753,013		$800,490	

Source: U.S. Department of Commerce, Bureau of Economic Analysis (June, 2014).

[1] A measure of real output and prices using 2005 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 93.7 million people visited the State in 2013, a 4.3% increase over the final 2012 total. Leisure and hospitality services accounted for 13.5% of the State's non-farm employment in 2012. According to the Florida Department of Business and Professional Regulation, as of August 1, 2012, 47,511 food service establishments were licensed with seating capacity of 3,720,745, and 37,175 lodging establishments were licensed with 1,551,225 total units. According to the Florida Department of Environmental Protection, visitors to the State's public parks and recreation areas totaled 25.5 million for Fiscal Year 2013, a 2% increase from the prior year. In 2013, accommodation and food services contributed 4.0% of the State's GDP, and arts, entertainment and recreation contributed 1.7%.

Transportation of goods and passengers is facilitated by Florida's integrated transportation system. The State has approximately 122,000 miles of roads, 15 freight railroads with 2,796 miles of track, and AMTRAK passenger train service. There are 29 fixed route transit systems. There are 800 aviation facilities, of which 131 are available for public use; 20 provide scheduled commercial service and 14 provide international service. According to Federal Aviation Administration figures, based on calendar year 2012 enplanements, four 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 12th in North America in passenger traffic and ranked 4th in North America in cargo volume. Florida also has 14 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 2013, agriculture, forestry and fishing constituted only about 0.8% of GDP. In 2012, Florida ranked 19th for all crop production according to the U.S. Department of Agriculture. The State ranked 1st in production of oranges and sugar cane and ranked 2nd for production of vegetables and melons, tomatoes, and strawberries.

Construction activity, which constituted approximately 6.1% of Florida's 2013 GDP, is another factor to consider in analyzing the State's economy. The following table shows housing starts and construction values from 2003 through 2013.

Florida Housing Starts and Construction Value: 2003-2013[1]

	Housing Starts (thous)		Construction Value (millions of current dollars)			
Year	Single Family	Multi-Family	Single Family	Multi-Family	Non-Residential	Total
2003	146.7	68.8	$25,615.4	$7,052.4	$17,111.1	$49,778.8
2004	172.4	81.6	31,956.0	9,404.6	17,450.3	58,810.9
2005	193.1	93.6	39,349.7	13,249.4	19,111.5	71,710.6
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	3,000.8	20,267.5	32,378.4
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	12.2	8,180.6	1,473.6	13,123.0	22,777.2
2012	40.0	20.3	11,806.2	2,675.8	14,107.0	28,589.1
2013	53.2	29.3	16,528.3	3,706.9	12,408.6	32,643.7

Source: Office of Economic and Demographic Research, The Florida Legislature (April, 2014).

[1] Data is subject to revision on a monthly basis for up to five years.

(Remainder of page intentionally left blank)

Employment

The following tables provide employment information for Florida and the U.S. As shown below, total employment in Florida increased from 8.7 million in Fiscal Year 2013 to nearly 8.9 million in Fiscal Year 2014. The unemployment rate decreased for a fourth, consecutive year to 6.4% in Fiscal Year 2014. 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 decreased 5.4% since 2007 to 7.6 million in 2013. However, year-over-year, total non-agricultural jobs in Florida have increased from 7.4 million in 2012 to 7.6 million in 2013. At the same time, total US non-agricultural jobs have increased 3% since 2007 to 141.8 million in 2013.

Unemployment Rate, Florida vs. U.S.
Fiscal Years 2003-2013

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.
2003-04	8,337.4	146,800.0	7,924.5	138,300.0	5.0%	5.8%
2004-05	8,572.4	148,200.0	8,203.1	140,400.0	4.3	5.3
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	9,476.1	155,694.0	8,868.8	146,221.0	6.4	6.1

Source: Office of Economic and Demographic Research, The Florida Legislature (July, 2014).

Composition of Nonagricultural Employment
Florida and the Nation
2007 and 2013 [1]
(thousands)

	2007				2013			
	Florida		United States		Florida		United States	
	# of Jobs	% of Total	# of Jobs	% of Total	# of Jobs	% of Total	# of Jobs	% of Total
Natural Resources & Mining	6.7	0.1	724.0	0.5	5.7	0.1	1,062.0	0.7
Construction	622.9	7.8	7,630.0	5.5	368.3	4.9	8,864.0	6.3
Manufacturing	399.0	5.0	13,879.0	10.1	321.9	4.2	14,763.0	10.4
Transportation & Warehousing	229.8	2.9	4,540.9	3.3	252.6	3.3	5,200.0	3.7
Utilities	23.7	0.3	553.4	0.4	22.6	0.3	870.0	0.6
Wholesale Trade	361.2	4.5	6,015.2	4.4	317.7	4.2	3,630.0	2.6
Retail Trade	1,028.5	12.8	15,520.0	11.3	979.0	12.9	15,912.0	11.2
Information	162.7	2.0	3,032.0	2.2	133.9	1.8	2,792.0	2.0
Financial Activities	551.2	6.9	8,348.0	6.1	512.6	6.8	9,613.0	6.8
Professional & Business Services	1,156.2	14.4	17,942.0	13.0	1,116.8	14.7	16,338.0	11.5
Education & Health Services	1,016.5	12.7	18,322.0	13.3	1,128.1	14.9	22,303.0	15.7
Leisure & Hospitality Services	983.5	12.3	13,427.0	9.8	1,036.9	13.7	13,111.0	9.2
Other Services	345.6	4.3	5,494.0	4.0	306.5	4.0	7,095.0	5.0
Government	1,122.6	14.0	22,218.0	16.1	1,076.6	14.2	20,247.0	14.3
Total Non-farm	8,009.8		137,645.0		7,579.2		141,800.0	

Source: US Department of Labor, Bureau of Labor Statistics (April, 2014).
[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 2003 to 2012, Florida's total personal income grew by 46.7% and per capita income increased approximately 29.1%. For the nation and the Southeast, total personal income increased by 43.0% and 45.9%, while per capita income grew 32.2% and 31.3%, respectively, over the same time period. With the exception of 2009, personal income and per capita income have increased annually for the past ten years.

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 2007 and 2012. Total Income in Florida has increased approximately 8.3% 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
2003	9,369,072	3.5	2,103,566	3.9	531,218	4.5	32,295	2.6	29,232	2.7	31,241	2.6
2004	9,928,790	6.0	2,249,054	6.9	582,766	9.7	33,909	5.0	30,801	5.4	33,463	7.1
2005	10,476,669	5.5	2,403,753	6.9	633,193	8.7	35,452	4.6	32,418	5.2	35,489	6.1
2006	11,256,516	7.4	2,580,723	7.4	690,268	9.0	37,725	6.4	34,379	6.0	37,996	7.1
2007	11,900,562	5.7	2,728,855	5.7	721,052	4.5	39,506	4.7	35,848	4.3	39,256	3.3
2008	12,451,660	4.6	2,843,864	4.2	740,676	2.7	40,947	3.6	36,906	3.0	39,978	1.8
2009	11,852,715	(4.8)	2,722,901	(4.3)	687,337	(7.2)	38,637	(5.6)	34,992	(5.2)	36,849	(7.8)
2010	12,308,496	3.8	2,831,622	4.0	722,368	5.1	39,791	3.0	36,047	3.0	38,345	4.1
2011	12,949,905	5.2	2,968,900	4.8	755,358	4.6	41,560	4.4	37,473	4.0	39,636	3.4
2012	13,401,869	3.5	3,068,647	3.4	779,339	3.2	42,693	2.7	38,382	2.4	40,344	1.8

Source: U.S. Department of Commerce, Bureau of Economic Analysis (May, 2013).

(Remainder of page intentionally left blank)

Florida Personal Income and Earnings by Major Source: 2007 vs. 2012

(thousands of current dollars)

	2007	% Total	2012	% Total
Earnings:				
Wages and Salaries:				
Farm	$2,269,966	0.3%	$2,403,509	0.3%
Non Farm	460,072,789	54.9%	470,573,499	51.8%
Private:				
Forestry, fishing and other	1,501,847	0.2%	1,849,705	0.2%
Mining	577,817	0.1%	463,089	0.1%
Utilities	2,459,456	0.3%	3,121,124	0.3%
Construction	38,623,999	4.6%	22,992,208	2.5%
Manufacturing	25,258,850	3.0%	23,726,165	2.6%
Wholesale Trade	26,913,463	3.2%	27,338,712	3.0%
Retail Trade	36,537,449	4.4%	38,198,460	4.2%
Transportation & Warehousing	14,276,579	1.7%	15,310,095	1.7%
Information	13,668,574	1.6%	12,919,634	1.4%
Finance and insurance	31,650,742	3.8%	33,365,062	3.7%
Real estate and rental and leasing	11,370,667	1.4%	11,805,709	1.3%
Professional and technical services	40,139,378	4.8%	44,148,406	4.9%
Management of companies and enterprises	8,792,932	1.0%	10,183,725	1.1%
Administrative and waste services	28,154,175	3.4%	25,139,258	2.8%
Educational services	5,536,778	0.7%	6,995,619	0.8%
Health care and social assistance	50,628,652	6.0%	61,451,445	6.8%
Arts, entertainment and recreation	9,373,145	1.1%	10,488,824	1.2%
Accommodation and food services	20,459,233	2.4%	21,825,015	2.4%
Other services, except public administration	19,556,840	2.3%	19,964,457	2.2%
Total Private	385,480,576	46.0%	391,286,712	43.1%
Government & government enterprises	74,592,213	8.9%	79,286,787	8.7%
Total Wages & Salaries	462,342,755	55.1%	472,977,008	52.1%
Other Income:				
plus: Dividends, Interest & Rent	196,530,904	23.4%	194,378,645	21.4%
plus: Personal current transfer receipts	111,239,165	13.3%	157,616,072	17.4%
plus: Adjustment for residence	1,882,711	0.2%	2,096,813	0.2%
Less: Contributions for social insurance	(50,944,017)	(6.1)%	(47,729,723)	(5.3)%
Total Other Income:	258,708,763	30.8%	306,361,807	33.7%
Total Personal Income	721,051,518	86.0%	779,338,815	85.8%
Other Earnings:				
Supplements to wages and salaries	73,095,619	8.7%	80,006,584	8.8%
Proprietors' income:	44,561,460	5.3%	48,755,773	5.4%
Total Earnings:	117,657,079	14.0%	128,762,357	14.2%
TOTAL INCOME	$838,708,597	100.0%	$908,101,172	100.0%

Source: US Department of Commerce, Bureau of Economic Analysis (April, 2013).

International Trade

Florida's location lends itself to international trade and travel. Florida was the 6th largest exporter in the nation in 2012, accounting for 4.3% of total U.S. exports of goods. The State's international merchandise trade (imports and exports) totaled $162.2 billion in 2012, an increase of 8.7% over 2011. The State's merchandise exports increased by 4.2% between 2011 and 2012, and imports increased by 15.1%. During the same period, the nation's exports increased by 18.9% and imports increased by 3.1%.

The State's top five exports for 2012 were precious metals, aircraft, vehicles, telecommunications equipment, and computers. The top imports were oil, gold, vehicles, refined copper and alloys, and electronics. Florida's top trading partners for 2012 were Brazil, Colombia, China, Costa Rica and Switzerland.
(Source: Enterprise Florida, March 2013)

Florida's International Trade: 2002-2012
(millions of U.S. dollars)

Year	Exports	% Change	Imports	% Change
2002	$32,241	(6.6)%	$36,955	1.4%
2003	32,404	0.5	40,462	9.5
2004	37,501	15.7	43,896	8.5
2005	44,115	17.6	51,169	16.6
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

Source: Enterprise Florida (March, 2013).

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 2008 and 2013.

Florida Taxable Sales and Sales Tax Liability by Category
Fiscal Years ended June 30, 2003-2013
(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
2003	50,100	2,995.8	70,959	4,287.3	52,410	3,133.9	20,834	1,245.8	17,541	1,048.9	48,181	2,822.9
2004	53,924	3,224.5	77,387	4,675.7	56,017	3,349.6	23,003	1,375.5	18,455	1,103.5	55,027	3,223.9
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

Source: Office of Economic and Demographic Research (August, 2013).

State Sales Tax Collections by Top 25 Business Types
Fiscal Years Ended June 30, 2008 vs. 2013 [1]

Type of Business	2008	2013
General Miscellaneous Merchandise Stores	$2,725,659,882	$2,782,881,348
Automotive Dealers	2,690,999,365	2,661,441,736
Restaurants, Lunchrooms, Catering Services	1,707,873,700	1,982,202,712
Leased or Rental of Commercial Real Property	1,372,528,191	1,364,982,712
Hotels/Motels Accommodations & Other Lodging Places	981,397,580	1,102,348,927
Food & Beverage Stores	903,548,354	990,474,973
Apparel & Accessory Stores	628,123,797	843,859,948
Lumber and Other Building Materials Dealers	865,273,459	781,708,283
Admissions, Amusement & Recreation Services	545,399,887	704,480,185
Wholesale Dealers	573,877,297	584,108,079
Radio, Television, Consumer Electronics, Computers, Music Stores	580,145,688	554,637,139
Utilities, Electric, Gas, Water, Sewer	511,543,973	475,816,445
Manufacturing	589,549,899	463,289,008
Home Furniture, Furnishings & Equipment	417,848,928	415,963,582
Automotive Accessories & Parts	227,066,712	265,426,737
Rental of Tangible Personal Property	382,749,443	257,002,768
Automobile Repair & Services	255,419,400	253,318,622
Communications	135,542,313	173,039,487
Taxable Services (per Chapter 212, F.S.)	164,773,464	156,884,335
Paint, Wallpaper & Hardware Dealers	174,110,471	150,247,571
Building Contractors	106,334,640	144,482,458
Drinking Places (Alcoholic beverages served on premises)	159,547,598	144,039,133
Store & Office Equipment, Office Supplies	179,749,465	136,909,938
Gifts, Cards, Novelty, Hobby, Crafts & Toy Stores	127,513,413	124,394,715
Shoe Stores	90,259,103	120,019,638

Source: Florida Department of Revenue, Office of Tax Research (August, 2013).

[1] Arranged in descending order of collection amounts for Fiscal Year ended June 30, 2013. In that Fiscal Year, "Miscellaneous" and unspecified business types accounted for $162,636,936 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. After passage of the appropriations bill, the Governor may exercise line item vetoes or veto the entire bill.

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); and (5) restaurant meals.

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, 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, and hurricane preparedness items.

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. One of the largest portions is dedicated to the Land Acquisition Trust Fund, which receives 9.5% (less $17.3 million, which is distributed to the General Revenue Fund) of collections. 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 now effectively distributed as follows:

63.31% Regarded as the General Revenue distribution, this portion of collections is first applied to pay debt service on Preservation 2000 Bonds, Florida Forever Bonds, and Everglades Restoration Bonds. The balance of this allocation goes to the General Revenue Fund after funding:

- the State Transportation Trust Fund (the lesser of 38.2% of the remainder or $541.75 million);
- to the Grants and Donations Trust Fund (the lesser of .23% of the remainder or $3.25 million);
- the Ecosystem Management and Restoration Trust Fund (the lesser of 2.12% of the remainder or $30 million);
- to fund the General Inspection Trust Fund (the lesser of .02% of the remainder or $300,000);

3.128% to the Conservation and Recreation Lands Trust Fund;

0.392% to the State Game Trust Fund

0.25% to the Department of Environmental Protection Water Quality Assurance Trust Fund;

0.25% to the Department of Agriculture and Consumer Services General Inspection Trust Fund;

7.53% to State Housing Trust Fund;

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

8.66% to State Housing Trust Fund;

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

<u>the lesser of % or $ million (%/$)</u>

7.56% / $84.9 $6.3 million to General Revenue Fund, remainder to Land Acquisition Trust Fund

1.94% / $26 to the Land Acquisition Trust Fund;

4.2% / $60.5 to the Water Management Lands Trust Fund;

2.28% / $34.1 to the Invasive Plant Control Trust Fund;

0.5% / $9.3 to the State Game Trust Fund.

Except to the extent needed to pay debt service on bonds, proceeds are subject to an 8% general revenue service charge and costs of the Department of Revenue necessary to collect and enforce the tax.

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.

(Remainder of page intentionally left blank)

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

(millions of dollars)

General Revenue Receipts[2]	2008-09	2009-10	2010-11	2011-12	2012-13
Sales and Use Tax[3]	$16,531.4	$16,014.7	$16,638.3	$17,422.0	$18,417.6
Beverage Licenses and Taxes	582.1	585.7	550.8	520.4	481.5
Corporation Income Tax	1,833.4	1,790.0	1,874.5	2,010.8	2,081.0
Documentary Stamp Tax	130.2	143.3	167.2	208.6	381.0
Corporate Filing Fees	239.9	238.1	273.6	275.8	284.1
Tobacco Tax	278.9	205.8	213.4	199.8	202.1
Insurance Premium Tax	614.7	649.2	660.5	662.6	675.9
Indian Gaming	0.0	287.5	139.7	146.3	221.6
Pari-mutuel Fees, Licenses and Taxes	15.1	15.7	12.3	12.5	12.6
Slot Machine Licenses GR	4.9	12.0	18.5	12.0	10.8
Intangible Personal Property Tax	200.0	158.7	162.5	184.6	276.5
Interest Earnings	126.8	118.1	135.6	117.3	107.3
Auto Title and Lien Fees	24.2	182.3	234.9	242.2	58.2
Oil and Gas Severance Tax	4.4	2.2	6.2	9.0	8.0
Solid Mineral Severance Tax	13.6	10.8	12.4	12.3	13.2
Drivers Licenses and Fees	82.8	172.8	200.2	200.5	194.5
Motor Vehicle and Mobile Home Licenses	0.7	311.0	404.2	425.0	437.2
Article V Fees & Transfers	260.2	192.5	167.3	165.4	284.3
Medical and Hospital Fees	138.1	210.2	208.6	235.3	332.1
Motor Vehicle Fees and Charges	0.0	75.1	99.7	101.2	106.2
Fines/Foreitures/Judgements GR	18.6	18.2	19.5	60.9	276.5
Other GR	218.9	231.4	215.2	251.5	256.6
Total GR Collections and Transfers	**21,319.1**	**21,625.7**	**22,415.3**	**23,476.0**	**25,118.7**
Plus Service Charges to GR	304.7	435.2	462.5	449.0	486.2
Less Refunds of GR	(598.2)	(537.8)	(326.1)	(306.2)	(290.3)
Net GR Collections and Transfers	**21,025.6**	**21,523.1**	**22,551.6**	**23,618.8**	**25,314.6**
Trust Fund Revenues[2]					
Major Transportation Revenues:					
Auto Title and Lien Fees	86.9	99.1	103.0	105.7	303.9
Motor Fuel Tax	1,824.3	1,855.4	1,850.7	1,835.5	1,864.7
Motor Vehicle and Mobile Home Licenses	499.9	799.3	812.3	810.5	840.5
Motor Vehicle Fees and Charges	218.5	198.3	205.1	218.3	230.5
Subtotal	2,629.6	2,952.0	2,971.0	2,970.1	3,239.7
Workers Insurance Tax:					
Workers' Compensation Tax	17.1	19.5	33.3	47.8	74.3
Workers' Comp. Special Disability	144.1	112.4	37.1	39.4	43.0
Unemployment Compensation Tax	879.5	1,155.9	1,674.2	2,156.2	2,247.8
Subtotal	1,040.6	1,287.8	1,744.6	2,243.4	2,365.1
Conservation and Recreational Lands:					
Documentary Stamp Tax	949.9	894.0	944.9	1,004.9	1,199.4
Solid Mineral Severance Tax	45.8	36.7	25.9	11.8	14.3
Oil and Gas Severance Tax	2.1	1.3	2.6	2.6	1.2
Sales and Use Tax	60.7	23.7	23.7	23.3	23.3
Subtotal	1,058.6	955.7	997.2	1,042.6	1,238.3
Education - Tuition , Fees and Charges:					
Slot Machine Tax to Education	104.1	136.4	127.7	142.7	142.2
Lottery to Education	1,289.1	1,246.8	1,184.0	1,321.7	1,382.0
Unclaimed Property (State School Trust Fund)	112.0	154.2	157.5	163.6	206.2
Subtotal	1,505.2	1,537.4	1,469.2	1,627.9	1,730.4
Agencies' Administrative Trust Funds:					
Beverage Licenses and Taxes	30.7	27.6	31.0	29.8	28.0
Insurance Premium Tax	79.5	50.4	52.2	52.8	52.3
General Inspection Fees and Licenses	61.0	57.4	69.8	59.9	72.9
Citrus Inspection Fees and Licenses	18.2	14.8	14.0	18.4	15.4
D.F.S. and Treas Fees, Licenses & Taxes	130.6	116.7	125.0	130.1	128.1
Citrus Taxes	49.0	41.4	42.4	42.3	38.7
Hunting and Fishing Licenses	47.6	47.4	51.4	50.8	49.2
Pari-mutuel Fees, Licenses and Taxes	14.1	10.9	13.7	14.4	12.5
Professional Fees and Licenses	69.2	61.2	78.0	71.4	88.2
Drivers' Licenses and Fees	51.2	131.5	141.2	145.9	143.1
HSMV, Misc Fees, Licenses & Fines	-	23.5	20.7	32.1	33.2
Slot Machine Licenses and Fees	5.0	4.6	3.3	1.9	7.5
Lottery to Administration	301.7	303.9	322.9	349.7	418.9
Unclaimed Property to Administration	4.4	6.0	6.4	4.0	4.0
Subtotal	862.2	897.5	972.0	1,003.5	1,092.0

Other Trust Fund Revenues for State Use:	2008-09	2009-10	2010-11	2011-12	2012-13
Tobacco Tax	157.0	1,129.1	1,096.8	1,033.6	1,017.4
Lottery Prizes	2,415.2	2,403.0	2,515.5	2,792.5	3,223.2
Unclaimed Property Refund to Owners	175.4	191.3	190.3	213.1	255.8
Tobacco Fines/Forfeitures/Judgements Trust	388.9	363.7	366.9	358.9	368.5
Other Fines/Forfeitures/Judgements Trust	272.5	281.7	245.5	235.9	299.2
Article V Fees	1.3	453.5	696.8	697.6	557.5
Interest Earnings	311.5	153.0	177.1	162.1	146.1
Miscellaneous Revenues[4]	176.6	157.2	259.9	221.5	180.3
Other Trust	2,700.3	3,127.4	3,005.0	3,376.6	3,261.6
Subtotal	6,598.6	8,259.8	8,553.9	9,091.8	9,309.7
Total Trust Fund Revenue for State Use	**13,694.8**	**15,890.3**	**16,708.0**	**17,979.3**	**18,975.0**
Revenues Shared With Local Governments and School Districts					
Sales and Use Tax	2,017.4	1,953.6	2,035.0	2,127.9	2,245.5
Beverage Licenses and Taxes	14.1	13.7	14.4	14.5	14.9
Documentary Stamp Tax	42.6	41.2	44.3	48.1	63.0
Insurance Premium Tax	156.3	156.4	154.9	162.6	165.9
Article V Fees	19.4	0.0	0.0	0.0	0.0
Indian Gaming	0.0	0.0	0.8	3.8	4.5
Motor Fuel Tax	387.7	388.4	387.6	358.9	360.1
Oil and Gas Severance Tax	1.3	0.4	1.3	1.9	2.0
Solid Mineral Severance Tax	14.0	11.1	10.6	10.4	8.3
Gross Receipts Tax[3]	1,126.2	1,097.7	1,071.6	1,035.3	1,003.0
Mtr Vehicle and Mobile Home Licenses	119.4	124.7	125.5	133.6	138.7
Tobacco Taxes	11.1	8.0	8.2	7.6	7.7
Other Fees, Licenses and Taxes[3]	58.5	55.6	57.0	55.2	51.1
Total Local Government	**3,968.2**	**3,850.8**	**3,911.2**	**3,959.7**	**4,064.7**
Federal and Local Assistance					
Counties and Cities	72.6	73.5	69.2	66.5	63.9
U.S. Government	20,483.0	28,124.9	28,950.5	22,416.8	22,089.1
Other Grants	147.1	232.9	151.2	123.8	131.8
Total Federal and Local Assistance	**20,702.7**	**28,431.4**	**29,170.8**	**22,607.0**	**22,284.8**

Summary of Trust Fund and General Revenue[5]	2008-09	2009-10	2010-11	2011-12	2012-13
General Revenue	$21,025.6	$21,523.1	$22,551.6	$23,618.8	$25,314.6
Trust Fund	13,694.8	15,890.3	16,708.0	17,979.3	18,975.0
Revenues Shared with Local Governments	3,968.2	3,850.8	3,911.2	3,959.7	4,067.7
Donations & Fed Assistance	20,702.7	28,431.4	29,170.8	22,607.0	22,284.8
Total Direct Revenues	**$59,391.3**	**$69,695.6**	**$72,341.6**	**$68,164.8**	**$70,642.1**

Source: Florida Office of Economic and Demographic Research, January 2014.

[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.

[5] Shown before transfers of General Revenue service charges and refunds.

(Remainder of page intentionally left blank)

GENERAL REVENUE FUND
FINANCIAL RETROSPECT AND OUTLOOK STATEMENTS[1]

Retrospect Statement

Fiscal Years 2011-12 and 2012-13

(millions of dollars)

	Recurring Funds	Non-Recurring Funds	Total All Funds
FUNDS AVAILABLE 2011-12			
Balance forward from 2010-11	$0.0	$746.4	$746.4
Miscellaneous Adjustments	0.0	0.1	0.1
Revenue collections	23,500.5	122.5	23,623.0
Transfers from trust funds	0.0	387.4	287.4
FCO reversions	0.0	29.1	29.1
Federal funds interest earnings rebate	(0.2)	0.0	(0.2)
Total 2011-12 funds available	$23,500.3	$1,285.5	$24,785.8
EXPENDITURES 2011-12			
Operations	$11,230.2	$247.2	$11,477.4
Aid to local government	11,264.8	34.1	11,298.9
Fixed capital outlay	68.3	44.9	113.2
Fixed capital outlay/aid to local government	0.0	47.5	47.5
Transfer to Budget Stabilization Fund	0.0	214.5	214.5
Transfer to PECO Trust Fund	0.0	120.0	120.0
Miscellaneous Expenditures	0.0	5.0	5.0
Total 2011-12 expenditures	$22,563.3	$713.2	$23,276.5
Ending Balance	$937.1	$572.3	$1,509.3
Budget Stabilization Fund	-	-	$493.8
Available Reserves	-	-	$2,003.1
FUNDS AVAILABLE 2012-13			
Balance forward from 2011-12	$0.0	$1,509.3	$1,509.3
Revenue collections	24,688.5	655.1	25,343.6
Transfers from trust funds	0.0	745.7	745.7
Miscellaneous Adjustments	0.0	0.3	0.3
FCO reversions	0.0	5.2	5.2
Federal funds interest earnings rebate	0.0	0.0	0.0
Total 2012-13 funds available	$24,688.5	$2,915.6	$27,604.1
EXPENDITURES 2012-13			
Operations	$12,174.2	$281.1	$11,477.4
Aid to Local Governments	12,091.8	(201.0)	11,298.9
Fixed Capital Outlay	43.9	24.8	113.2
Fixed Capital Outlay/Aid to Local Governments	24.4	52.9	47.5
Transfer to Budget Stabilization Fund	0.0	214.5	214.5
Miscellaneous Expenditures	0.0	5.7	5.7
Total 2012-13 expenditures	$24,334.3	$378.0	$24,712.3
ENDING BALANCE	$354.2	$2,537.6	$2,891.8
Budget Stabilization Fund	-	-	$708.8
Available Reserves	-	-	$3,600.6

FINANCIAL OUTLOOK STATEMENT [5]
Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18
including Fiscal Year 2014-15 Effective Appropriations
(millions of dollars)

	Recurring Funds	Non-Funds	Total All Funds
FUNDS AVAILABLE 2013-14			
Balance forward from 2012-13	$0.0	$2,891.8	$2,891.8
Estimated revenues	25,971.4	226.6	26,198.0
FCO reversions	0.0	0.0	0.0
Budget Amendment (#0505)	0.0	0.4	0.4
Federal funds interest earnings rebate	(0.1)	0.0	(0.1)
Transfers from trust funds	0.0	384.7	384.7
Total 2013-14 funds available[6]	$25,971.3	$3,503.5	$29,474.8
EFFECTIVE APPROPRIATIONS 2013-14			
State Operations	$12,873.5	$293.7	$13,167.2
Aid to Local Government	13,269.0	46.4	13,315.4
Fixed Capital Outlay	74.1	57.2	131.3
Fixed Capital Outlay/Aid to Local Government	0.0	76.3	76.3
Reappropriations	0.0	21.2	21.2
Transfer to Budget Stabilization Fund[2]	0.0	214.5	214.5
SB 1852 Reappropriations	0.0	60.5	60.5
SB 1500 GR Transfer to PECO Trust Fund	0.0	344.8	344.8
Transfer to Lawton Chiles Endowment Fund	0.0	45.3	45.3
Budget Amendment (#0492)	0.0	5.0	5.0
Substantive Bill with Appropriations	0.0	0.5	0.5
HB 5001 (2014) Supplemental Appropriations	0.0	71.5	71.5
HB 5001 (2014) Reversions	0.0	(300.5)	(300.5)
HB 5001 (2014) Reductions due to Savings	0.0	(1.2)	(1.2)
Total 2013-14 effective appropriations	$26,216.6	$935.2	$27,151.8
Ending Balance[2,3,4]	($245.3)	$2,568.3	$2,323.0
FUNDS AVAILABLE 2014-15			
Balance Forward from 2013-14	$0.0	$2,323.0	$2,323.0
Estimated revenues	27,076.2	113.2	27,189.4
Unused appropriations/reversions	0.0	93.4	93.4
FCO reversions	0.0	2.0	2.0
HB 5001 Transfers from Trust Fund	0.0	280.5	280.5
HB 5001 Reversions	0.0	0.2	0.2
Federal funds interest earnings rebate	(0.1)	0.0	(0.1)
Total 2014-15 funds available[2,3,4]	$27,076.1	$2,812.3	$29,888.4
EFFECTIVE APPROPRIATIONS 2014-15			
State Operations	$13,475.5	$452.8	$13,928.3
Aid to Local Government	13,457.5	94.3	13,551.8
Fixed Capital Outlay	84.1	126.4	210.5
Fixed Capital Outlay/Aid to Local Government	0.0	223.2	223.2
Budget Amendments (#0047 and #0069)	0.0	1.2	1.2
HB 5001 Transfer to Budget Stabilization Fund (section 95)	0.0	214.5	214.5
HB 5001 Transfer to PECO Trust Fund (section 9)	0.0	169.9	169.9
Transfer to Lawton Chiles Endowment Fund (Ch. 2012-33, L.O.F.)	0.0	0.0	0.0
Total 2014-15 effective appropriations	$27,017.1	$1,282.3	$28,299.4
Ending Balance[2,3,4,6]	$59.0	$1,530.0	$1,589.0
FUNDS AVAILABLE 2015-16			
Balance Forward from 2014-15	$0.0	$1,589.0	$1,589.0
Estimated revenues	28,337.9	(91.3)	28,246.6
Unused appropriations/reversions	0.0	95.0	95.0
FCO reversions	0.0	2.0	2.0
Federal funds interest earnings rebate	(1.2)	0.0	(1.2)
Total 2015-16 funds available[2,3,4,6]	$28,336.7	$1,594.7	$29,931.4
FUNDS AVAILABLE 2016-17			
Estimated Revenues	$29,753.8	($98.8)	$29,655.0
Unused Appropriations/Reversions	0.0	95.0	95.0
Fixed Capital Outlay Reversions	0.0	2.0	2.0
Federal Funds Interest Earnings Rebate	(3.2)	0.0	(3.2)
Total 2016-17 funds available[2,3,4,6]	$29,750.6	($1.8)	$29,748.8

FINANCIAL OUTLOOK STATEMENT [5]
Fiscal Years 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18
including Fiscal Year 2014-15 Effective Appropriations (con't)
(millions of dollars)

	Recurring Funds	Non-Funds	Total All Funds
FUNDS AVAILABLE 2017-18			
Estimated Revenues	$31,035.2	$6.4	$31,041.6
Unused Appropriations/Reversions	0.0	95.0	95.0
Fixed Capital Outlay Reversions	0.0	2.0	2.0
Federal Funds Interest Earnings Rebate	(4.1)	0.0	4.1
Total 2017-18 funds available[2,3,4,6]	$31,031.1	$103.2	$31,134.5

Source: Office of Economic and Demographic Research.

1 Based on August 7, 2014 Revenue Estimating Conference.

2 The Budget Stabilization Fund is available to address budget shortfalls or to provide emergency funding, as described in "STATE FINANCIAL OPERATIONS - Budget Shortfall" in this Appendix A. Hurricane related budget amendments transferred $11 million to the Casualty Insurance Risk Management Trust Fund in Fiscal Year 2004-05 and $11.8 million in Fiscal Year 2005-06. Such transfers must be restored in five equal annual transfers from the General Revenue Fund, commencing in the third Fiscal Year following that in which the expenditure was made. As of July 1, 2014 all amounts were paid.

3 The amount of $1,072.4 million was transferred out of the Budget Stabilization Fund to the General Revenue Fund in Fiscal Year 2008-09. Section 215.32(3) F.S. stipulates that repayments to the fund are appropriated in five equal installments beginning in the third year following the year in which the expenditure was made, unless otherwise established by law. Per the aforementioned statute, the fourth repayment was appropriated for 2014-15, and the final amount of $214.5 million will be required for Fiscal Year 2015-16.

4 This estimate anticipates that the operation of slot machines will remain limited to eight pari-mutuel facilities in Miami-Dade and Broward counties. If additional slot machine operations or other casino-style gaming are authorized in other locations in Miami-Dade counties or in locations elsewhere in the state, payments to the state under the Gaming Compact Between the Seminole Tribe of Florida and the State of Florida may be reduced.

5 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 deficits in any spending programs unless specifically stated.

6 The 2012 General Appropriations Act transferred an amount of $350.0 million from the Lawton Chiles Endowment Fund to the General Revenue Fund. House Bill 5301 requires 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 year until repayment is complete. The estimates of repayment for the term of this outlook statement are zero for Fiscal Year 2014-15 through Fiscal Year 2017-18.

Actual and Projected General Revenues

The actual general revenue collections for Fiscal Year 2013-14 of $26,198.0 million were $883 million, or 3.5%, more than collections for Fiscal Year 2012-13. Actual general revenue collections for Fiscal Year 2013-14, and projections adopted at the August 7, 2014 meeting of the Revenue Estimating Conference for Fiscal Years 2014-15 through 2017-18, are shown in the following table.

General Revenues
Fiscal Years 2013-14 through 2017-18
(millions of dollars)

	Act. 2013-14	Est. 2014-15		Est. 2015-16		Est. 2016-17		Est. 2017-18	
			%		%		%		%
	Actual	Estimate	Change[1]	Estimate	Change[1]	Estimate	Change[1]	Estimate	Change[1]
Sales Tax- GR	$19,707.7	$20,692.5	5.0%	$21,761.5	5.2%	$22,906.1	5.3%	$24,153.8	5.4%
Beverage Tax & Licenses	443.8	413.0	(6.9)	365.6	(11.5)	303.2	(17.1)	222.1	(17.7)
Corporate Income Tax	2,042.5	2,103.8	3.0	2,166.9	3.0	2,205.9	1.8	2,205.9	0.6
Documentary Stamp Tax[2]	603.7	689.4	14.2	777.8	12.8	840.9	8.1	897.4	8.0
Tobacco Tax	178.2	169.0	(5.2)	165.4	(2.1)	162.2	(1.9)	159.6	(1.1)
Insurance Premium Tax	675.6	761.3	12.7	744.6	(2.2)	772.1	3.7	798.9	3.2
Pari-Mutuels Tax	25.3	25.9	2.4	25.1	(3.1)	24.6	(2.0)	24.4	(1.2)
Intangibles Tax	256.1	277.5	8.4	299.7	8.0	315.6	5.3	328.7	5.2
Interest Earnings	75.6	84.6	11.9	124.8	47.5	234.1	87.6	292.1	84.6
Indian Gaming Revenues	230.3	250.6	8.8	162.0	(35.4)	114.4	(29.4)	117.2	(30.7)
Highway Safety Licenses & Fees	877.3	550.4	(37.3)	465.3	(15.5)	524.7	12.8	599.5	12.9
Medical & Hospital Fees	296.1	296.8	0.2	300.6	1.3	306.4	1.9	286.5	1.9
Severance Taxes	19.9	18.3	(8.0)	17.0	(7.1)	16.5	(2.9)	16.2	(1.3)
Corporation Filing Fees	298.6	303.7	1.7	308.6	1.6	313.5	1.6	318.7	1.4
Service Charges	466.8	477.8	2.4	492.9	3.2	506.3	2.7	516.4	2.6
Other Taxes, Licenses & Fees	380.0	378.0	(0.5)	389.9	3.1	388.7	(0.3)	389.4	(13.4)
Less: Refunds	(379.5)	(303.2)	(20.1)	(321.1)	5.9	(280.2)	(12.7)	(285.6)	4.1
Net General Revenue:[3]	$26,198.0	$27,189.4	3.8%	$28,246.6	3.9%	$29,655.0	5.0%	$31,041.6	4.6%

Source: Office of Economic and Demographic Research, August 7, 2014 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 2010-11 through 2014-15

(In Millions of Dollars)

Program	2010-11		2011-12		2012-13		2013-14		2014-15	
General Revenue	**Operating**	**FCO**	**Operating**	**FCO**	**Operating**	**FCO**	**Operating**	**FCO**	**Operating**	**FCO**
Education	$ 12,494.9	$ 6.4	$ 11,887.1	$ 29.3	$ 12,680.1	$ 9.4	$ 14,148.0	$ 9.0	$ 14,471.8	$ 5.3
Human Services	6,703.4	5.4	7,012.8	1.4	7,665.3	7.9	7,825.8	10.9	8,237.2	32.7
Criminal Justice & Corrections	3,420.9	74.4	3,269.7	74.7	3,065.6	70.5	3,130.5	51.4	3,411.1	74.2
Natural Resources, Environment Growth Mngmt, & Transportation	158.6	24.4	166.3	63.0	174.2	51.4	199.1	119.2	277.7	239.5
General Government	847.7	6.7	612.4	18.4	681.1	29.7	945.5	48.3	704.6	62.9
Judicial Branch	46.9	-	47.6	-	330.4	1.0	334.9	5.5	379.2	10.1
Total General Revenue	$ 23,672.4	$ 117.3	$ 22,995.9	$ 186.8	$ 24,596.7	$ 169.9	$ 26,583.7	$ 244.4	$ 27,481.6	$ 424.7
Trust Funds										
Education	$ 7,666.6	$ 2,347.3	$ 6,214.5	$ 1,769.7	$ 5,966.7	$ 1,630.2	$ 6,126.6	$ 1,811.8	$ 6,176.7	$ 1,947.2
Human Services	21,754.7	18.8	22,927.3	49.7	22,220.6	19.0	23,291.8	15.6	23,572.5	35.5
Criminal Justice & Corrections	1,155.6	-	1,134.0	-	1,055.2	-	650.7	-	674.5	-
Natural Resources, Environment Growth Mngmt, & Transportation	2,478.7	7,116.9	2,150.4	8,479.3	2,728.4	8,375.8	2,702.1	9,500.3	2,789.2	10,277.0
General Government	3,554.9	78.8	3,290.4	67.0	3,058.6	100.8	3,404.0	57.9	3,496.9	92.7
Judicial Branch	415.1	0.4	411.6	-	114.8	-	103.6	-	112.6	-
Total Trust Funds	$ 37,025.6	$ 9,562.2	$ 36,128.2	$ 10,365.7	$ 35,144.3	$ 10,125.8	$ 36,278.8	$ 11,385.6	$ 36,822.4	$ 12,352.4
Total All Funds										
Education	$ 20,162.0	$ 2,354.0	$ 18,101.6	$ 1,799.0	$ 18,646.8	$ 1,639.6	$ 20,274.6	$ 1,820.8	$ 20,648.5	$ 1,952.5
Human Services	28,458.1	24.2	29,940.1	51.1	29,885.9	26.9	31,117.6	26.6	31,809.7	68.2
Criminal Justice & Corrections	4,576.5	74.4	4,403.7	74.7	4,120.8	70.5	3,781.1	51.4	4,085.6	74.2
Natural Resources, Environment Growth Mngmt, & Transportation	2,637.3	7,141.3	2,316.7	8,542.3	2,902.6	8,427.2	2,901.2	9,619.5	3,066.9	10,516.5
General Government	4,402.6	85.5	3,902.8	85.4	3,739.7	130.5	4,349.6	106.2	4,201.5	155.6
Judicial Branch	462.0	0.4	459.2	-	445.2	1.0	438.5	5.5	491.8	10.1
Total All Funds	$ 60,698.5	$ 9,679.8	$ 59,124.1	$ 10,552.5	$ 59,741.0	$ 10,295.7	$ 62,862.6	$ 11,630.0	$ 64,304.0	$ 12,777.1

Source: Annual Conference Committee Report on General Appropriations Bills as passed by the Legislature, before veto messages; does not reflect appropriations made in other legislation or budget amendments.

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.

State of Florida

Direct Debt Outstanding by Type and Program

As of June 30, 2013

(In Millions Dollars)

Debt Type		Amount
Net Tax-Supported Debt		$20,347.7
Self-Supporting Debt		4,265.7
Total State Debt Outstanding		**$24,613.4**
Net Tax-Supported Debt		
Education		
Public Education Capital Outlay	$10,226.6	
Capital Outlay	456.7	
Lottery	2,429.1	
University System Improvement	178.4	
University Mandatory Fee	48.2	
Community Colleges	102.7	
Total Education		$13,441.6
Environmental		
Preservation 2000 / Florida Forever	1,359.1	
Everglades Restoration Bonds	240.5	
Inland Protection	79.2	
Total Environmental		1,678.7
Transportation		
Right-of-Way Acquisition and Bridge Construction	1,704.1	
State Infrastructure Bank	1.6	
P3 Obligations	1,694.3	
Florida Ports	258.1	
Total Transportation		3,658.1
Appropriated Debt / Other		
Facilities	332.6	
Prisons	611.0	
Children & Families	109.3	
Juvenile Justice	9.1	
Lee Moffitt Cancer Center	132.3	
Affordable Housing	0.0	
Master Lease	6.0	
Energy Saving Contracts	55.4	
Sports Facility Obligations	313.6	
Total Appropriated Debt / Other		1,569.4
Total Net Tax-Supported Debt Outstanding		**$20,347.7**
Self-Supporting Debt		
Education		
University Auxiliary Facility Revenue Bonds		$806.5
Environmental		
Florida Water Pollution Control		467.7
Transportation		
Toll Facilities	2,922.5	
State Infrastructure Bank Revenue Bonds	69.0	
Total Transportation		2,991.5
Total Self-Supported Debt Outstanding		**$4,265.7**

Source: State of Florida, 2013 Debt Affordability Report.

Per Capita Tax Supported Debt

For Fiscal Years Ended June 30

Year	Population[1] (thousands)	Total Principal Outstanding[2] (millions)	Per Capita
2002	16,588	$15,421.7	930
2003	16,969	16,186.1	954
2004	17,401	16,891.8	971
2005	17,816	17,455.3	980
2006	18,240	17,865.6	979
2007	18,602	18,339.6	986
2008	18,783	20,328.7	1,082
2009	18,767	22,372.9	1,192
2010	18,761	23,557.3	1,256
2011	18,880	22,945.0	1,215
2012	19,020	21,592.8	1,135
2013	19,214	20,347.7	1,059

[1] Population estimate by the Office of Economic and Demographic Research, Florida Legislature (August, 2013).

[2] State of Florida 2013 Debt Affordability Report; excludes refunded debt.

State of Florida
Total Debt Outstanding
As of June 30, 2013

Fiscal	Net Tax-Supported Debt Outstanding			Self-Supporting Debt Outstanding			Total Debt Outstanding		
Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2014	$ 1,000,935,660	$ 900,930,122	$ 1,901,865,782	$ 260,224,959	$ 199,795,688	$ 460,020,647	$ 1,261,160,618	$ 1,100,725,811	$ 2,361,886,429
2015	1,045,321,122	856,628,726	1,901,949,848	263,158,561	193,240,970	456,399,530	1,308,479,683	1,049,869,696	2,358,349,379
2016	1,127,932,034	816,383,213	1,944,315,247	220,562,188	178,561,428	399,123,617	1,348,494,223	994,944,641	2,343,438,864
2017	1,151,210,830	771,507,386	1,922,718,215	216,122,846	167,342,061	383,464,908	1,367,333,676	938,849,447	2,306,183,123
2018	1,174,326,558	724,273,361	1,898,599,919	221,444,599	157,060,080	378,504,678	1,395,771,156	881,333,441	2,277,104,597
2019	1,149,343,013	675,718,950	1,825,061,963	225,958,461	146,416,744	372,375,204	1,375,301,473	822,135,694	2,197,437,167
2020	1,148,601,957	627,820,510	1,776,422,467	213,286,180	135,646,974	348,933,154	1,361,888,137	763,467,484	2,125,355,621
2021	1,170,921,773	580,086,392	1,751,008,165	218,570,449	125,243,176	343,813,625	1,389,492,221	705,329,568	2,094,821,790
2022	1,188,335,070	531,504,953	1,719,840,023	195,597,000	114,748,209	310,345,209	1,383,932,070	646,253,162	2,030,185,232
2023	1,155,297,626	461,095,618	1,616,393,244	191,125,000	105,401,103	296,526,103	1,346,422,626	566,496,721	1,912,919,347
2024	1,072,258,431	412,682,713	1,484,941,144	193,054,000	96,261,255	289,315,255	1,265,312,431	508,943,968	1,774,256,399
2025	999,379,332	357,091,989	1,356,471,320	197,279,000	87,503,561	284,782,561	1,196,658,332	444,595,550	1,641,253,882
2026	852,985,675	315,264,428	1,168,250,103	180,174,000	78,721,712	258,895,712	1,033,159,675	393,986,141	1,427,145,816
2027	773,323,669	280,188,336	1,053,512,005	179,783,000	70,542,142	250,325,142	953,106,669	350,730,478	1,303,837,147
2028	697,824,790	264,410,307	962,235,096	152,803,000	62,641,389	215,444,389	850,627,790	327,051,696	1,177,679,485
2029	611,677,523	237,881,725	849,559,248	144,613,000	55,640,255	200,253,255	756,290,523	293,521,980	1,049,812,503
2030	561,895,746	216,633,629	778,529,375	132,201,000	48,923,150	181,124,150	694,096,746	265,556,778	959,653,525
2031	503,180,603	199,870,782	703,051,385	121,725,000	42,718,246	164,443,246	624,905,603	242,589,028	867,494,631
2032	493,046,858	185,416,559	678,463,417	113,530,000	36,983,326	150,513,326	606,576,858	222,399,886	828,976,744
2033	446,072,188	171,197,014	617,269,201	113,755,000	31,441,920	145,196,920	559,827,188	202,638,934	762,466,121
2034	394,132,678	153,719,599	547,852,277	106,715,000	25,848,290	132,563,290	500,847,678	179,567,889	680,415,567
2035	363,730,258	145,478,191	509,208,449	91,005,000	20,508,771	111,513,771	454,735,258	165,986,962	620,722,220
2036	340,381,307	138,079,995	478,461,301	91,230,000	15,847,408	107,077,408	431,611,307	153,927,402	585,538,709
2037	305,791,773	129,518,021	435,309,794	59,965,000	11,252,409	71,217,409	365,756,773	140,770,429	506,527,202
2038	210,208,292	121,695,109	331,903,401	50,085,000	8,141,923	58,226,923	260,293,292	129,837,032	390,130,324
2039	145,863,659	110,635,438	256,499,097	52,255,000	5,411,340	57,666,340	198,118,659	116,046,778	314,165,437
2040	95,853,543	119,642,110	215,495,653	33,315,000	2,561,088	35,876,088	129,168,543	122,203,198	251,371,741
2041	52,964,050	94,411,154	147,375,204	17,525,000	1,018,550	18,543,550	70,489,050	95,429,704	165,918,754
2042	41,901,452	97,826,135	139,727,587	8,635,000	267,231	8,902,231	50,536,452	98,093,366	148,629,818
2043	42,182,132	103,793,053	145,975,185	-	-	-	42,182,132	103,793,053	145,975,185
2044	26,596,299	64,851,508	91,447,807	-	-	-	26,596,299	64,851,508	91,447,807
2045	4,270,710	7,746,857	12,017,567	-	-	-	4,270,710	7,746,857	12,017,567
	$ 20,347,746,608	$ 10,873,983,881	$ 31,221,730,489	$ 4,265,697,242	$ 2,225,690,400	$ 6,491,387,642	$ 24,613,443,850	$ 13,099,674,281	$ 37,713,118,131

[1] Public/Private Partnership obligations of the Department of Transportation are included in net tax-supported debt. The Department of Transportation has assumed the full annual payment obligation; however, certain payments are expected from non-tax sources. For the purpose of showing net-tax supported payments, the payments from other sources have not been considered.

Source: State of Florida 2013 Debt Affordability Report.

Net Tax-Supported Bonds Issued Since July 1, 2013

(chronological, by date of issuance)

State Board of Education Public Education Capital Outlay Refunding Bonds, 2013 Series B	$263,525,000
Less: Public Education Capital Outlay Bonds refunded	(297,825,000)
Department of Environmental Protection Everglades Restoration Revenue Bonds, Series 2013A	46,445,000
State Board of Education Public Education Capital Outlay Refunding Bonds, 2013 Series C	297,965,000
Less: Public Education Capital Outlay Bonds refunded	(322,600,000)
Department of Transportation Seaport Investment Program Revenue Bonds, Series 2013	138,145,000
State Board of Education Lottery Revenue Refunding Bonds, Series 2014A	186,170,000
Less: Lottery Revenue Bonds refunded	(202,730,000)
State Board of Education Public Education Capital Outlay Refunding Bonds, 2014 Series A	108,840,000
Less: Public Education Capital Outlay Bonds refunded	(122,210,000)
State Board of Education Capital Outlay Refunding Bonds, 2014 Series A	24,555,000
Less: Capital Outlay Bonds refunded	(27,470,000)
Board of Governors University System Improvement Revenue Refunding Bonds, Series 2014A	23,945,000
Less: University System Improvement Bonds refunded	(25,700,000)
	$91,055,000

Self Supporting Bonds Issued Since July 1, 2013

(chronological, by date of issuance)

Board of Governors Florida State University Dormitory Revenue Bonds, Series 2013A	$42,495,000
Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013B	206,035,000
Less: Turnpike Revenue Bonds refunded	(234,550,000)
Board of Governors University of Florida Student Activity Revenue Bonds, Series 2013	41,540,000
Board of Governors Florida International University Parking Facility Revenue Bonds, Series 2013A	48,365,000
Less: Florida International University Parking Bonds	(15,905,000)
Board of Governors University of Florida Dormitory Revenue Bonds, Series 2013A	24,805,000
Less: University of Florida Dormitory Bonds refunded	(5,545,000)
Department of Transportation Turnpike Revenue Bonds, Series 2013C	267,405,000
Less: Turnpike Revenue Bonds refunded	(110,210,000)
Board of Governors Florida State University Dormitory Revenue Refunding Bonds, Series 2014A	46,085,000
Less: Florida State University Dormitory Bonds refunded	(49,655,000)
	$260,865,000

STATEMENT OF ASSETS AND LIABILITIES

Administered by State Chief Financial Officer

		ASSETS	
		JUNE 30, 2013	JUNE 30, 2012
Currency and Coins		$0.00	$0.00
Unemployment Compensation Investments Due From U.S Treasury -Unemployment TF	(1)	667,942,492.03	30,217,066.66
Deferred Compensation Assets	(2)	3,004,208,270.20	2,718,020,888.99
Bank Accounts	(3)	(42,432,168.88)	(13,264,315.76)
Consolidated Revolving Account	(4)	409,319.38	785,317.99
Total Cash, Receivables, and Other Assets		$3,630,127,912.73	$2,735,758,957.88
Certificates of Deposit		$800,900,000.00	$951,600,000.00
Securities	(5)	19,563,334,762.61	17,629,302,693.07
Total Investments		$20,364,234,762.61	$18,580,902,693.07
Total Assets of the Division of Treasury		$23,994,362,675.34	$21,316,661,650.95

		LIABILITIES	LIABILITIES
		JUNE 30, 2013	JUNE 30, 2012
General Revenue Fund		$4,014,706,684.00	$2,441,562,764.53
Trust Fund	(6)	10,341,187,244.23	9,100,372,918.93
Budget Stabilization Fund		708,791,896.79	493,764,620.27
Total Three Funds		$15,064,685,825.02	$12,035,700,303.73
Interest Payable & Securities Liability	(7)	$3,671,117.39	$14,276,830.70
Due to Special Purpose Investment Accounts	(8)	5,921,388,143.35	6,547,878,309.54
Due to Deferred Compensation Participants and/or Program	(2)	3,004,208,270.20	2,718,020,888.89
Due to Consolidated Revolving Account Agency Participants	(4)	409,319.38	785,317.99
Total Liabilities of the Division of Treasury		$23,994,362,675.34	$21,316,661,650.95

Source: Annual Report of the State Chief Financial Officer for the Fiscal Year Ended June 30, 2013.

[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 $39,385,061.23 as of June 30, 2013 with receipted items in transit of $104,706,760.37 and disbursed items in transit of ($64,707,857.73) which nets to $39,998,902.64. These items have cleared the bank but have not been posted to the State ledger. The Total Bank Accounts figure does not include $12,794,949.15 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, 2013 is $8,170,319.38. Of this, $409,319.38 is in a financial institution account and $7,761,000.00 is invested in Special Purpose Investment Accounts.

[5] 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 created entities.

[6] Includes Purchased Interest in the amount of $992,818.47.

[7] Included in the Trust Fund Balance is $5,943,860,831.24 earning interest for the benefit of Trust Funds, Unemployment Trust Fund balance of $667,942,492.03, and the remaining balance of $3,729,383,920.96 earning interest for General Revenue.

[8] Represents $4,121,007.39 interest not yet receipted to State Accounts and Securities Liability Cost of ($449,890) which settles July 2013.

Note:	June 30, 2013	June 30, 2012
Total Market Value of all Securities held by the Treasury.	$20,300,045,260.88	$18,917,117,540.58

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. 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, 2013, there were 1,008 participating employers, and 1,116,024 individual members, as follows:

Retirees & Beneficiaries	346,678[1]
Terminated Vested Members	108,848
DROP Participants	38,724
Active Vested Members	477,461
Active Non-vested members	144,313
TOTAL	1,116,024[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 provides for 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.

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 provides 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.

Actuarial Valuation of Assets. The Actuarial Value of Assets measures the value of plan assets to determine the funded ratio of the plan as compared to the actuarial liabilities. The actuarial valuation measure reflects a five-year averaging 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 (7.75%) 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. 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, which is an allowed method for determining the Actuarial Value of Assets under GASB 25, prevents extreme fluctuations in the actuarial value of assets, the Unfunded Actuarial Accrued Liability (UAAL) 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 investment gains and losses annually.

The actuarial valuation of the FRS uses a variety of assumptions to calculate the actuarial accrued 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 accrued liability, the UAAL, or the funded ratio.

As of June 30, 2013, FRS actuarial determinations are based on the following:

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

Amortization method:	Level Percentage of Pay, Closed
Remaining amortization period:	28 years[1]
Asset valuation method:	5-year Smoothed Method
Investment rate of return:	7.75%
Projected salary increases:	5.85%[2]
Inflation level:	3.00%
Cost of living adjustments:	3.00%[3]

[1] Used for GASB Statement #27 reporting purposes.
[2] Includes individual salary growth of 4.00 percent plus an age- and service-graded merit scale defined by gender and employment class. See Table A-2 of the July 1, 2013 actuarial valuation report for merit scale.
[3] 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.

Assumed Investment Rate of Return. The actuarial valuation assumes a long-term investment rate of return on the assets in the Florida Retirement System Trust Fund. 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 UAAL and the funded ratio. The five-year Asset Smoothing Method required by Florida law 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 UAAL. Investment returns in Fiscal 2012 fell below the assumed rate, while returns in Fiscal Year 2013 surpassed the assumed rate. No assurance can be given about future market performance and its impact on the UAAL.

The assumed rate of investment return for Fiscal Year 2013 was 7.75 percent; the actual return calculated on the basis of fair value was 13.12 percent. As of June 30, 2013, the Florida Retirement System Trust Fund was valued at $129.67 billion (market value), and invested in the classes and approximate percentages as follows:

59.1%	Global Equity
22.0%	Fixed Income
7.7%	Real Estate
5.2%	Private Equity
5.1%	Strategic Investments
0.9%	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.

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

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

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

(in thousands where amounts are dollars)

Fiscal Year	2009	2010	2011	2012	2013
Annuitants	289,602	304,337	319,689	334,682	347,962
Benefits Payments (000 omitted)	$4,878,227	$5,315,144	$5,775,405	$6,233,606	$6,691,437
Average Benefits	$16,845	$17,465	$18,066	$18,625	$19,230

Source: Florida Department of Management Services, Division of Retirement. Florida Retirement System Annual Reports for Fiscal Years 2009 through 2013.

[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.

Funded Status. As shown in the table below, the value of the assets increased from $127.9 billion in Fiscal Year 2012 to $131.7 billion in Fiscal Year 2013 on an actuarial basis and increased from $122.9 billion to $133.0 billion on a market value basis. The actuarial liabilities increased from $148.0 billion in Fiscal Year 2012 to $154.1 billion in Fiscal Year 2013. As of the end of Fiscal Year 2013, the FRS had an aggregate UAAL of approximately $22.45 billion on an actuarial basis (using the Asset Smoothing Method) and $21.10 billion on a market value basis. The respective Funded Ratios for these UAALs are 85.44% and 86.31%. The following tables summarize the current financial condition and the funding progress of the FRS.

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

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 [1] (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2004	$106,707,426	$95,185,433	($11,521,993)	112.10%	$23,115,581	(49.85)%
July 1, 2005	111,539,878	103,925,498	(7,614,380)	107.33	24,185,983	(31.48)
July 1, 2006	117,159,615	110,977,831	(6,181,784)	105.57	25,327,922	(24.41)
July 1, 2007	125,584,704	118,870,513	(6,714,191)	105.65	26,385,768	(25.45)
July 1, 2008	130,720,547	124,087,214	(6,633,333)	105.35	26,891,340	(24.67)
July 1, 2009	118,764,692	136,375,597	17,610,905	87.09	26,573,196	66.27
July 1, 2010	120,929,666	139,652,377	18,722,711	86.59	25,765,362	72.67
July 1, 2011	126,078,053	145,034,475	18,956,422	86.93	25,686,138	73.80
July 1, 2012	127,891,781	148,049,596	20,157,815	86.38	24,491,371	82.30
July 1, 2013	131,680,615	154,125,953	22,445,338	85.44	24,568,642	91.36

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

[1]Includes DROP payroll.

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

Fiscal Year	Market Value of Assets[1] (a)	Actuarial Accrued Liability (AAL) Entry Age[2] (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (%) (a/b)	Annualized Covered Payroll[3] (c)	UAAL as a Percentage of Coverage Payroll (b-a)/c)
2004	$100,933,577	$95,185,433	($5,748,144)	106.04%	$3,115,581	(24.87)%
2005	108,206,443	103,925,498	(4,280,945)	104.12	24,185,983	(17.70)
2006	116,340,049	110,977,831	(5,362,218)	104.83	25,327,922	(21.17)
2007	134,315,241	118,870,513	(15,444,728)	112.99	26,385,768	(58.53)
2008	124,466,800	124,087,214	(379,586)	100.31	26,891,340	(1.41)
2009	96,503,162	136,375,597	39,872,435	70.76	26,573,196	150.05
2010	107,179,990	139,652,377	32,472,387	76.75	25,765,362	126.03
2011	126,579,720	145,034,475	18,454,755	87.28	25,686,138	71.85
2012	119,981,465	148,049,596	28,068,131	81.04	24,491,371	114.68
2013	129,672,088	154,125,953	24,453,865	84.13	24,568,642	99.53

[1] Source: Florida Department of Management Services, Division of Retirement, Florida Retirement System Annual Reports.

[2] Source: Florida Department of Management Services, Division of Retirement, Florida Retirement System Annual Reports. Actuarial Accrued Liability is determined as of the July 1 immediately after the end of each Fiscal Year.

[3] Includes DROP payroll. Source: Florida Department of Management Services, Division of Retirement, Florida Retirement System Annual Reports.

The following table shows employer contributions to the FRS Pension Plan for Fiscal Years 2004 through 2013. 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, comprised of the FRS's Normal Cost plus any Unfunded Actuarial Liability, which is also called the Annual Required Contribution (the "ARC"). The ARC 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.

During Fiscal Years 2004 through 2008, the FRS was in a surplus position. Florida law allows a portion of the surplus to be used to reduce the ARC, 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 ARC between Fiscal Years 2004 and 2006 but adopted rates during Fiscal Years 2007 through 2010 that more than funded the ARC. Again during Fiscal Years 2011 through 2013, the Florida Legislature did not adopt the actuarially recommended rates. Failure to adopt rates sufficient to fully fund the ARC has contributed to the decline in the funded status of the FRS.

For Fiscal Years 2014 and 2015, the Florida Legislature adopted the actuarially determined rates, which is expected to result in the ARC being fully funded based on plan assumptions.

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)	Annual Required Contributions (ARC) (c)	Percent of ARC Contributed (a+b)/c	Amount of ARC Unfunded c-(a+b)
2004	$434,308	$1,464,128	$1,898,436	$2,044,540	92.85%	$146,104
2005	518,488	1,547,700	2,066,187	2,141,862	96.47	75,675
2006	476,437	1,619,089	2,095,527	2,193,928	95.51	98,401
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 [1]	82.21	654,853
2012 [2]	226,098	925,901	1,151,999	1,962,816	58.70	810,817
2013 [3]	273,351	1,064,090	1,337,441	2,091,343	63.95	753,902

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

[1] 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 ARC, and significant market losses, which increased the unfunded liability, and therefore the ARC.

[2] Beginning in Fiscal Year 2012, both the ARC and the employer contributions which fund the ARC, 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.

[3] Employee contributions totaled $694.9 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 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 benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. For the fiscal year ended June 30, 2013, 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, 2014, the statutorily required contribution rate pursuant to Section 112.363, F.S. increased to 1.26% 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)

	2008	2009	2010	2011	2012	2013
Recipients	244,390	256,452	269,999	283,479	297,303	310,139
Contributions	$334,819	$341,569	$332,023	$334,449	$322,610	$327,574
Benefits Paid	$305,682	$321,742	$338,892	$356,150	$374,444	$390,973
Trust Fund Net Assets	$275,139	$294,547	$291,459	$271,348	$220,346	$157,928

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, 2012
Actuarial Cost Method:	Entry Age Normal
Amortization method:	Level Percentage of Pay, Open
Equivalent Single amortization period:	30 years[1]
Asset valuation method:	Market Value
Actuarial Assumptions:	
Investment rate of return:	4.00%[2]
Projected salary increases:	5.85%[2,3]
Cost of living adjustments:	0.00%

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

[1] Used for GASB Statement #27 reporting purposes.

[2] Includes inflation at 3.00%.

[3] Includes individual salary growth of 4.00 percent plus an age- and service-graded merit scale defined by gender and employment class.

Retiree Health Insurance Subsidy Program Schedule of Funding Progress

(in thousands where amounts are dollars)

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 [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 [2]	$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 decreased from 7.75% to 4.00%, resulting in an increase in the actuarially accrued liability.

Schedule of Employer Contributions

(in thousands where amounts are dollars)

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%

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 October 16, 2013 update to the July 1, 2013 actuarial valuation of the State Employees' Health Insurance Program.

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 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.

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 172,190 contracts including 36,485 retirees and 135,705 employees and COBRA participants for Fiscal Year 2013. 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 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 2013 coverage, for active employees and retirees under the age of 65 for the standard plan were $587.74 and $1,329.14 for single and family contracts, respectively. Retirees over the age of 65 pay premiums for a Medicare supplement. Monthly premiums, through June 2013 coverage, for the standard Preferred Provider Organization Plan were $326.92 for a single contract, $653.84 for two Medicare eligible members, and $942.64 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.

(This portion intentionally left blank)

Actuarially-Determined Annual OPEB Cost and Net OPEB Obligation as of June 30, 2013 (dollars in thousands):

Annual Required Contribution (ARC)	$327,829
Interest on the Net OPEB Obligation	28,412
Adjustments to the ARC	(24,624)
Annual OPEB Cost	331,617
Employer Contribution	(103,428)
Increase/Decrease in the Net OPEB Obligation	228,189
Net OPEB Obligation - July 1, 2012	710,309
Net OPEB Obligation - June 30, 2013	$938,498
Percent of annual OPEB cost contributed	31.19%

Funded Status

The funded status of the plan as of June 30, 2013, was as follows (dollars in thousands):

Actuarial valuation date	July 1, 2012
Actuarial accrued liability (AAL)	$4,878,629
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$4,878,629
Actuarial value of assets as a percentage of the AAL	0.00%
Covered payroll	$4,248,022
UAAL as a percentage of covered payroll	114.84%

Other Postemployment Benefits Schedule of Funding Progress[1]
(thousands of dollars)

Actuarial Valuation Date	Actuarial Value of Assets (a)[3]	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%	n/a	n/a
July 1, 2013	-	$7,487,708	$7,487,708	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] 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 the actuarial accrued liability is approximately 72.4%.

[2] Update of the previous year's actuarial valuation. A new valuation was not performed.

[3] The State of Florida does not hold assets in a formal trust, so none are actuarially valued to offset the liability.

Schedule of Employer Contributions[1]
(thousands of dollars)

Fiscal Year Ended June 30	Annual Required Contribution (ARC)[2]	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%

[1] 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 the annual required contribution is approximately 72.4%.

[2] 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.

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, 2013. This method allocates the value of a member's benefit as a level percentage of pay between entry age and retirement age. Allocating costs as a level percentage of pay, even though the benefits are not pay-related, helps with budgeting for these employee benefits costs as a percentage of payroll. Actuarial assumptions included a 3% inflation rate, a 4% return on invested assets, and a 4% payroll growth rate. Initial healthcare cost trend rates used for the Preferred Provider Organization ("PPO") Plans are 7.4%, 7.0%, and 8.2% for the first three years followed by 7.6% in the fourth year grading to 5.00% over the course of 70 years. For the Health Maintenance Organization ("HMO") Plans, initial healthcare cost trend rates of 3.9%, 7.8% and 8.3% for the first three years followed by 8.2% in the fourth year and grading to 5.00% over the course of 70 years. The unfunded actuarial accrued liability is being amortized as a level percentage of pay - on an open basis, over a 30 year period.

UNEMPLOYMENT COMPENSATION TRUST FUND

The Federal-State Unemployment Insurance Program provides benefits to eligible unemployed individuals. The program is funded by employers through a tax on payrolls by both the state and federal governments. Due to the record level of unemployment in Florida, the State's Unemployment Compensation Trust Fund (the "Fund") was paying out more for unemployment benefits than it was collecting in taxes from employers. To address this shortfall and fund its unemployment compensation program, Florida (1) modified its unemployment compensation tax laws; and (2) in 2009, began taking advances from the U.S. Treasury.

Effective January 1, 2012, the amount of wages subject to unemployment taxes (the "taxable wage base") increased from $7,000 to $8,500 per employee. In addition, the trigger for the positive adjustment tax rate factor increased from 3.75% to 4.0%. With this change, when the Fund balance drops below 4.0% of the total taxable state payrolls as of June 30th, a positive adjustment factor is triggered to increase the employer contribution rates that will become effective the following January 1st. Also effective on January 1, 2012, the minimum unemployment tax rate increased from 1.03% to 2.02% (or from $72.10 to $171.70 per employee). The maximum unemployment tax rate remained at 5.4%; however, the per employee rate increased from $378 per employee to $459 per employee as a result of the $1,500 increase in the taxable wage base.

2012 Legislation

The 2012 Florida Legislature passed House Bill 7027 ("HB 7027"), which rebranded the State's Unemployment Compensation Law as the Reemployment Assistance Program Law, reduced the taxable wage base from $8,500 to $8,000, and modified the formula used to compute the positive adjustment factor. The changes set forth in HB 7027 were retroactive to January 1, 2012. The changes brought the minimum unemployment tax rate to approximately 1.51%, or $120.80 per employee. The maximum rate remained at 5.4%, but the maximum taxes rose to $432 per employee as a result of the $500 decrease in the taxable wage base.

Federal Advances and Repayment

In August 2009, Florida began taking advances from the federal government to help fund its unemployment compensation program. After a payment of approximately $1.2 billion to the federal government in May 2012, the balance of federal advances at the end of Fiscal Year 2011-12 was approximately $677 million. Total payoff of the advances occurred in May 2013.

Fund Balance

In November 2012, it was projected that the State will begin replenishing the Fund during Fiscal Year 2012-13, with an estimated balance of approximately $559 million in the Fund at June 30, 2013.

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.

[This page intentionally left blank]

APPENDIX B

State of Florida

FINANCIAL INFORMATION

The portion of the State of Florida Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2013 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, 2013

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, 2013

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Letter of Transmittal 6
Organizational Chart and Principal Officials 8

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT 10

MANAGEMENT'S DISCUSSION AND ANALYSIS 14

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements
Statement of Net Position 22
Statement of Activities 23

Governmental Fund Financial Statements
Fund Descriptions 25
Balance Sheet 26
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 29
Statement of Revenues, Expenditures, and Changes in Fund Balances 30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 33

Proprietary Fund Financial Statements
Fund Descriptions 35
Statement of Net Position 36
Statement of Revenues, Expenses, and Changes in Fund Net Position 38
Statement of Cash Flows 40

Fiduciary Fund Financial Statements
Fund Descriptions 45
Statement of Fiduciary Net Position 46
Statement of Changes in Fiduciary Net Position 47

Component Unit Financial Statements
Component Unit Descriptions 49
Statement of Net Position 50
Statement of Activities 52

Notes to the Financial Statements
Table of Contents 55
Note 1 - Summary of Significant Accounting Policies 56
Note 2 - Deposits and Investments 68
Note 3 - Receivables and Payables 96
Note 4 - Taxes 100
Note 5 - Capital Assets 101
Note 6 - Pensions and Other Postemployment Benefits 104
Note 7 - Commitments and Operating Leases 113
Note 8 - Bonds Payable and Certificates of Participation 115
Note 9 - Installment Purchases, Capital Leases, Advances from Federal Government, and Public-Private Partnerships 125

Note 10 - Changes in Long-term Liabilities 127
Note 11 - Interfund Balances and Transfers 129
Note 12 - Risk Management 134
Note 13 - Florida Prepaid College Program 136
Note 14 – Insurance Enterprises 137
Note 15 - Contingencies 141
Note 16 - Litigation 142
Note 17 - Deficit Fund Equity 144
Note 18 - Subsequent Events 145

OTHER REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedules - General and Major Special Revenue Funds 148
Budget to GAAP Reconciliation 153
Budgetary Reporting 154
Schedule of Funding Progress - Florida Retirement System Pension 156
Schedules of Funding Progress - Retiree Health Insurance Subsidy Program Pension and Other Postemployment Benefits 157
Information About Infrastructure Assets Reported Using the Modified Approach 158

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES - NONMAJOR FUNDS

Governmental Funds

Fund Descriptions 163
Combining Balance Sheet 164
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 165

Special Revenue Funds
Fund Descriptions 167
Combining Balance Sheet 168
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 174
Budgetary Comparison Schedules 179

Capital Projects Funds
Fund Descriptions 195
Combining Balance Sheet 196
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 197

Proprietary Funds

Enterprise Funds
Fund Descriptions 199
Combining Statement of Net Position 200
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position 201
Combining Statement of Cash Flows 202

Internal Service Funds
Fund Descriptions 205
Combining Statement of Net Position 206
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position 207
Combining Statement of Cash Flows 208

Fiduciary Funds

Private-purpose Trust Funds
Fund Descriptions 213
Combining Statement of Fiduciary Net Position 214
Combining Statement of Changes in Fiduciary Net Position 216

Pension and Other Employee Benefits Trust Funds
Fund Descriptions 219
Combining Statement of Fiduciary Net Position 220
Combining Statement of Changes in Fiduciary Net Position 222

Investment Trust Funds
Fund Descriptions 225
Combining Statement of Fiduciary Net Position 226
Combining Statement of Changes in Fiduciary Net Position 227

Agency Funds
Fund Descriptions 229
Combining Statement of Fiduciary Net Position 231
Combining Statement of Changes in Assets and Liabilities 232

Component Units
Component Unit Descriptions 235
Combining Statement of Net Position 237
Combining Statement of Activities 238

STATISTICAL SECTION

Table of Contents 243
Schedule A-1 Net Position by Component 244
Schedule A-2 Changes in Net Position 246
Schedule A-3 Fund Balances - Governmental Funds 250
Schedule A-4 Changes in Fund Balances - Governmental Funds 252
Schedule B-1 Revenue Base/Rate 254
Schedule B-2 Principal Sales Tax Payers by Industry 256
Schedule C-1 Ratios of Outstanding Debt by Type 257
Schedule C-2 Ratios of Net General Bonded Debt Outstanding 258
Schedule C-3 Legal Debt Margin 259
Schedule C-4 Pledged-Revenue Coverage 260
Schedule D-1 Demographic and Economic Statistics 264
Schedule D-2 Industry Sector Employment 266
Schedule E-1 Full-Time Equivalent State Employees by Function 268
Schedule E-2 Operating Indicators by Function 270
Schedule E-3 Capital Assets by Function 272

INTRODUCTORY SECTION

CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

February 21, 2014

Citizens of the State of Florida
The Honorable Rick Scott, Governor
The Honorable Don Gaetz, President of the Senate
The Honorable Will Weatherford, Speaker of the House of Representatives

To the Citizens of Florida, Governor Scott, President Gaetz, and Speaker Weatherford:

I am pleased to submit the State of Florida's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013, 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, 2013. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE STATE

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

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

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

ECONOMIC CONDITION

Florida marked the conclusion of its fourth year of positive growth in general fund collections in June 2013. This milestone followed three consecutive years of declines during the Great Recession and indicated that the state was nearing the end of its recovery process and approaching normalcy. The state's Economic Estimating Conference confirmed in November that Florida's economy is continuing to improve as expected—with the caveat that the strength of future growth is still largely contingent on both the national economy's ability to deal with the actual implementation of the federal Bipartisan Budget Act and the pending resolution of the debt ceiling debate. If final agreement is reached and any negative consequences are contained, the Conference expects that the growth in Florida will continue—allowing more normal economic and fiscal patterns to emerge sometime prior to the 2016-17 fiscal year.

DEPARTMENT OF FINANCIAL SERVICES
THE CAPITOL, TALLAHASSEE, FLORIDA 32399-0301 • (850) 413-2850 • FAX (850) 413-2950

Meanwhile, Florida's population growth and other key indicators continue to improve. Florida's real Gross Domestic Product in 2012 showed that the state's economic growth was in positive territory for the third year in a row since the end of the Great Recession. The state's ranking improved to 14th in the nation in real growth with a gain of 2.4 percent, just slightly below the national average of 2.5 percent. On the more real-time measure of personal income, the results were similar: Florida finished the 2012 calendar year with 3.2 percent growth over 2011, putting the state only slightly below the national growth rate of 3.5 percent. After declining in the first quarter of 2013, Florida's personal income had strong growth (1.5%) in the second quarter; however the state's second-place ranking was largely caused by a return to normalcy after an artificial decline. The third quarter data has largely washed out these anomalies, showing that Florida's better than average growth rate was ranked 8th in the country. For fiscal year 2013-2014, Florida's personal income is expected to reach $837.4 billion, with 4.1 percent growth over the prior year. Moreover, 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 continuing to grow over the prior year.

The level of employment in Florida continues to improve from the low levels of the Great Recession. For the third quarter of the 2013 calendar year, total non-farm employment stood at 7.54 million jobs. The forecast indicates that non-farm employment will add approximately 138 thousand jobs during the course of the 2013-14 fiscal year, representing a 1.9 percent increase over the prior fiscal year. Similar to the job creation numbers, Florida's unemployment rate has shown real improvement over the last year and has finally dropped below the national rate. Like the nation as a whole, the rate's improvement has largely been related to changes in labor force participation; however, the Florida Legislature's Office of Economic and Demographic Research (EDR) believes this will change as the economy continues to improve. Typical economic recoveries are led by increases in lending and housing construction. Since the housing and credit markets are still sluggish compared to the years leading up to the Housing Boom, Florida's employment recovery has largely been coming from sectors other than the construction-related areas.

While it is building from very low levels, the construction sector is performing better than expected. Building permit activity, an indicator of new construction, is back in positive territory, showing strong (32.4 percent) calendar year growth in 2012. For the first eight months of the 2013 calendar year, permits were running 42.8 percent above the same timeframe in the prior year, but the level is still low by historic standards. There will be continuing improvement in starts over the forecast, reaching annual rates of 83 thousand units in state fiscal year 2013-14 and 118 thousand units in state fiscal year 2014-15. However, the peak year for starts was 2005-06 at nearly 272 thousand units.

EDR feels the long-lasting housing market correction, the bubble of foreclosures still working through the courts, and sluggish credit conditions for mortgages coupled with rising interest rates will remain the predominant drags on Florida's economy in the near-term. EDR expects that it will take another two years to fully regain the losses experienced in America's worst recession since the Great Depression. In this regard, meaningful improvement in several vital areas will lag behind the rest of Florida's economic recovery. Even so, the recovery in Florida is well underway. The subsequent turnaround in Florida housing is being led by: low home prices that are attracting new buyers and clearing the inventory; the release of pent-up demand caused by past population growth and stalled household formation; and, Florida's unique demographics and the aging of the baby-boom generation which will fuel future population growth.

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

ACKNOWLEDGEMENTS

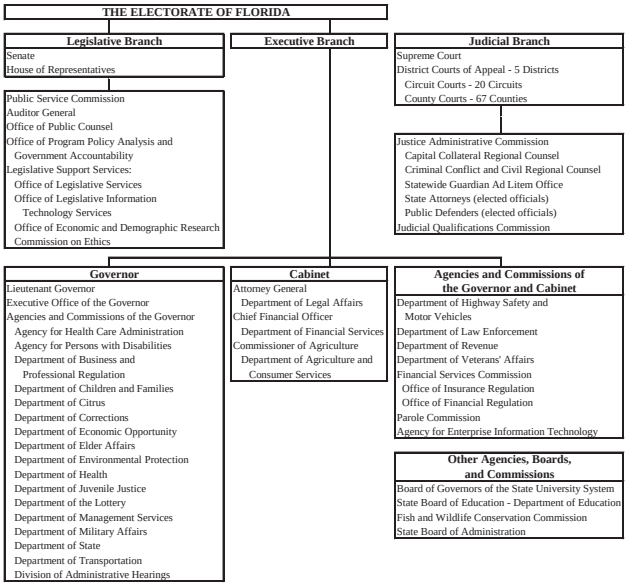
Preparation of the CAFR requires a significant investment of time and resources of fiscal and accounting personnel throughout the state. We appreciate all the contributions made to this effort.

Sincerely,

Jeff Atwater
Chief Financial Officer

JA:pjb

ORGANIZATION AT JUNE 30, 2013



PRINCIPAL OFFICIALS AT JUNE 30, 2013

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

Executive Branch
Rick Scott, Governor
Vacant[1]
Cabinet
Pam Bondi, Attorney General
Jeff Atwater, Chief Financial Officer
Adam Putnam, Commissioner of Agriculture

Judicial Branch
Ricky Polston, Chief Justice

[1] The position of Lieutenant Governor was vacant following the resignation of Jennifer Carroll on March 12, 2013. Carlos Lopez-Cantera was sworn-in as Lieutenant Governor on February 3, 2014.

FINANCIAL SECTION

AUDITOR GENERAL
STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

DAVID W. MARTIN, CPA
AUDITOR GENERAL

PHONE: 850-412-2722
FAX: 850-488-6975

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, 2013, and 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 both a major enterprise fund and 35 percent and 1 percent, respectively, of the assets and revenues of the business-type activities.
- The Florida Turnpike System, which is 94 percent and 88 percent, respectively, of the assets and revenues of the Transportation major enterprise fund.
- The Hurricane Catastrophe Fund, which is both a major enterprise fund and 32 percent and 11 percent, respectively, of the assets and revenues of the business-type activities.
- The College Savings Plan and the trust funds maintained by the State Board of Administration to account for the investments of the Florida Retirement System and the Public Employee Optional Retirement Program, which collectively represent 88 percent of the assets and 57 percent of the revenues/additions of the aggregate remaining fund information.
- The Florida Housing Finance Corporation, Citizens Property Insurance Corporation, component units related to the State's universities and community colleges, and certain other funds and entities that, in the aggregate, represent 69 percent and 46 percent, respectively, of the assets and revenues of the discretely presented component units.

Financial statements for the above-listed funds and entities were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for these funds and entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 I. to the financial statements, for the 2012-13 fiscal year the State adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. 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 the accompanying management's discussion and analysis on pages 14 through 20 and the budgetary information, the funding and contribution information for pension and other postemployment benefits, and information on infrastructure using the modified approach on pages 148 through 159 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, on pages 6 through 8, and the combining and individual fund statements and related budgetary comparison schedules and the statistical section, on pages 163 through 273, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements and related budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining and individual fund statements and related budgetary comparison schedules are fairly stated in all material respects, in relation to the basic financial statements 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 21, 2014, 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,

David W. Martin, CPA
Tallahassee, Florida
February 21, 2014

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2013 (fiscal year 2012-13). 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 what is reported in 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 information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
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, 2013, and 2012, derived from the government-wide Statement of Net Position. The state's net position at the close of the fiscal year was $57.3 billion for governmental activities and $17.3 billion for business-type activities, which was a combined total of $74.6 billion for the primary government. The three components of net position include net investments in capital assets; restricted; and unrestricted. The largest component, totaling $65.8 billion as of June 30, 2013, 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 $18.7 billion as of June 30, 2013. 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 $10.8 billion at June 30, 2013. 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 Asset Deficit, for more information.

Business-type activities reflect a restricted net position of $10.6 billion at June 30, 2013, an increase of $3.2 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	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 24,086	$ 22,010	$ 29,340	$ 29,613	$ 53,426	$ 51,623
Capital assets, net	66,378	64,503	8,788	8,328	75,166	72,831
Total assets	90,464	86,513	38,128	37,941	128,592	124,454
Other liabilities	7,527	7,397	4,174	9,067	11,701	16,464
Noncurrent liabilities	25,589	26,340	16,525	15,483	42,114	41,823
Total liabilities	33,116	33,737	20,699	24,550	53,815	58,287
Total deferred inflows of resources	.....	.....	140	.....	140	.....
Net position:						
Net investments in capital assets	59,994	58,404	5,841	5,366	65,835	63,770
Restricted	8,128	7,807	10,559	7,408	18,687	15,215
Unrestricted	(10,774)	(13,435)	889	617	(9,885)	(12,818)
Total net position	$ 57,348	$ 52,776	$ 17,289	$ 13,391	$ 74,637	$ 66,167

Statement of Activities

Table 3 presents the state's Condensed Statement of Activities for fiscal year 2012-13 and fiscal year 2011-12, 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 $8.4 billion. The net position of governmental activities increased by $4.6 billion and the net position of business-type activities increased by $3.8 billion. The majority of the increase in total program expenses for governmental activities relates to a $1.1 billion increase in Human Services expenses, while the largest declines in business-type activities expenses are the $2.2 billion decrease in Prepaid College Program expenses and the $1.0 billion decrease in Reemployment Assistance expenses. Refer to the Major Fund Analysis section for information regarding the overall increase in revenues from governmental activities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	$ 8,450	$ 8,430	$ 9,892	$ 11,146	$ 18,342	$ 19,576
Operating grants and contributions	25,853	23,925	1,443	2,165	27,296	26,090
Capital grants and contributions	2,022	2,036	6	.....	2,028	2,036
Total program revenues	36,325	34,391	11,341	13,311	47,666	47,702
General revenues and payments						
Sales and use tax	19,915	18,633	.....	.....	19,915	18,633
Other taxes	12,338	11,839	.....	.....	12,338	11,839
Investment earnings (loss)	104	288	1	5	105	293
Emergency assessments	.....	.....	490	457	490	457
Miscellaneous	.....	.....	1	1	1	1
Total general revenues and payments	32,357	30,760	492	463	32,849	31,223
Total revenues	68,682	65,151	11,833	13,774	80,515	78,925
Program expenses						
General government	6,430	6,343	.....	.....	6,430	6,343
Education	17,807	17,696	.....	.....	17,807	17,696
Human services	30,771	29,650	.....	.....	30,771	29,650
Criminal justice and corrections	4,187	4,246	.....	.....	4,187	4,246
Natural resources and environment	2,374	2,266	.....	.....	2,374	2,266
Transportation	3,543	3,614	426	422	3,969	4,036
State courts	456	409	.....	.....	456	409
Lottery	.....	.....	3,620	3,188	3,620	3,188
Hurricane Catastrophe Fund	.....	.....	(95)	114	(95)	114
Prepaid College Program	.....	.....	(149)	2,010	(149)	2,010
Reemployment Assistance	.....	.....	2,390	3,407	2,390	3,407
Nonmajor enterprise funds	.....	.....	287	257	287	257
Indirect interest on long-term debt	6	6	.....	.....	6	6
Total program expenses	65,574	64,230	6,479	9,398	72,053	73,628
Excess (deficiency) before gain (loss) and transfers	3,108	921	5,354	4,376	8,462	5,297
Gain (loss) on sale of capital assets	(63)	(21)	(5)	(1)	(68)	(22)
Transfers	1,534	1,453	(1,534)	(1,452)	.....	1
Change in net position	4,579	2,353	3,815	2,923	8,394	5,276
Beginning net position, as restated (Note 1)	52,693	50,462	13,474	10,468	66,167	60,930
Prior period adjustments	76	(39)	.....	.....	76	(39)
Ending net position	$ 57,348	$ 52,776	$ 17,289	$ 13,391	$ 74,637	$ 66,167

Major Fund Analysis

Governmental Funds

The state's governmental funds reported a combined ending fund balance of $15.7 billion at June 30, 2013, which represented a $1.8 billion or 12.9 percent growth from the prior year. Revenues increased by $3.4 billion or 5.3 percent, other financing sources and uses decreased by $38 million or 1.5 percent, and expenditures increased by $1.8 billion or 2.7 percent. Overall increases in revenues and expenditures were primarily attributable to the rise in tax revenues and the increase in federal grants and donations received and expended. Information is provided below regarding major funds with significant variances relative to the prior year.

General Fund – Fund balance at June 30, 2013, totaled $6.2 billion, an increase of $1.4 billion or 28.3 percent. Revenues and other financing sources rose $1.8 billion or 6.3 percent predominantly due to the growth in sales and use taxes and documentary stamp taxes. Conditions surrounding this increase are discussed further in the Economic Factors Section that follows. Expenditures and other financing uses increased $1.7 billion or 6.0 percent from the prior year. Significant expenditure increases were made in the following areas: human services - $749 million and education - $650 million.

Health and Family Services – Fund balance at June 30, 2013, totaled $1.6 billion, which represented a growth of $481 million or 41.6 percent from the prior year. Revenues and other financing sources increased $1.7 billion or 7.4 percent primarily due to more grants and donations revenues as a result of an increased federal participation in health care. Expenditures and other financing uses increased $155 million or 0.6 percent primarily due to the continued expansion in current expenditures for health care and supplemental nutrition assistance issuance.

Proprietary Funds

The state's proprietary funds reported a combined ending net position of $17.3 billion at June 30, 2013, of which $5.8 billion is the net investments in capital assets, and $10.6 billion is restricted for specific purposes. The remaining $889 million was unrestricted and available for purposes of the various funds. Information is provided below regarding major funds with significant variances relative to the prior year.

Reemployment Assistance – This fund reported a net position of $1.2 billion at June 30, 2013, an increase of $1.3 billion. Revenues decreased by $719 million or 16.4 percent, while expenses declined by $1.0 billion or 29.8 percent. Revenues decreased as a result of a continued reduction of federal funds to cover the Federal Extended Unemployment Compensation program during the fiscal year. The reduction in expenses relative to the prior year is due to a significant decrease in benefit payments as the economy and unemployment rate in Florida improved.

Hurricane Catastrophe Fund – The net position at June 30, 2013, totaled $8.3 billion, an improvement of approximately $1.9 billion or 29.1 percent. The increase in net position remained fairly consistent with the increase in the prior year as year-over-year results of operations were $1.4 billion of operating income. Net premium revenues and other operating revenues remained consistent with the prior year and the fund did not incur any hurricane losses. See Note 14 to the financial statements for additional information on this fund.

Prepaid College Program – The net position at June 30, 2013, totaled $830 million, an increase of approximately $265 million or 46.9 percent. Revenues decreased by $1.9 billion while expenses declined by $2.2 billion. The decline in revenues was primarily due to the decrease in fair value of fixed income investments, while expenses decreased primarily due to a change in the actuarial determination of the present value of future benefit payments. The overall increase in market interest rates during the fiscal year contributed to both the decreasing fair value of fixed income investments and the reduction in the actuarially determined present value of future benefit payments. Please see Note 13 for more information.

General Fund Budget Variances

Budgeted expenditures are based on revenues estimated by the Revenue Estimating Conference and other sources. Original expenditures are budgeted for less than total expected available resources. There was a $729 million increase between the original and final estimated revenues. Final budgeted total expenditures decreased by $332 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, 2013, the state reported $66.4 billion in net capital assets for governmental activities and $8.8 billion in net capital assets for business-type activities. Net capital assets for governmental and business-type activities increased from fiscal year 2011-12 to fiscal year 2012-13 by approximately 3.2 percent. Consistent with prior years, the increase is primarily due to land acquisition and 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 $7.4 billion. Construction commitments by other state agencies for major projects including office buildings and correctional facilities decreased by $65 million compared to the prior year. Refer to Note 5 to the financial statements for information on capital assets and Note 7 to the financial statements for information on construction commitments.

Long-term Debt Activity

Total bonded debt outstanding decreased by $3.3 billion, or approximately 11 percent, from the prior fiscal year to a total of $25.6 billion at June 30, 2013. The majority of the outstanding debt serves to finance educational facilities ($14.7 billion), the Florida Hurricane Catastrophe Fund ($3.3 billion) and transportation infrastructure ($5.0 billion). New and refinanced bonded debt issues for 2013 totaled $4.2 billion. Annual debt service payments on net tax-supported debt totaled $2.2 billion for 2013, which is approximately the same as the prior year. Annual debt service requirements are projected to decrease by $300 million to approximately $1.9 billion for fiscal year 2014 due to the retirement of the Preservation 2000 bonds. Projected debt service is expected to remain at approximately $1.9 billion as a result of limited new-money debt issuance and ongoing refinancing activities to achieve debt service savings.

The state maintained its credit ratings during the past year. During the fiscal year ended June 30, 2013, 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, respectively. Fitch revised its outlook on the rating from negative to stable while Moody's Investors Service and Standard & Poor's Rating Services affirmed the state's stable outlook. The state's benchmark debt ratio of debt service to revenues available to pay debt service improved to 6.79 percent in fiscal year 2013 from 7.14 percent in fiscal year 2012. The improvement is directly related to the increased revenue available to pay debt service. For the first time in several years, the benchmark debt ratio is slightly below the 7 percent policy cap.

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 2013 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 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 2012-13 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, 2013, were 6.1 percent higher than the prior fiscal year. Higher than any growth rate seen since Fiscal Year 2005-06 during the peak of Florida's housing boom, this growth rate embodies the steady improvement seen since the end of the Great Recession. As was true last year, the growth came from gains in virtually all of the major sources supporting the general fund. Most importantly, total sales tax revenue — the state's primary source of general revenue — grew 6.4 percent from Fiscal Year 2011-12 to Fiscal Year 2012-13. While the economic recovery was gradual with relatively modest gains in employment and personal income, signs of continued strengthening were clearly underway by the end of the fiscal year. However, the general fund collections were still below those of the 2005-06 peak collection year at 87.9 percent of that level.

Several revenue sources have closely tracked the ebb and flow of the state's overall economic conditions. Among them, documentary stamp and intangibles tax collections predominantly rely on activity in the state's real estate market. Since the end of the housing boom in 2005-06, Florida's large inventory of unsold homes and looming foreclosures have hindered meaningful recovery in the real-estate market. Seven years since the boom's height, this continues to be true although there are clear indications of improvement. For statewide existing home sales and the median sales price for existing homes, the direction was positive with both indicators exhibiting strong percentage gains over the prior year, registering 13.1 percent and 12.2 percent growth respectively. The picture had also improved for private housing starts and refinancing, allowing total documentary stamp taxes to grow 28.9 percent. This growth brought documentary stamp taxes to 41.0 percent of their prior peak. The intangibles tax, which entirely benefits the general fund, followed a similar pattern, posting a robust 46.7 percent gain. However, the collection levels, which inflate the percentage growths, are still low by historic standards.

Almost divorced from a national economy just finding strength in its recovery, national corporate profits continued to be in record-breaking territory in Fiscal Year 2012-13, and the state's corporate income tax collections have followed this direction, if not the magnitude. Still considerably below peak total receipts, Florida's corporate income tax collections grew a modest percent over the prior year.

Almost three-quarters of the state's general revenue sources posted gains over the prior year. At the end of the 2012-13 state fiscal year, overall general fund collections — which do not include a $200.1 million deposit from the National Mortgage Settlement Agreement — were $93.9 million above the estimate made by the state's Revenue Estimating Conference (Conference) in March 2013, leading to the 6.4 percent growth rate described above. In this regard, the general fund outperformed the class of total revenue for the state. Including federal dollars, total revenue increased by 6.0 percent over this period.

When the state's Conference met in December 2013, monthly collections for the 2013-14 state fiscal year were already above the estimates made in August 2013 by $52.6 million. However, the monthly collections had shown mixed results — above estimate for the first two months and then virtually on estimate for the following two months — coming in less than one percent above estimate for the combined period. In addition, while the newly adopted national and Florida economic outlooks were similar to the ones adopted in the summer and spring, they were generally weaker due to the ongoing uncertainty regarding future federal actions on the budget and debt ceiling — especially in the outer years. Weighing both sets of factors, the Conference increased expected revenues by $95.7 million — or about one-third of one percent above the earlier forecast — to recognize only the more persistent gains. State Economists are projecting that final general revenue collections will be $965 million higher than last year to produce a 3.8 percent growth rate for the 2013-14 fiscal year. After adjusting for the National Mortgage Settlement Agreement deposit in the 2012-13 fiscal year, which the Conference included in its estimates, the projected growth rate becomes 4.6 percent. The revised projected total general revenue for the 2013-14 fiscal year is $26.3 billion.

As a buffer against any further financial shocks or ill effects from the pending resolution of the debt ceiling debate, the latest General Revenue Outlook shows that there will be just over $2.18 billion in unallocated general revenue remaining at the end of the current fiscal year. The state's major reserve for emergencies, the Budget Stabilization Fund, has a planned balance of at least $924.8 million on June 30, 2014, and should increase to nearly $1.14 billion by June 30, 2015. The anticipated increases relate to the scheduled third and fourth of five repayments of the funds previously transferred to the general fund in state fiscal year 2008-09 ($1.07 billion in total). Refer to Note 1K, for additional information on the Budget Stabilization Fund. The other source most frequently mentioned as part of the state's informal reserve system is the Lawton Chiles Endowment Fund that had an end-of-quarter market value of $554.8 million on September 30, 2013, bringing the total of all reserves to nearly $3.66 billion or 13.9 percent of the state's general fund collections. According to the state's Long-Range Financial Outlook adopted in September 2013, the state is not anticipating a budget gap for the upcoming fiscal year, meaning the projected revenues should meet all anticipated needs.

Contact the State's Financial Management

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

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

FINANCIAL SECTION:

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
JUNE 30, 2013
(in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Units
ASSETS				
Cash and cash equivalents	$ 164,464	$ 121,437	$ 285,901	$ 2,631,638
Pooled investments with State Treasury	13,120,139	1,877,230	14,997,369	2,619,569
Other investments	1,382,754	23,312,946	24,695,700	20,819,045
Receivables, net	4,921,382	1,225,313	6,146,695	2,137,624
Internal balances	401,826	(401,826)	.....	.....
Due from component units/primary	2,019	1,050	3,069	318,325
Inventories	57,786	4,453	62,239	67,883
Restricted cash and cash equivalents	.....	23	23	406,658
Restricted pooled investments with State Treasury	.....	67,220	67,220	731,220
Restricted investments	.....	1,274,494	1,274,494	4,817,982
Advances to other entities	915,020	.....	915,020	.....
Loans and notes receivable, net	3,109,091	1,812,613	4,921,704	3,013,349
Other assets	11,135	45,402	56,537	1,091,191
Capital assets, net	66,378,376	8,787,590	75,165,966	22,529,549
Total assets	90,463,992	38,127,945	128,591,937	61,184,033
DEFERRED OUTFLOWS OF RESOURCES				
Accum. decrease in fair value -Hedging derivatives	.....	.....	.....	53,164
Total deferred outflows of resources	.....	.....	.....	53,164
LIABILITIES				
Accounts payable and accrued liabilities	1,831,181	780,173	2,611,354	3,077,919
Due to other governments	.....	11,320	11,320	.....
Due to component units/primary	10,819	10	10,829	113,341
Deferred revenue	.....	47,200	47,200	490,556
Obligations under security lending agreements	1,441,314	1,793,219	3,234,533	.....
Long-term liabilities				
Due within one year	4,243,722	1,541,564	5,785,286	3,365,336
Due in more than one year	25,588,924	16,525,483	42,114,407	14,720,454
Total liabilities	33,115,960	20,698,969	53,814,929	21,767,606
DEFERRED INFLOWS OF RESOURCES				
Deferred service concession arrangement receipts	.....	140,259	140,259	2,404
Total deferred inflows of resources	.....	140,259	140,259	2,404
NET POSITION				
Net investments in capital assets	59,994,370	5,841,079	65,835,449	18,617,890
Restricted for				
Environment, Recreation and Conservation	2,533,998	.....	2,533,998	.....
Public Education	390,829	.....	390,829	.....
Health and Family Services	1,562,739	.....	1,562,739	.....
Transportation	1,665,701	168,934	1,834,635	.....
Nonmajor governmental funds	1,137,373	.....	1,137,373	.....
Debt service	280,048	.....	280,048	84,095
Lottery	.....	102,088	102,088	.....
Prepaid College Program	.....	829,845	829,845	.....
Hurricane Catastrophe Fund	.....	8,295,259	8,295,259	.....
Reemployment Assistance	.....	1,158,339	1,158,339	.....
Other	557,025	4,165	561,190	5,827,799
Funds held for permanent endowment				
Expendable	.....	.....	.....	640,854
Nonexpendable	.....	.....	.....	3,309,079
Unrestricted	(10,774,051)	889,008	(9,885,043)	10,987,470
Total net position	$ 57,348,032	$ 17,288,717	$ 74,636,749	$ 39,467,187

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	$ 6,430,345	$ 5,153,314	$ 1,115,849	$ 71	$ (161,111)
Education	17,807,322	243,580	2,521,486	29	(15,042,227)
Human services	30,770,664	1,363,570	20,807,051	1,442	(8,598,601)
Criminal justice and corrections	4,186,869	762,411	104,362	96	(3,320,000)
Natural resources and environment	2,374,092	336,560	1,253,723	16,172	(767,637)
Transportation	3,543,133	485,131	48,362	2,004,619	(1,005,021)
State courts	455,878	105,006	1,669	.....	(349,203)
Indirect interest on long-term debt	5,904	.....	.....	.....	(5,904)
Total governmental activities	65,574,207	8,449,572	25,852,502	2,022,429	(29,249,704)
Business-type activities:					
Transportation	426,056	851,997	.....	189	426,130
Lottery	3,619,597	5,012,842	.....	.....	1,393,245
Hurricane Catastrophe Fund	(95,313)	1,295,500	.....	.....	1,390,813
Prepaid College Program	(149,009)	115,727	.....	.....	264,736
Reemployment Assistance	2,389,913	2,235,316	1,420,101	.....	1,265,504
Nonmajor enterprise funds	287,278	380,370	22,763	6,225	122,080
Total business-type activities	6,478,522	9,891,752	1,442,864	6,414	4,862,508
Total primary government	$ 72,052,729	$ 18,341,324	$ 27,295,366	$ 2,028,843	$ (24,387,196)
Component units					
Florida Housing Finance Corporation	$ 188,544	$ 216,633	$	$	$ 28,089
University of Florida	4,322,636	2,864,447	788,569	21,070	(648,550)
Citizens Property Insurance Corporation	1,859,118	2,296,975	.....	.....	437,857
Nonmajor component units	10,949,743	3,156,462	3,740,408	465,805	(3,587,068)
Total component units	$ 17,320,041	$ 8,534,517	$ 4,528,977	$ 486,875	$ (3,769,672)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Net (expense) revenue	$ (29,249,704)	$ 4,862,508	$ (24,387,196)	$ (3,769,672)
General revenues:				
Taxes				
Sales and use tax	19,914,591	.....	19,914,591	.....
Fuel taxes	2,580,843	.....	2,580,843	.....
Corporate income tax	2,055,440	.....	2,055,440	.....
Documentary stamp tax	1,662,044	.....	1,662,044	.....
Intangible personal property tax	279,047	.....	279,047	.....
Communications service tax	1,422,775	.....	1,422,775	.....
Beverage and tobacco taxes	1,700,095	.....	1,700,095	.....
Insurance premium tax	907,004	.....	907,004	.....
Gross receipts utilities tax	588,765	.....	588,765	.....
Property taxes	.....	.....	.....	479,888
Other taxes	1,142,373	.....	1,142,373	.....
Investment earning (loss)	104,112	496	104,608	877,166
Gain (loss) on sale of capital assets	(62,746)	(4,679)	(67,425)	(22,059)
Payments from the State of Florida	.....	.....	.....	2,920,151
Emergency assessments	.....	490,011	490,011	.....
Miscellaneous	.....	740	740	566,338
Transfers	1,534,368	(1,534,368)	.....	.....
Contributions to permanent funds	.....	.....	.....	81,189
Total general revenues, transfers and contributions	33,828,711	(1,047,800)	32,780,911	4,902,673
Changes in net position	4,579,007	3,814,708	8,393,715	1,133,001
Net position - beginning, as restated (Note 1)	52,693,471	13,474,009	66,167,480	38,380,130
Adjustments to increase (decrease) beginning net position	75,554	.....	75,554	(45,944)
Net position - ending	$ 57,348,032	$ 17,288,717	$ 74,636,749	$ 39,467,187

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

THIS PAGE INTENTIONALLY LEFT BLANK

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Funds

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

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

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

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

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

Nonmajor Funds

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013
(in thousands)

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation	Nonmajor Governmental Funds	Totals 6/30/13
ASSETS							
Current assets							
Cash and cash equivalents	$ 18,090	$ 1,723	$	$ 57,599	$ 1,063	$ 31,871	$ 110,346
Pooled investments with State Treasury	6,016,047	1,389,669	691,546	1,325,529	1,824,837	1,419,351	12,666,979
Other investments	719,583	74	.....	.....	2	351,130	1,070,789
Receivables, net	1,572,631	156,330	64,063	1,998,730	335,720	408,958	4,536,432
Due from other funds	194,841	8,666	92,343	111,504	168,249	52,614	628,217
Due from component units/primary	566	234	.....	40	.....	.....	840
Inventories	9,576	563	26	34,748	11,026	1,847	57,786
Other	533	.....	10	.....	.....	162	705
Total current assets	8,531,867	1,557,259	847,988	3,528,150	2,340,897	2,265,933	19,072,094
Noncurrent assets							
Long-term investments	1,521	.....	.....	.....	.....	233,777	235,298
Advances to other funds	2,603	.....	.....	.....	207,320	.....	209,923
Advances to other entities	14,108	41,826	857,192	.....	.....	1,894	915,020
Other loans and notes receivable, net	81,240	1,121,121	.....	41,056	859,122	1,006,552	3,109,091
Other	.....	.....	.....	.....	10,430	.....	10,430
Total noncurrent assets	99,472	1,162,947	857,192	41,056	1,076,872	1,242,223	4,479,762
Total assets	$ 8,631,339	$ 2,720,206	$ 1,705,180	$ 3,569,206	$ 3,417,769	$ 3,508,156	$ 23,551,856
LIABILITIES AND FUND BALANCES							
Current liabilities							
Accounts payable and accrued liabilities	$ 414,534	$ 35,376	$ 21,271	$ 239,698	$ 594,401	$ 216,348	$ 1,521,628
Due to other funds	197,599	24,917	2,432	43,020	48,802	111,681	428,451
Due to component units/primary	1,735	1,126	1	3,561	.....	4,385	10,808
Compensated absences	17,922	584	.....	3,410	5,933	1,785	29,634
Claims payable	460,535	.....	.....	1,194,357	.....	5,262	1,660,154
Deposits	8,291	9,276	50	9,788	251,392	84,185	362,982
Installment purchases/capital leases	.....	.....	.....	51	.....	.....	51
Deferred revenues	288,827	689	15,796	358,874	32,642	90,790	787,618
Obligations under security lending agreements	1,062,003	104,470	53,645	10,716	113,729	66,191	1,410,754
Total current liabilities	2,451,446	176,438	93,195	1,863,475	1,046,899	580,627	6,212,080
Noncurrent liabilities							
Advances from other funds	100	.....	811,623	.....	.....	625	812,348
Deposits	.....	.....	.....	27,292	134,827	1,894	164,013
Deferred revenues	22,946	512	.....	41,056	570,341	12,991	647,846
Other	.....	.....	.....	.....	.....	3,046	3,046
Total noncurrent liabilities	23,046	512	811,623	68,348	705,168	18,556	1,627,253
Total liabilities	2,474,492	176,950	904,818	1,931,823	1,752,067	599,183	7,839,333
Fund balances							
Nonspendable	27,518	42,389	36	34,748	11,026	28,934	144,651
Restricted	60,359	1,945,533	1,153,365	129,270	57,366	2,016,327	5,362,220
Committed	746,914	555,334	390,738	1,473,365	1,597,310	863,712	5,627,373
Unassigned	5,322,056	.....	(743,777)	.....	.....	.....	4,578,279
Total fund balances	6,156,847	2,543,256	800,362	1,637,383	1,665,702	2,908,973	15,712,523
Total liabilities and fund balances	$ 8,631,339	$ 2,720,206	$ 1,705,180	$ 3,569,206	$ 3,417,769	$ 3,508,156	$ 23,551,856

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

THIS PAGE INTENTIONALLY LEFT BLANK

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2013
(in thousands)

Total fund balances for governmental funds		$ 15,712,523
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities reported in governmental funds are not financial resources and therefore are not reported in the funds.		
Land and other nondepreciable assets	17,474,517	
Nondepreciable infrastructure	37,662,552	
Buildings, equipment and other depreciable assets	6,263,361	
Accumulated depreciation	(3,761,256)	
Construction work in progress	7,579,776	
		65,218,950
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(717,120)	
Installment purchases/capital leases/public-private partnership agreements	(2,330,282)	
Claims payable	(2,509,539)	
Bonds payable	(19,076,447)	
Certificates of participation payable	(109,340)	
Net other post employment benefits	(878,322)	
Other	(34,678)	
		(25,655,728)
Accrued interest payable on bonds that is not recognized on the fund statements but is recognized on the Statement of Net Position.		(55,171)
Assets (receivables) not available to provide current resources are offset with deferred revenues (liability) in the fund statements. The reduction of the liability and recognition of revenue increases net position in the Statement of Net Position.		1,690,693
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.		436,765
Net position of governmental activities		$ 57,348,032

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(in thousands)

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services
REVENUES				
Taxes	$ 27,442,050	$ 273,991	$ 1,002,228	$ 928,214
Licenses and permits	503,175	46,304	674	35,829
Fees and charges	1,903,996	155,971	56,317	1,556,080
Grants and donations	20,344	170,297	2,335,030	20,673,084
Investment earnings (losses)	58,668	21,675	46,759	4,426
Fines, forfeits, settlements and judgments	374,141	3,272	152,376	42,961
Other	1,914	21,689	2,092	9,555
Total revenues	30,304,288	693,199	3,595,476	23,250,149
EXPENDITURES				
Current:				
General government	4,097,646	29,095	.....	144,768
Education	12,666,280	.....	4,295,632	.....
Human services	6,222,578	.....	.....	23,947,532
Criminal justice and corrections	3,067,845	.....	.....	.....
Natural resources and environment	281,274	711,307	.....	.....
Transportation	1,383	.....	.....	.....
State courts	339,967	.....	.....	.....
Capital outlay	44,109	24,579	2,150	7,635
Debt service:				
Principal retirement	5,819	.....	.....	5,045
Interest and fiscal charges	5,071	.....	.....	819
Total expenditures	26,731,972	764,981	4,297,782	24,105,799
Excess (deficiency) of revenues over expenditures	3,572,316	(71,782)	(702,306)	(855,650)
OTHER FINANCING SOURCES (USES)				
Proceeds of bond issues	2,977	49,899	165,124	.....
Proceeds of refunding bonds	.....	.....	.....	.....
Proceeds of financing agreements	.....	.....	.....	.....
Operating transfers in	729,369	756,184	1,920,028	1,791,283
Operating transfers out	(2,948,424)	(604,364)	(1,484,121)	(454,319)
Payments to refunded bond agent	.....	.....	.....	.....
Total other financing sources (uses)	(2,216,078)	201,719	601,031	1,336,964
Net change in fund balances	1,356,238	129,937	(101,275)	481,314
Fund balances - beginning, as restated (Note 1)	4,800,609	2,413,319	901,637	1,156,069
Adjustments to increase (decrease) beginning fund balances	.....	.....	.....	.....
Fund balances - beginning, as restated	4,800,609	2,413,319	901,637	1,156,069
Fund balances - ending	$ 6,156,847	$ 2,543,256	$ 800,362	$ 1,637,383

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

Transportation	Nonmajor Governmental Funds	Totals 6/30/13
$ 2,302,127	$ 224,623	$ 32,173,233
9,724	1,255,656	1,851,362
472,830	785,138	4,930,332
2,045,634	2,352,088	27,596,477
11,875	48,489	191,892
4,681	960,504	1,537,935
4,554	108,638	148,442
4,851,425	5,735,136	68,429,673
175,727	1,968,975	6,416,211
.....	188,023	17,149,935
.....	424,831	30,594,941
.....	957,207	4,025,052
.....	1,213,542	2,206,123
3,729,036	.....	3,730,419
.....	105,719	445,686
2,306,799	39,376	2,424,648
242	1,259,561	1,270,667
5	955,079	960,974
6,211,809	7,112,313	69,224,656
(1,360,384)	(1,377,177)	(794,983)
.....	11,511	229,511
.....	1,759,221	1,759,221
630,637	866	631,503
1,281,052	3,170,994	9,648,910
(787,846)	(1,818,176)	(8,097,250)
.....	(1,759,221)	(1,759,221)
1,123,843	1,365,195	2,412,674
(236,541)	(11,982)	1,617,691
1,706,084	2,920,955	13,898,673
196,159	.....	196,159
1,902,243	2,920,955	14,094,832
$ 1,665,702	$ 2,908,973	$ 15,712,523

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2013
(in thousands)

Net change in fund balance - total governmental funds		$ 1,617,691
Internal service funds are used by management to charge the costs of goods or services to other funds and agencies within the state. Therefore, the net revenue (expense) of the internal service funds is reported with governmental activities.		(7,015)
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	2,396,583	
Depreciation expense	(277,508)	
		2,119,075
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.		(60,649)
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 revenues.		270,901
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	35,163	
Decrease in accrued interest	2,700	
Increase in claims payable	(72,925)	
Decrease in arbitrage liability	.....	
Increase in net other post employment benefits	(214,485)	
Decrease in other liabilities	423,953	
		174,406
The incurrence of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Bond proceeds	(229,511)	
Refunding bond proceeds	(1,759,221)	
Financing agreement proceeds	(631,503)	
Repayment of bonds	1,255,727	
Repayment of capital leases/installment purchase contracts	14,941	
Payment to refunded bond escrow agent	1,759,221	
Amortization of bond premium	177,816	
Amortization of deferred amount on refunding	(14,823)	
Accrued interest payable at refunding	(108,049)	
		464,598
Change in net position of governmental activities		$ 4,579,007

THIS PAGE INTENTIONALLY LEFT BLANK

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.

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 Florida Prepaid College Program contracts, 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 reemployment assistance benefits.

Nonmajor Funds

Nonmajor enterprise funds are presented on page 199.

Internal Service Funds

Internal service funds are presented on page 205.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013
(in thousands)

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance
ASSETS					
Current assets					
Cash and cash equivalents	$ 25,236	$ 61,569	$ 138	$ 23,847	$ 1,040
Pooled investments with State Treasury	751,540	159,594	.....	.....	661,344
Other investments	.....	.....	10,080,297	1,874,631	.....
Receivables, net	16,540	47,100	137,796	376,849	611,338
Due from other funds	821	1	.....	7,834	2,636
Due from component units/primary	.....	.....	.....	.....	1,048
Inventories	3,590	863	.....	.....	.....
Other	.....	2,146	.....	.....	.....
Total current assets	797,727	271,273	10,218,231	2,283,161	1,277,406
Noncurrent assets					
Restricted cash and cash equivalents	23	.....	.....	.....	.....
Restricted pooled investments with State Treasury	51,366	15,854	.....	.....	.....
Restricted investments	317,391	957,103	.....	.....	.....
Long-term investments	.....	.....	1,834,022	9,447,391	.....
Other loans and notes receivable, net	82,308	.....	.....	1,727,001	.....
Capital assets					
Land and other nondepreciable assets	884,300	1,390	.....	.....	.....
Nondepreciable infrastructure	6,903,264	.....	.....	.....	.....
Buildings, equipment, and other depreciable assets	517,718	13,521	66	41	.....
Accumulated depreciation	(234,126)	(11,696)	(61)	(39)	.....
Construction work in progress	631,945	.....	.....	.....	.....
Other	12,980	19,037	10,299	.....	.....
Total noncurrent assets	9,167,169	995,209	1,844,326	11,174,394	.....
Total assets	9,964,896	1,266,482	12,062,557	13,457,555	1,277,406
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	36,399	9,287	241,198	404,187	73,600
Accrued prize liability	.....	217,030	.....	.....	.....
Due to other governments	.....	.....	.....	.....	11,320
Due to other funds	112,575	76,209	198	3	2,465
Due to component units/primary	.....	.....	.....	.....	.....
Compensated absences	.....	768	46	47	.....
Installment purchases/capital leases	.....	.....	.....	.....	.....
Bonds payable	.....	.....	300,000	.....	.....
Bonds payable from restricted assets	118,960	.....	.....	.....	.....
Deposits	249	.....	.....	.....	8,538
Claims payable	.....	.....	206,945	.....	.....
Deferred revenues	.....	.....	.....	.....	.....
Obligations under security lending agreements	63,061	508,573	.....	1,201,294	.....
Certificates of participation payable	.....	.....	.....	.....	.....
Tuition and housing benefits payable	.....	.....	.....	677,233	.....
Total current liabilities	331,244	811,867	748,387	2,282,764	95,923
Noncurrent liabilities					
Advances from other funds	206,420	.....	.....	.....	.....
Accrued prize liability	.....	343,442	.....	.....	.....
Bonds payable	2,754,738	.....	3,018,786	.....	.....
Certificates of participation payable	.....	.....	.....	.....	.....
Installment purchases/capital leases	.....	.....	.....	.....	.....
Deposits	600	.....	.....	.....	23,144
Compensated absences	.....	2,908	120	128	.....
Tuition and housing benefits payable	.....	.....	.....	10,344,816	.....
Other	.....	2,962	.....	.....	.....
Total noncurrent liabilities	2,961,758	349,312	3,018,906	10,344,944	23,144
Total liabilities	3,293,002	1,161,179	3,767,293	12,627,708	119,067
DEFERRED INFLOWS OF RESOURCES					
Deferred service concession arrangement receipts	140,259	.....	.....	.....	.....
Total deferred inflows of resources	140,259	.....	.....	.....	.....
NET POSITION					
Net investment in capital assets	5,756,589	3,215	5	2	.....
Restricted for Reemployment Assistance	.....	.....	.....	.....	1,158,339
Restricted for Lottery	.....	102,088	.....	.....	.....
Restricted for Hurricane Catastrophe Fund	.....	.....	8,295,259	.....	.....
Restricted for Prepaid College Program	.....	.....	.....	829,845	.....
Restricted for Transportation	168,934	.....	.....	.....	.....
Restricted - other	.....	.....	.....	.....	.....
Unrestricted	606,112	.....	.....	.....	.....
Total net position	$ 6,531,635	$ 105,303	$ 8,295,264	$ 829,847	$ 1,158,339

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

Nonmajor Enterprise Funds	Totals 6/30/13	Internal Service Funds
$ 9,607	$ 121,437	$ 54,118
304,752	1,877,230	453,160
17,528	11,972,456	76,667
21,100	1,210,723	24,144
6,920	18,212	34,646
2	1,050	1,179
.....	4,453	.....
939	3,085	.....
360,848	15,208,646	643,914
.....	23	.....
.....	67,220	.....
.....	1,274,494	.....
59,077	11,340,490	.....
3,304	1,812,613	.....
.....	885,690	322
.....	6,903,264	.....
106,708	638,054	1,397,330
(41,027)	(286,949)	(417,887)
15,586	647,531	179,661
.....	42,316	.....
143,648	23,324,746	1,159,426
504,496	38,533,392	1,803,340
14,805	779,476	151,339
.....	217,030	.....
.....	11,320	.....
8,274	199,724	33,822
10	10	11
4,229	5,090	3,652
977	977	2,418
.....	300,000	22,480
.....	118,960	.....
6,542	15,329	132,732
.....	206,945	.....
47,200	47,200	.....
20,291	1,793,219	30,560
.....	.....	37,105
.....	677,233	.....
102,328	4,372,513	414,119
.....	206,420	2,778
.....	343,442	.....
.....	5,773,524	313,678
.....	.....	576,394
3,121	3,121	15,605
.....	23,744	.....
13,124	16,280	13,320
.....	10,344,816	.....
17,594	20,556	30,681
33,839	16,731,903	952,456
136,167	21,104,416	1,366,575
.....	140,259	.....
.....	140,259	.....
81,268	5,841,079	193,554
.....	1,158,339	.....
.....	102,088	.....
.....	8,295,259	.....
.....	829,845	.....
.....	168,934	.....
4,165	4,165	114,268
282,896	889,008	128,943
$ 368,329	$ 17,288,717	$ 436,765

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(in thousands)

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/13	Internal Service Funds
OPERATING REVENUES								
Sales - nonstate	$ 5,236	$ 5,019,379	$ 1,254,213	$ 384,181	$	$ 93,415	$ 6,756,424	$ 46,741
Change in actuarial value of contract premiums	.....	.....	.....	(84,590)	.....	.....	(84,590)	.....
Fees	822,490	.....	.....	2,313	2,213,105	228,338	3,266,246	.....
Sales - state	.....	.....	41	.....	.....	34,770	34,811	1,990,803
Rents and royalties - nonstate	7,694	507	.....	.....	.....	7	8,208	279
Rents - state	.....	.....	.....	.....	.....	97	97	161,901
Fines, forfeits, settlements and judgments	7,966	178	1,626	.....	.....	15,280	25,050	25
Other	.....	.....	.....	.....	.....	2	2	15,878
Total operating revenues	843,386	5,020,064	1,255,880	301,904	2,213,105	371,909	10,006,248	2,215,627
OPERATING EXPENSES								
Benefit payments	.....	.....	.....	.....	2,389,913	.....	2,389,913	.....
Payment of lottery winnings	.....	3,162,889	.....	.....	.....	.....	3,162,889	.....
Commissions on lottery sales	.....	278,493	.....	.....	.....	.....	278,493	.....
Contractual services	255,767	114,014	3,489	375,284	.....	78,990	827,544	493,235
Change in actuarial value of contract benefit payments	.....	.....	(178,500)	(532,917)	.....	.....	(711,417)	.....
Insurance claims expense	.....	.....	.....	.....	.....	.....	.....	1,483,294
Personal services	15,613	25,560	1,217	938	.....	160,290	203,618	112,877
Depreciation	36,181	270	3	1	.....	5,800	42,255	25,660
Materials and supplies	4,699	1,344	15	45	.....	6,553	12,656	17,415
Repairs and maintenance	.....	1,112	1	22	.....	1,386	2,521	9,433
Basic services	.....	5,382	211	123	.....	29,497	35,213	14,612
Interest and fiscal charges	.....	.....	28	28	.....	3,023	3,079	.....
Total operating expenses	312,260	3,589,064	(173,536)	(156,476)	2,389,913	285,539	6,246,764	2,156,526
Operating income (loss)	531,126	1,431,000	1,429,416	458,380	(176,808)	86,370	3,759,484	59,101
NONOPERATING REVENUES (EXPENSES)								
Grants and donations	189	.....	.....	.....	1,420,101	28,988	1,449,278	.....
Investment earnings (losses)	2,926	(7,222)	39,620	(186,186)	21,880	998	(127,984)	(1,035)
Interest and fiscal charges	(113,797)	(30,533)	(78,223)	(6,529)	.....	(507)	(229,589)	(77,160)
Fines, forfeits, judgments and settlements	665	.....	.....	75	.....	.....	740	.....
Property disposition gain (loss)	(4,463)	(61)	.....	.....	.....	(155)	(4,679)	(1,600)
Grant expense and client benefits	.....	.....	.....	.....	.....	(1,100)	(1,100)	.....
Emergency assessment funds received	.....	.....	490,011	.....	.....	.....	490,011	.....
Other	5,684	.....	.....	8	333	(100)	5,925	.....
Total nonoperating revenues (expenses)	(108,796)	(37,816)	451,408	(192,632)	1,442,314	28,124	1,582,602	(79,795)
Income (loss) before transfers and contributions	422,330	1,393,184	1,880,824	265,748	1,265,506	114,494	5,342,086	(20,694)
Operating transfers in	16,557	.....	.....	.....	10,503	17,793	44,853	25,376
Operating transfers out	(22,103)	(1,424,482)	(10,000)	(938)	(17,203)	(97,506)	(1,572,232)	(14,565)
Capital contributions	.....	.....	.....	.....	.....	1	1	2,868
Change in net position	416,784	(31,298)	1,870,824	264,810	1,258,806	34,782	3,814,708	(7,015)
Total net position - beginning, as restated (Note 1)	6,114,851	136,601	6,424,440	565,037	(100,467)	333,547	13,474,009	443,780
Total net position - ending	$ 6,531,635	$ 105,303	$ 8,295,264	$ 829,847	$ 1,158,339	$ 368,329	$ 17,288,717	$ 436,765

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, 2013
(in thousands)

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/13	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from customers	$ 831,975	$ 5,010,796	$ 1,258,454	$ 480,586	$ 2,213,427	$ 377,482	10,172,720	$ 2,250,907
Cash paid to vendors	(361,285)	(401,133)	(3,612)	(466,650)	.....	(119,132)	(1,351,812)	(526,506)
Cash paid to employees	(15,615)	(24,701)	(1,220)	(889)	.....	(155,942)	(198,367)	(103,138)
Cash paid for grants made	.....	.....	.....	.....	.....	.....	.....	.....
Loans collected/(issued)	.....	.....	.....	.....	.....	(1,605)	(1,605)	.....
Lottery prizes	.....	(3,154,135)	.....	.....	.....	.....	(3,154,135)	.....
Cash paid for insurance claims	.....	.....	(21,799)	.....	.....	(60)	(21,859)	(1,498,144)
Reemployment assistance	.....	.....	.....	.....	(2,371,043)	(496)	(2,371,539)	.....
Net cash provided (used) by operating activities	455,075	1,430,827	1,231,823	13,047	(157,616)	100,247	3,073,403	123,119
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers in (out)	(54,757)	(1,399,584)	(10,000)	(938)	(5,767)	(78,167)	(1,549,213)	7,949
Advances from or repayment from other funds	(5,930)	.....	.....	.....	.....	.....	(5,930)	.....
Advances, grants or loans (to) from or repayment from others	(1,796)	.....	.....	8	(673,665)	(1,088)	(676,541)	.....
Cash received from sale of bonds	113,579	.....	1,991,694	.....	.....	.....	2,105,273	.....
Payment of bonds or loans (principal and interest)	.....	.....	(3,879,627)	.....	.....	.....	(3,879,627)	.....
Cash received from noncapital grants or donations	.....	.....	.....	.....	1,455,015	24,288	1,479,303	.....
Emergency assessment funds received	.....	.....	475,498	.....	.....	.....	475,498	.....
Net cash provided (used) by noncapital financing activities	51,096	(1,399,584)	(1,422,435)	(930)	775,583	(54,967)	(2,051,237)	7,949
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Cash received from sale of capital assets	.....	.....	.....	.....	.....	29	29	.....
Cash received from the sale of bonds	113,579	.....	.....	.....	.....	.....	113,579	.....
Cash received from capital grants and donations	189	.....	.....	.....	.....	3,007	3,196	.....
Payment of bond principal	(160,920)	.....	.....	.....	.....	.....	(160,920)	(35,355)
Payment of principal on installment purchase/capital lease	.....	.....	.....	.....	.....	.....	.....	(23,041)
Payment of interest on bonds/installment purchase/capital lease	(139,020)	.....	.....	.....	.....	.....	(139,020)	(46,683)
Purchase or construction of capital assets	(351,358)	(2,190)	(5)	(2)	.....	(9,204)	(362,759)	(35,299)
Line of credit draws/(payments)	.....	.....	.....	.....	.....	655	655	.....
Net cash provided (used) by capital and related financing activities	(537,530)	(2,190)	(5)	(2)	.....	(5,513)	(545,240)	(140,378)
CASH FLOWS FROM INVESTING ACTIVITIES								
Security lending	(21,277)	61,209	.....	1,147	.....	(770)	40,309	(16,176)
Proceeds from the sale or maturity of investments	1,534,434	130,728	334,908,246	13,009,009	.....	87,578	349,669,995	.....
Cash paid to grand prize winners upon maturity of grand prize investments	.....	(130,728)	.....	.....	.....	.....	(130,728)	.....
Investment earnings	7,110	2,825	22,307	106,205	19,846	414	158,707	(16,249)
Purchase of investments	(1,648,064)	.....	(334,739,965)	(13,118,685)	.....	(90,073)	(349,596,787)	(15)
Net cash provided (used) by investing activities	(127,797)	64,034	190,588	(2,324)	19,846	(2,851)	141,496	(32,440)
Net increase (decrease) in cash and cash equivalents	(159,156)	93,087	(29)	9,791	637,813	36,916	618,422	(41,750)
Cash and cash equivalents - beginning, as restated	987,321	143,930	167	14,056	24,571	277,443	1,447,488	549,028
Cash and cash equivalents - ending	$ 828,165	$ 237,017	$ 138	$ 23,847	$ 662,384	$ 314,359	$ 2,065,910	$ 507,278

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, 2013
(in thousands)

Reconciliation of operating income (loss) to net cash provided (used) by operating activities	Transportation	Lottery	Hurricane Catastrophe Fund
Operating income (loss)	$ 531,126	$ 1,431,000	$ 1,429,416
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	36,181	270	3
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(7,320)	(9,570)	3,765
(Increase) decrease in due from other funds	(15,266)	.....	.....
Increase (decrease) in allowance for uncollectibles	.....	301	.....
(Increase) decrease in inventories	487	280	.....
(Increase) decrease in other non-current assets	.....	958	.....
Increase (decrease) in accounts payable	(84,096)	(1,067)	(201,366)
Increase (decrease) in compensated absences	.....	93	1
Increase (decrease) in due to other funds	(4,126)	.....	4
Increase (decrease) in other non-current liability	(1,566)	767	.....
(Increase) decrease in deposits	61	.....	.....
Increase (decrease) in deferred revenue	(406)	.....	.....
Increase (decrease) in prize liability	.....	7,795	.....
Net cash provided (used) by operating activities	$ 455,075	$ 1,430,827	$ 1,231,823
Noncash investing, capital, and financing activities			
Change in fair value of investments	$	$	$ .....
Contribution of capital assets	.....	.....	.....

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

Prepaid College Program	Reemployment Assistance	Nonmajor Enterprise Funds	Totals 6/30/13	Internal Service Funds
$ 458,380	$ (176,808)	$ 86,370	$ 3,759,484	$ 59,101
1	.....	5,800	42,255	25,660
92,922	33,612	(3,768)	109,641	3,971
(7,808)	.....	(3,606)	(26,680)	(8,901)
.....	16,232	2,028	18,561	.....
.....	.....	.....	767	.....
.....	.....	24	982	.....
(530,505)	(30,590)	(1,275)	(848,899)	(13,326)
55	.....	667	816	2,176
2	(62)	172	(4,010)	7,531
.....	.....	4,260	3,461	6,697
.....	.....	7	68	.....
.....	.....	9,568	9,162	40,210
.....	.....	.....	7,795	.....
$ 13,047	$ (157,616)	$ 100,247	$ 3,073,403	$ 123,119
$	$	$ 316	$ 316	$ .....
.....	.....	82	82	2,834

THIS PAGE INTENTIONALLY LEFT BLANK

FIDUCIARY FUND FINANCIAL STATEMENTS

PRIVATE-PURPOSE TRUST FUNDS
Individual fund descriptions and financial statements begin on page 213.

PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
Individual fund descriptions and financial statements begin on page 219.

INVESTMENT TRUST FUNDS
Individual fund descriptions and financial statements begin on page 225.

AGENCY FUNDS
Individual fund descriptions and financial statements begin on page 229.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013
(in thousands)

	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Agency Funds	Totals 6/30/13
ASSETS					
Cash and cash equivalents	$ 12,101	$ 278,439	$	$ 16,368	$ 306,908
Pooled investments with State Treasury	564,212	77,405	1,531,754	1,043,444	3,216,815
Total cash and cash equivalents	576,313	355,844	1,531,754	1,059,812	3,523,723
Investments					
Certificates of deposit	.....	2,051,388	2,462,184	.....	4,513,572
U.S. government & federally guaranteed obligations	28,738	9,937,361	.....	347,719	10,313,818
Federal agencies	37,527	7,792,894	.....	5,599	7,836,020
Commercial paper	.....	4,755,488	1,252,661	.....	6,008,149
Repurchase agreements	.....	750,000	639,694	.....	1,389,694
Bonds and notes	49,589	9,053,786	725,959	.....	9,829,334
International bonds and notes	6,175	2,451,499	.....	.....	2,457,674
Real estate contracts	.....	9,040,776	.....	.....	9,040,776
Mutual fund investments	3,079	14,550,716	.....	.....	14,553,795
Money market and short-term investments	50,972	1,595,363	850,593	.....	2,496,928
Domestic equity	133,958	38,450,982	.....	.....	38,584,940
Alternative Investments	.....	13,555,756	.....	.....	13,555,756
International equity	34,113	33,948,813	.....	.....	33,982,926
Deferred compensation annuities	.....	33,001	.....	.....	33,001
Other investments	.....	1,034	.....	100	1,134
Total investments	344,151	147,968,857	5,931,091	353,418	154,597,517
Receivables					
Accounts receivable	22,253	8,952	.....	525,075	556,280
State contributions receivable	.....	40,027	.....	.....	40,027
Nonstate contributions receivable	1	211,707	.....	.....	211,708
Interest receivable	1,041	190,658	2,551	1,873	196,123
Dividends receivable	217	172,599	.....	.....	172,816
Pending investment sales	2,470	2,407,948	.....	.....	2,410,418
Foreign currency contracts receivable	18	532,042	.....	.....	532,060
Due from state funds	1	18,645	.....	100,227	118,873
Due from other governments	12,378	.....	.....	4,565	16,943
Total receivables	38,379	3,582,578	2,551	631,740	4,255,248
Security lending collateral	.....	3,245,417	.....	.....	3,245,417
Advances to other funds	811,623	.....	.....	.....	811,623
Advances to other entities	1,114,288	.....	.....	.....	1,114,288
Capital assets	15,000	854	.....	.....	15,854
Accumulated depreciation	(1,021)	(430)	.....	.....	(1,451)
Other assets	6,663	6,135	18	.....	12,816
Total assets	2,905,396	155,159,255	7,465,414	2,044,970	167,575,035
LIABILITIES					
Accounts payable and accrued liabilities	8,613	70,017	612	588,886	668,128
Due to other funds	9,675	23,634	51	104,591	137,951
DROP	.....	3,209,149	.....	.....	3,209,149
Pending investment purchases	18,814	6,679,056	.....	.....	6,697,870
Short sell obligations	.....	367,076	.....	.....	367,076
Foreign currency contracts payable	18	526,766	.....	.....	526,784
Broker rebate fees	.....	47	.....	.....	47
Due to other governments	3,798	.....	254	454,254	458,306
Obligations under security lending agreements	43,136	3,322,221	121,254	35,446	3,522,057
Claims payable	2,928	15	.....	21,616	24,559
Deposits payable	8,178	12,208	.....	840,177	860,563
Compensated absences	383	915	.....	.....	1,298
Other liabilities	414	9,855	.....	.....	10,269
Total liabilities	95,957	14,220,959	122,171	2,044,970	16,484,057
NET POSITION					
Held in trust for pension benefits and other purposes	$ 2,809,439	$ 140,938,296	$ 7,343,243	$	$151,090,978

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, 2013
(in thousands)

	Private-purpose Trust Funds	Pension and Other Employee Benefits Trust Funds	Investment Trust Funds	Totals 6/30/13
ADDITIONS				
Contributions and other deposits				
Pension fund employer contributions - state	$	$ 474,550	$	$ 474,550
Pension fund employer contributions - nonstate	.....	1,543,078	.....	1,543,078
Pension fund employee contributions	.....	890,291	.....	890,291
Other contributions	.....	142,729	.....	142,729
Purchase of time by employees	.....	9,571	.....	9,571
Fees	2,306	1,209	.....	3,515
Grants and contributions	214,546	.....	.....	214,546
Flexible benefits contributions	.....	239,872	.....	239,872
Fines, forfeits, settlements and judgments	863	29,056	.....	29,919
Unclaimed property remittances	470,348	.....	.....	470,348
Receivership assets acquired	104,456	.....	.....	104,456
Transfers in from state funds	938	845,463	110,614	957,015
Total contributions and other deposits	793,457	4,175,819	110,614	5,079,890
Investment income				
Interest income	5,370	1,515,768	21,129	1,542,267
Dividends	3,349	2,053,815	.....	2,057,164
Other investment income	1,492	133,150	.....	134,642
Net increase (decrease) in fair market value	18,096	13,993,726	45,023	14,056,845
Total investment income	28,307	17,696,459	66,152	17,790,918
Investment activity expense	(1,340)	(411,134)	(3,833)	(416,307)
Net income (loss) from investing activity	26,967	17,285,325	62,319	17,374,611
Security lending activity				
Security lending income	35	56,229	.....	56,264
Security lending expense	(5)	(7,791)	.....	(7,796)
Net income from security lending	30	48,438	.....	48,468
Total net investment income	26,997	17,333,763	62,319	17,423,079
Other additions	9,915	1	.....	9,916
Total additions	830,369	21,509,583	172,933	22,512,885
DEDUCTIONS				
Benefit payments	.....	9,509,236	.....	9,509,236
Insurance claims expense	159,535	.....	.....	159,535
Supplemental insurance payments	.....	69,811	.....	69,811
Flexible reimbursement payments	.....	23,039	.....	23,039
Life insurance premium payments	.....	30,644	.....	30,644
Remittances to annuity companies	.....	158,909	.....	158,909
Interest expense	643	2	.....	645
Student loan default payments	188,899	.....	.....	188,899
Payments to unclaimed property claimants	253,129	.....	.....	253,129
Distribution to State School Fund	150,499	.....	.....	150,499
Administrative expense	28,458	59,743	55	88,256
Property disposition gain (loss)	.....	1	.....	1
Transfers out to state funds	3,041	878,452	110,614	992,107
Other deductions	19,399	10,202	.....	29,601
Total deductions	803,603	10,740,039	110,669	11,654,311
Depositor activity				
Deposits	96,103	.....	13,663,972	13,760,075
Withdrawals	(132,254)	.....	(13,685,997)	(13,818,251)
Excess (deficiency) of deposits over withdrawals	(36,151)	.....	(22,025)	(58,176)
Change in net position	(9,385)	10,769,544	40,239	10,800,398
Net position - beginning	2,818,824	130,168,752	7,303,004	140,290,580
Net position - ending	$ 2,809,439	$ 140,938,296	$ 7,343,243	$ 151,090,978

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

THIS PAGE INTENTIONALLY LEFT BLANK

COMPONENT UNIT FINANCIAL STATEMENTS

Major Component Units

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

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

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

Nonmajor Component Units

Nonmajor component units are presented beginning on page 235.

STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2013
(in thousands)

	Florida Housing Finance Corporation	University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/13
ASSETS					
Cash and cash equivalents	$ 356,396	$ 173,015	$ 1,282,987	$ 819,240	$ 2,631,638
Pooled investments with State Treasury	327,954	867,855	.....	1,423,760	2,619,569
Other investments	2,044,807	615,470	13,764,422	4,394,346	20,819,045
Receivables, net	301,614	502,884	376,310	956,816	2,137,624
Due from component units/primary	.....	19,980	.....	298,345	318,325
Inventories	.....	27,602	.....	40,281	67,883
Restricted cash and cash equivalents	.....	29,941	11,112	365,605	406,658
Restricted pooled investments with State Treasury	.....	101,357	.....	629,863	731,220
Restricted investments	.....	1,940,040	.....	2,877,942	4,817,982
Other loans and notes receivable, net	2,671,855	36,375	254,089	51,030	3,013,349
Other assets	18,930	304,393	436,737	331,131	1,091,191
Capital assets, net	.....	2,891,015	16,505	19,622,029	22,529,549
Total assets	5,721,556	7,509,927	16,142,162	31,810,388	61,184,033
DEFERRED OUTFLOWS OF RESOURCES					
Accum. decrease in fair value -Hedging derivatives	.....	39,425	.....	13,739	53,164
Total deferred outflows of resources	.....	39,425	.....	13,739	53,164
LIABILITIES					
Accounts payable and accrued liabilities	77,578	419,395	1,732,174	848,772	3,077,919
Due to component units/primary	.....	.....	.....	113,341	113,341
Deferred revenues	85,156	85,496	.....	319,904	490,556
Long-term liabilities					
Due within one year	414,977	101,769	2,545,964	302,626	3,365,336
Due in more than one year	3,210,614	1,398,594	5,106,099	5,005,147	14,720,454
Total liabilities	3,788,325	2,005,254	9,384,237	6,589,790	21,767,606
DEFERRED INFLOWS OF RESOURCES					
Deferred service concession arrangement receipts	.....	.....	.....	2,404	2,404
Total deferred inflows of resources	.....	.....	.....	2,404	2,404
NET POSITION					
Net investment in capital assets	.....	1,981,462	16,505	16,619,923	18,617,890
Restricted for					
Debt service	.....	5,453	.....	78,642	84,095
Other	1,819,915	999,101	.....	3,008,783	5,827,799
Funds held for permanent endowment					
Expendable	.....	273,155	.....	367,699	640,854
Nonexpendable	.....	1,163,736	.....	2,145,343	3,309,079
Unrestricted	113,316	1,121,191	6,741,420	3,011,543	10,987,470
Total net position	$ 1,933,231	$ 5,544,098	$ 6,757,925	$ 25,231,933	$ 39,467,187

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, 2013
(in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Florida Housing Finance Corporation	University of Florida	Citizens Property Insurance Corporation	Nonmajor Component Units	Totals 6/30/13
Florida Housing Finance Corporation	$ 188,544	$ 216,633	$	$	$ 28,089	$	$	$	$ 28,089
University of Florida	4,322,636	2,864,447	788,569	21,070	.....	(648,550)	.....	.....	(648,550)
Citizens Property Insurance Corporation	1,859,118	2,296,975	.....	.....	.....	.....	437,857	.....	437,857
Nonmajor component units	10,949,743	3,156,462	3,740,408	465,805	.....	.....	.....	(3,587,068)	(3,587,068)
Total component units	$ 17,320,041	$ 8,534,517	$ 4,528,977	$ 486,875	28,089	(648,550)	437,857	(3,587,068)	(3,769,672)
General revenues									
Property taxes					.....	.....	.....	479,888	479,888
Investment earnings (losses)					.....	164,175	278,446	434,545	877,166
Gain (loss) on sale of capital assets					.....	(2,698)	.....	(19,361)	(22,059)
Payments from the State of Florida					.....	494,979	.....	2,425,172	2,920,151
Miscellaneous					(108,977)	136,864	6,830	531,621	566,338
Contributions to permanent funds					.....	40,184	.....	41,005	81,189
Total general revenues and contributions					(108,977)	833,504	285,276	3,892,870	4,902,673
Change in net position					(80,888)	184,954	723,133	305,802	1,133,001
Net position - beginning					2,014,119	5,405,088	6,034,792	24,926,131	38,380,130
Adjustments to increase (decrease) beginning net position					.....	(45,944)	.....	.....	(45,944)
Net position - ending					$ 1,933,231	$ 5,544,098	$ 6,757,925	$ 25,231,933	$ 39,467,187

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

THIS PAGE INTENTIONALLY LEFT BLANK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

NOTE		PAGE
1	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	56
2	DEPOSITS AND INVESTMENTS	68
3	RECEIVABLES AND PAYABLES	96
4	TAXES	100
5	CAPITAL ASSETS	101
6	PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS	104
7	COMMITMENTS AND OPERATING LEASES	113
8	BONDS PAYABLE AND CERTIFICATES OF PARTICIPATION	115
9	INSTALLMENT PURCHASES, CAPITAL LEASES, ADVANCES FROM FEDERAL GOVERNMENT, AND PUBLIC-PRIVATE PARTNERSHIPS	125
10	CHANGES IN LONG-TERM LIABILITIES	127
11	INTERFUND BALANCES AND TRANSFERS	129
12	RISK MANAGEMENT	134
13	FLORIDA PREPAID COLLEGE PROGRAM	136
14	INSURANCE ENTERPRISES	137
15	CONTINGENCIES	141
16	LITIGATION	142
17	DEFICIT FUND EQUITY	144
18	SUBSEQUENT EVENTS	145

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Blended Component Units

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

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

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

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

* The state's financial statements do not include amounts relating to this component unit. The assets of this component unit at June 30, 2013, are approximately $69,000.

Discretely Presented Component Units

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

In addition, financial data for discretely presented component units that are considered major are reported in separate columns in the basic financial statements for component units. Discretely presented component units that are considered nonmajor are combined and reported in one column in the component unit financial statements and are aggregated by type in the combining statements. The state's financial statements are reported for the fiscal year ended June 30, 2013. The state's component units' financial statements are reported for the most recent fiscal year for which an audit report is available. Some component units have a fiscal year other than June 30. Accordingly, amounts reported by the state as due from and to component units on the statement of net position may not agree with amounts reported by the component units as due from and to the state**.** Refer to Section D of this note for more information on major fund determination and presentation. The state's discretely presented component units are grouped into the following categories:

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

State Universities

Major:
- University of Florida

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

Florida College System Institutions

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

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

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

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

Nonmajor:

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

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

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

Nonmajor:

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

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

*The state's financial statements do not include amounts relating to several component units. The assets and revenues relating to these component units totaled $99 million and $138 million, respectively. These amounts represent one percent or less of total aggregate component unit assets and revenues.

Joint Ventures

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

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

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

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

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

Related Organizations

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

Contact

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

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

Joint ventures may be contacted directly for their financial statements.

B. Basic Financial Statements

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

C. Basis of Accounting

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

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

D. Basis of Presentation

Major Funds

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

Major Governmental Funds

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

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

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

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

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

Major Business-type Funds

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

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

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

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

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

Fund Types

Additionally, the state reports the following fund types:

Internal Service Funds

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

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

Fiduciary Fund Types

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

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

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

Agency Funds - funds that are used to report resources held by the state in a purely custodial capacity. For example, these funds account for asset and liability balances related to retiree health care, taxes collected and held by the Department of Revenue for other entities, and student funds held by the School for Deaf and 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 alternative investments, where no readily ascertainable market value exists (including limited partnerships, hedge funds, and real estate pooled funds), management has determined fair values for the individual investments based on the net asset value (capital account balance) at the closest available reporting period, as communicated by the general partner, 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 the partnerships are audited by independent auditors.

All real estate direct-owned properties are required to be valued by independent, licensed appraisers selected by an appraisal management company retained by the SBA. Appraisals on debt associated with direct-owned properties are also required. The

external appraisals are generally spread evenly throughout the year depending upon property type. The annual appraised value is adjusted for subsequent events (capital calls and capital distributions; operating income and expenses; and realized gains and losses) to derive the monthly market value. Direct-owned properties are held within title holding companies whose financial statements are subject to annual audit by an auditing firm retained by the SBA.

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

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

Investment detail is included in Note 2.

Inventories

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

Capital Assets

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

Deferred Outflows of Resources

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

Long-term Liabilities

Refer to Note 8 for information on bonds payable and certificates of participation, Note 9 for information on installment purchases, capital leases, advances from the Federal government, 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, 2013, the government-wide statement of net position reported a restricted net position of $18.7 billion, of which $10.9 billion is restricted by enabling legislation.

Components of Fund Balance

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

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

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

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

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

Fund Balances Classifications and Special Revenue by Purpose – The Governmental Accounting Standards Board, in Statement No. 54, 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, 2013 (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	$ 10,109	$ 563	$ 36	$ 34,748	$ 11,026	$ 1,925	$ 58,407
Long-term Receivables and Advances	17,409	41,826	.....	.....	.....	11,170	70,405
Permanent Fund Principal	.....	.....	.....	.....	.....	15,839	15,839
Total	27,518	42,389	36	34,748	11,026	28,934	144,651
Restricted:							
Grantors/Contributors	150	14,324	.....	11,058	32,316	29,317	87,165
Enabling Legislation	27,624	19,112	.....	25,695	50	381,789	454,270
Constitutional Provision	.....	15,115	284,403	.....	.....	5,308	304,826
Creditors	8,759	103,845	841,397	6,045	.....	1,466,990	2,427,036
Federal Government	23,826	1,793,137	27,565	86,472	25,000	132,923	2,088,923
Total	60,359	1,945,533	1,153,365	129,270	57,366	2,016,327	5,362,220
Committed:	746,914	555,334	390,738	1,473,365	1,597,310	863,712	5,627,373
Unassigned:	5,322,056	.....	(743,777)	.....	.....	.....	4,578,279
Total Fund Balances	$ 6,156,847	$ 2,543,256	$ 800,362	$ 1,637,383	$ 1,665,702	$ 2,908,973	$ 15,712,523

Section 215.32(2)(b)4.a, F.S., provides that the unappropriated cash balances from selected trust funds may be authorized by the Legislature for transfer to the Budget Stabilization Fund and the General Revenue Fund through the General Appropriation Act. The amounts indicated below were identified in the State's 2013-14 General Appropriations Act as being unappropriated June 30, 2013, cash balances that are to be transferred to and from the funds indicated during the 2013-14 fiscal year.

Transfer to (from) Fund	$ 125,800	$ (23,000)	$	$ (95,000)	$	$ (7,800)	$ .....
Transfer from Non-Governmental Funds	227,630	.....	.....	.....	.....	.....	227,630
Totals	353,430	(23,000)	.....	(95,000)	.....	(7,800)	227,630

F. Interfund Activity and Balances

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

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

For additional information, refer to Note 11.

G. Nonmonetary Transactions

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

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

H. Operating and Nonoperating Revenues

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

I. Accounting and Reporting Changes

Accounting Changes

The state implemented GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement establishes guidance for accounting and financial reporting for service concession arrangements. These arrangements are often referred to as public-private or public-public partnership. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. As a result of implementing this Statement, presentation and terminology changes were made to the government-wide statements and fund financial statements.

The state implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement modifies existing requirements used for assessing potential component units in determining what should be included in the financial reporting entity, and the financial reporting entity display and disclosure requirements. Implementing this statement resulted in no changes to the financial reporting entity or display; however, the note disclosures were revised to reflect the new disclosure requirements.

The state implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance from other pronouncements that were issued on or before November 30, 1989.

The state implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides guidance for reporting transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods (deferred outflows of resources and deferred inflows of resources). As a result of implementing this Statement, presentation and terminology changes were made to the government-wide statements and fund financial statements.

Changes in Reporting Component Units

Florida Polytechnic University was determined to be a new component unit of the State of Florida for the fiscal year ended June 30, 2013.

Space Florida, a blended component unit previously reported as a governmental special revenue fund, was determined to be an enterprise fund. The following is a reconciliation of prior year ending equity balances to current year restated beginning balances (in thousands):

	6/30/2012, As Previously Reported	Fund and Other Reclassifications	6/30/2012, As Restated
GOVERNMENTAL FUNDS AND ACTIVITIES			
Government-wide Reconciling items	$ 65,677	$ (65,677)	$ .....
Special Revenue Funds			
Nonmajor Special Revenue Funds	16,824	(16,824)	.....
TOTAL GOVERNMENTAL FUNDS AND ACTIVITIES	$ 82,501	$ (82,501)	$ .....
PROPRIETARY FUNDS AND BUSINESS-TYPE ACTIVITIES			
Enterprise Funds			
Nonmajor Enterprise Funds	$	$ 82,501	$ 82,501
TOTAL PROPRIETARY FUNDS AND BUSINESS-TYPE ACTIVITIES	$	$ 82,501	$ 82,501

J. Prior Period Adjustments

Fund balances and net position at July 1, 2013, have been adjusted as follows in relation to the activities of prior years (in thousands):

GOVERNMENTAL ACTIVITIES		
Governmental Funds		
Transportation		
To increase beginning net position to report receivables for revenues earned in a prior period		
Total Governmental Funds	$ 196,159	
Government-wide Reconciling Items		
Transportation		
To decrease beginning net position to remove capitalized infrastructure relating to assets of another entity		
Total Government-wide Reconciling Items	$(120,605)	
TOTAL GOVERNMENTAL ACTIVITIES		**$ 75,554**
COMPONENT UNITS		
Major Component Units		
University of Florida		
To decrease net position related to accounting changes and implementation of GASB standards	$ (45,944)	
Total Major Component Units		**$ (45,944)**

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 $708.8 million in cash at June 30, 2013. The planned repayment schedule is presented below. The first repayment was made in June 2013, resulting in a remaining balance of $643,444,350. Both of these funds are included within the General Fund, therefore, pursuant to generally accepted governmental accounting principles, the Advances to other funds and Advances from other funds were eliminated.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

At June 30, 2013, the state's deposits in financial institutions totaled approximately $1.4 billion for primary government and $3.0 billion for discretely presented component units.

1. Custodial Credit Risk

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

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

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

At June 30, 2013, the following deposits were not secured pursuant to Chapter 280, F.S., and were exposed to custodial credit risk because they were uninsured and (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the state's name (in thousands).

Custodial Credit Risk
As of June 30, 2013

	Bank Statement Balance (in U.S. $)	
Custodial Credit Risk	Primary Government	Component Units
(1)	$ 346,618	$ 290,462
(2)	.....	427,189
(3)	.....	38,444
Total deposits subject to custodial credit risk	$ 346,618	$ 756,095

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 investment policy statements approved by SBA Trustees on February 9, 2012, foreign and domestic equity securities are included in the global equity asset class. The FRS Pension Trust Fund and LCEF have target allocations to global equities of 52% and 71%, respectively, with policy ranges from 44-60% for FRS and 61-81% for LCEF, but within these ranges there are no limits on the amount of foreign equity securities that are not denominated in U.S. dollars. In both cases, Florida law limits the exposure to foreign securities to 35% of the total fund. The FRS Pension Trust Fund and LCEF investment plans may be modified in the future if the SBA adopts changes. This investment activity in foreign investments resulted in deposits in foreign currency as of June 30, 2013, as illustrated in the following schedule (in thousands):

Foreign Currency Deposits Held
As of June 30, 2013

	Bank Statement Balance (in U.S. $)			
Currency	FRS Pension Trust Fund	LCEF	Prepaid Program	Total
Australian dollar	$ 14,390	$ 271	$ 25	$ 14,686
Brazilian real	2,333	35	.....	2,368
British pound sterling	31,719	37	25	31,781
Canadian dollar	4,371	12	.....	4,383
Chilean peso	120	.....	.....	120
Columbian peso	194	.....	.....	194
Egyptian pound	408	.....	.....	408
Euro currency unit	77,865	324	103	78,292
Hong Kong dollar	10,629	20	31	10,680
Indian rupee	2,974	.....	.....	2,974
Indonesian rupiah	1,253	9	.....	1,262
Israeli shekel	708	183	17	908
Japanese yen	32,109	185	253	32,547
Malaysian ringgit	622	8	.....	630
Mexican new peso	549	85	.....	634
New Zealand dollar	131	.....	28	159
Norwegian krone	2,080	78	5	2,163
Pakistan rupee	502	.....	.....	502
Philippines peso	641	.....	.....	641
Polish zloty	2,604	335	.....	2,939
Qatari rival	887	.....	.....	887
Singapore dollar	3,978	14	15	4,007
South African rand	827	.....	.....	827
South Korean won	1,861	.....	.....	1,861
Swedish krona	1,864	.....	14	1,878
Swiss franc	1,332	1	.....	1,333
Taiwan new dollar	16,849	.....	.....	16,849
Thailand baht	1,260	345	.....	1,605
Turkish new lira	1,522	66	.....	1,588
UAE dirham	708	.....	.....	708
Vietnam dong	2,317	.....	.....	2,317
Other	281	12	.....	293
Total deposits subject to foreign currency risk	$ 219,888	$ 2,020	$ 516	$ 222,424

B. Investments

At June 30, 2013, the state's investments in governmental and business-type activities and fiduciary funds totaled $202.1 billion, consisting of pooled investments with the State Treasury in the amount of $18.3 billion and other investments in the amount of $183.8 billion. The State Treasury also had holdings at June 30, 2013, of $3.6 billion for discretely presented component units in total. These investments are not reported as part of the primary government and may be different from the amounts reported by some component units due to different reporting periods. Other investments for discretely presented component units totaled $ 24.8 billion.

Pooled Investments with the State Treasury

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

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

Redemptions are on a dollar in/dollar out basis adjusted for distributed income. The fair value of the pooled investments with the State Treasury is determined at fiscal yearend 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, 2013, was $16.7 billion or 76% of the pool.

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

Condensed Statement of Fiduciary Net Position
June 30, 2013

ASSETS	
Current and Other Assets	$ 23,356,838
Total Assets	23,356,838
LIABILITIES	
Other Liabilities	3,217,992
Total Liabilities	3,217,992
NET POSITION	
Net position held for Internal Pool Participants	18,727,568
Net position held for External Pool Participants	1,411,278
	$ 20,138,846

Condensed Statement of Changes in Fiduciary Net Position
June 30, 2013

ADDITIONS	
Net income (loss) from investing activity	$ (23,671)
DEDUCTIONS	
Distributions paid and payable	23,671
DEPOSITOR ACTIVITY	
Deposits	131,092,943
Withdrawals	(129,327,133)
Excess (deficiency) of deposits over withdrawals	1,765,810
Change in net position	1,765,810
Net position, beginning	18,373,036
Net position, ending	$ 20,138,846

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

Summary of Investment Holdings

	Par	Fair Value	Range of Interest Rates *	Range of Maturity Dates
Commercial Paper	$ 390,000	$ 389,984	.05%-.11%	7/1/2013-8/1/2013
Repurchase Agreements	1,753,146	1,753,146	.01%-.15%	7/1/2013-7/3/2013
U.S. Guaranteed Obligations	4,622,772	4,580,501	.12%-31.63%	8/31/2013-12/20/2062
Federal Agencies	5,064,127	5,028,418	.11%-18.00%	7/12/2013-3/1/2041
Domestic Bonds & Notes	4,902,140	3,733,557	0%-10.35%	7/2/2013-7/1/2111
International Bonds & Notes	620,552	630,662	0%-9.63%	8/1/2013-12/20/2054
Federal Agencies Discounted Securities	3,777,816	3,776,539	.01%-3.44%	7/1/2013-3/25/2042
U.S. Guaranteed Obligations Discounted Securities	1,335,305	1,326,830	.01%-3.69%	7/5/2013-5/15/2030
Commingled STIF	634,981	634,981	N/A	N/A
Unemployment Compensation Funds	667,942	667,942	N/A	N/A
Totals	$ 23,768,781	$ 22,522,560		

* The coupon rate in effect at June 30, 2013, is reported. If a security is discounted, the purchase yield is reported.

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

The schedule below discloses the detail of the State Treasury holdings at fair value at June 30, 2013, as well as reconciliation to the basic financial statements (in thousands):

Schedule of Pooled Investments with State Treasury
As of June 30, 2013

Investment type	Fair Value
Commercial paper	$ 389,984
Repurchase agreements	523,288
U.S. guaranteed obligations	5,907,331
Federal agencies	8,728,987
Bonds and notes - domestic	3,419,298
Bonds and notes - international	516,219
Commingled STIF	634,981
Unemployment compensation funds pooled with U. S. Treasury	667,942
Total investments excluding security lending collateral**	20,788,030
Lending collateral investments:	
Repurchase agreements	1,229,858
Federal Agencies	75,970
Bonds and notes - domestic	314,259
Bonds and notes - international	114,443
Total lending collateral investments	1,734,530
Total investments	22,522,560
Cash on deposit	834,278
Total State Treasury holdings	23,356,838
Adjustments:	
Outstanding warrants	(808,247)
Outstanding deposits	(39,999)
SPIA Revolving Account*	(7,761)
Unsettled securities liability	(627,454)
Reconciled balance, June 30, 2013	$ 21,873,377
Reconciliation to the basic financial statements (in thousands):	
Pooled investments with State Treasury	
Governmental activities	$ 13,120,139
Business-type activities	1,877,230
Fiduciary funds	3,216,815
Component units	2,619,569
Component units timing difference	241,184
Total pooled investments with State Treasury	21,074,937
Restricted pooled investments with State Treasury	
Business-type activities	67,220
Component units	731,220
Total restricted pooled investments with State Treasury	798,440
Total pooled investments with State Treasury	$ 21,873,377

* 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 77% of total other investments at June 30, 2013. Investments in the FRS Investment Plan Trust Fund (Defined Contribution Pension Fund) represents 4.3% of total other investment, while investments in the Florida Hurricane Catastrophe Fund and the Florida Prepaid College Trust Fund represented another 6.6% and 6.2%, 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, 2013, as well as reconciliation to the basic financial statements (in thousands):

Schedule of Other Investments
As of June 30, 2013

	Fair value			
		Other funds		
Investment type	FRS Pension Trust Fund	Managed by SBA	Not managed by SBA	Total
Certificates of deposit	$ 2,051,388	$ 3,511,958	$ 2,280	$ 5,565,626
Commercial paper	4,755,488	6,142,277	.....	10,897,765
Money market funds	302,990	2,777,286	12,072	3,092,348
Repurchase agreements	750,000	2,600,782	.....	3,350,782
U.S. guaranteed obligations	9,937,361	8,963,425	31,828	18,932,614
Federal agencies	7,792,894	5,237,267	9,240	13,039,401
Domestic bonds & notes	7,694,298	2,426,225	1,370,666	11,491,189
Domestic bonds & notes commingled funds	.....	2,511,094	.....	2,511,094
International bonds & notes	2,451,499	287,859	422	2,739,780
Domestic stocks	38,428,785	820,753	30,489	39,280,027
Domestic equity commingled funds	.....	3,086,070	.....	3,086,070
International stocks	33,946,698	368,274	4,303	34,319,275
International equity commingled funds	6,291,530	1,199,979	.....	7,491,509
Alternative investments	13,555,756	.....	.....	13,555,756
Real estate investments	9,040,776	.....	.....	9,040,776
Option contracts purchased	1,034	.....	.....	1,034
Swap contracts (debt related)	(1,638)	.....	.....	(1,638)
Mutual funds	.....	.....	1,537,443	1,537,443
Deferred compensation annuities	.....	.....	33,001	33,001
Investment agreements	.....	.....	2,447	2,447
Total investments excluding lending collateral	136,998,859	39,933,249	3,034,191	179,966,299
Lending collateral investments:				
Certificates of deposit	.....	423,721	.....	423,721
Commercial paper	.....	339,183	.....	339,183
Repurchase agreements	3,043,723	639,666	.....	3,683,389
Domestic bonds & notes	155,614	146,482	.....	302,096
Security lending collateral pool	.....	94	.....	94
International bonds & notes	46,080	73,445	.....	119,525
Total lending collateral investments	3,245,417	1,622,591	.....	4,868,008
Total investments for all types - fair value	$ 140,244,276	$ 41,555,840	$ 3,034,191	$ 184,834,307
Total investments for all types - carrying value	$ 140,244,276	$ 41,548,110	$ 3,033,277	$ 184,825,663
% of total other investments	76%	22%	2%	

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

	Governmental activities	Business-type activities	Fiduciary funds	Component Units[1]	Total
Other investments	$ 1,147,455	$ 11,972,456	$	$ 786,064	$ 13,905,975
Restricted investments	.....	1,274,494	.....	.....	1,274,494
Long-term investments	235,299	11,340,490	154,597,517	.....	166,173,306
Security lending collateral	.....	.....	3,245,417	.....	3,245,417
[2] Timing Difference	.....	.....	.....	226,471	226,471
Total other investments	$ 1,382,754	$ 24,587,440	$ 157,842,934	$ 1,012,535	$ 184,825,663

[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]Differences between particpant balances posted and actual investments. Some Component Units have fiscal year ends other than June 30, 2013.

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

FRS Pension Trust Fund
Securities Pledged as Collateral for Futures Contracts
As of June 30, 2013

Investment Type	Fair Value
U.S. guaranteed obligations	$ 17,539
Federal agencies	9,515
Domestic stocks	22,949
Total	$ 50,003

The FRS Pension Trust Fund also held short positions in investments at June 30, 2013. 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, 2013 (in thousands):

FRS Pension Trust Fund
Short Investment Positions
As of June 30, 2013

Investment Type	Fair Value
U.S. guaranteed obligations	$ (1,833)
Federal agencies	(365,238)
Option contracts	(1,468)
Domestic stocks	(5)
Total	$ (368,544)

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, 2013. 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, 2013, 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, 2013, are excluded.

Schedule of Other Investments
For Discretely Presented Component Units
As of June 30, 2013

Investment type	Fair value
Certificates of deposit	$ 156,645
Commercial paper	45,318
Repurchase agreements	192,817
Money market funds	372,040
U.S. guaranteed obligations	3,390,065
Federal agencies	3,772,685
Domestic bonds & notes	10,439,542
International bonds & notes	36,532
Domestic stocks	992,941
International stocks	330,904
Real estate investments	69,240
Mutual funds	2,198,942
Investment agreements	2,619,885
Total other investments for all types - fair value	$ 24,617,556
Total other investments for all types - carrying value	$ 24,850,963
Reconciliation of carrying value to the basic financial statements:	
Other investments	$ 20,819,045
Restricted investments	4,817,982
Less SBA Investments*	(786,064)
Total other investments for component units	$ 24,850,963

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

At June 30, 2013, 73.74% 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, 2013, 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, 2013

S&P rating**	Moody's rating**	Total*	Commercial paper	Federal agencies	Domestic bonds & notes	International bonds & notes
AAA		$ 680,031	$	$	$ 656,208	$ 23,823
AA		9,037,660	.....	8,297,245	590,215	150,200
A		2,008,981	.....	168	1,699,887	308,926
A-1		415,785	389,984	25,801	.....	.....
BBB		650,797	.....	.....	538,084	112,713
BB		7,510	.....	.....	7,510	.....
B		381	.....	.....	381	.....
Below B		15	.....	.....	15	.....
	AAA	224,457	.....	.....	224,457	.....
	AA	5,856	.....	.....	5,856	.....
	A	232	.....	.....	232	.....
	B	295	.....	.....	295	.....
	Below B	3,732	.....	.....	3,732	.....
Not rated		523,428	.....	481,743	6,685	35,000
		$ 13,559,160	$ 389,984	$ 8,804,957	$ 3,733,557	$ 630,662
Not rated		$ 5,907,331	U.S. guaranteed obligations			
Not rated		634,981	Commingled STIF			
Not rated		1,753,146	Repurchase agreements			
		$ 21,854,618				

*The remaining ($667,942) (in thousands) reported for Pooled Investments with State Treasury is comprised primarily of investments with the U.S. Treasury Unemployment Compensation Funds Pool, and outstanding warrants as presented in the Schedule of Pooled Investments with the State Treasury

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

The State Treasury's investment policies allow for unlimited investments in U.S. obligations and certain Federal agency obligations. For other investments, the investment policies address concentration of credit risk by placing limits on amounts invested per issuer (taking into account the maturity date and duration of the investment). In addition, the policies also address limits on certain investments by credit ratings. Limits on amounts invested are expressed in dollar amounts per issuer and also in total amounts per investment type as a percentage of the investment pool's market value. As of June 30, 2013, more than five percent of the State Treasury's investment pool is invested in Federal Home Loan Bank System (FHLB), Federal National Mortgage Association (FNMA), Federal Farm Credit Banks (FFCB), and the Federal Home Loan Mortgage Corporation (FHLMC). These investments are approximately 13 percent, 10 percent, 9 percent, and 7 percent of the State Treasury's investments pool, respectively.

Other Investments

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

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

Short-term portfolio – Securities must be high quality at the time of purchase. For short-term investment ratings, this is defined as the highest applicable rating from one of the three NRSROs – S&P A-1, Moody's P-1, Fitch F1. For long-term investment ratings, this is defined as a minimum mid-single A rating from one of the three NRSROs – S&P A, Moody's A2, Fitch A. Securities of a single issuer (excluding U.S. Treasuries and Agencies) should not represent more than 5% of portfolio amortized cost.

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

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

Core portfolios – Securities should 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). The State may own notes secured by first mortgages on Florida real property, insured or guaranteed by the Federal Housing Administration or the U.S. Department of Veterans Affairs, but exposure is limited to 10% of portfolio market value.

Lending portfolios –Under investment policy guidelines in effect for the FRS Pension Trust Fund for the fiscal year ended June 30, 2013, eligible investments must be tri-party Qualified Repurchase Agreement transactions in which the subject securities there under will be repurchased by the seller thereof no later than one business day from the purchase date, and such repurchase obligations are collateralized by U.S. Government Securities having a market value of at least 100% of the market value of securities subject to being repurchased. "U.S. Government Securities" means any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States, or any certificate of deposit for any of the foregoing, including without limitation notes, bonds and other debt securities issued by the FNMA and the FHLMC. In addition to tri-party repurchase agreements, investments purchased prior to the effective date of the current investment policy guidelines are being held to maturity in existing lending portfolios. The previous investment policy guidelines contained short-term rating requirements that were similar to the current short-term portfolio rating requirements. Repurchase agreements were required to be fully collateralized. These portfolios were allowed to hold up to the greater of $5 million or 5% of its assets in securities by a single issuer (excluding U.S. Government guaranteed investments, its agencies or instrumentalities). For all lending programs, up to an additional 5% of the book value of the portfolio was allowed to be invested in the obligations of any single issuer, guarantor, or repo counterparty that matured on the next business day, that were redeemable upon demand, or that contained an unconditional put feature.

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

For the Florida Prepaid Program lending program, short-term obligations should be limited to obligations rated in the highest rating category by all NRSRO's, or if only rated by one NRSRO, then rated at the time of purchase in the highest rating category by that NRSRO (S&P A-1, Moody's P-1, Fitch F1 or equivalent). A "short-term obligation" means any eligible security or instrument (other than a repurchase agreement) which has an original maturity of 397 days or less at the time of purchase or has a put that entitles the holder to receive the principal amount at specified intervals not exceeding 397 days. With respect to bonds and other long-term obligations, investment is limited to obligations at the time of purchase in one of the two highest rating categories by at least two NRSROs, or if only rated by one NRSRO, then rated at the time of purchase in one of the two highest rating categories by that NRSRO, or those of comparable quality in the case of unrated securities. The minimum permissible credit rating for long-term obligations is AA- or its equivalent. A "long-term obligation" means any eligible security or instrument (other than a repurchase agreement) which has a remaining maturity of greater than 397 days at the time of purchase and is not subject to a demand feature in 397 days or less.

The FRS Pension Trust Fund did not hold any investments with a single issuer representing 5% or more of the fund's fair market value at June 30, 2013. The schedule below discloses credit quality ratings on investments held in the FRS Pension Trust Fund at June 30, 2013 (in thousands).

FRS Pension Trust Fund
Credit Quality Ratings
As of June 30, 2013

Credit Rating[1] S&P	Moody	Total[2]	Certificates of deposit	Commercial paper	Money market funds	Federal agencies	Domestic bonds and notes	International bonds and notes
A-1/AAAm		$ 5,058,478	$	$ 4,755,488	$ 302,990	$	$	$ .....
AAA		1,243,210	.....	.....	.....	.....	795,136	448,074
AA		2,512,142	351,020	.....	.....	1,125,203	736,161	299,758
A		3,579,166	.....	.....	.....	11,336	2,911,385	656,445
BBB		3,016,195	.....	.....	.....	.....	2,248,420	767,775
BB		212,377	.....	.....	.....	.....	158,692	53,685
B		20,668	.....	.....	.....	.....	20,668	.....
CCC		34,523	.....	.....	.....	.....	34,523	.....
D		14,866	.....	.....	.....	.....	14,866	.....
	Aaa	497,947	.....	.....	.....	.....	392,387	105,560
	Aa	243,927	200,117	.....	.....	.....	37,810	6,000
	A	57,360	.....	.....	.....	.....	38,662	18,698
	Baa	122,216	.....	.....	.....	.....	25,891	96,325
	Ba	2,107	.....	.....	.....	.....	2,107	.....
	Caa	3,362	.....	.....	.....	.....	3,362	.....
Not rated	Not rated	8,631,707	1,500,251	.....	.....	6,656,355	429,842	45,259
		25,250,251	$ 2,051,388	$ 4,755,488	$ 302,990	$ 7,792,894	$ 7,849,912	$ 2,497,579
Not rated	Not rated	3,793,723	Repurchase agreements					
Not rated	Not rated	9,937,361	U.S. guaranteed obligations					
Not rated	Not rated	38,428,785	Domestic stocks					
Not rated	Not rated	33,946,698	International stocks					
Not rated	Not rated	6,291,530	International equity commingled funds					
Not rated	Not rated	13,555,756	Alternative investments					
Not rated	Not rated	9,040,776	Real estate investments					
Not rated	Not rated	1,034	Options purchased					
Not rated[3]	Not rated[3]	(1,638)	Swaps[3]					
		$ 140,244,276	Total investments					

[1] S&P ratings were primarily used. If S&P did not rate a security, then Moody ratings were used. If neither rating agency issued a rating, the security was listed as "Not rated." Long-term ratings are presented except for "A-1", which is a top tier short-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] Although swap contracts do not have specific credit quality ratings, counterparty credit ratings are available and are disclosed below.

All futures and options contracts held by the FRS Pension Trust Fund at June 30, 2013, were exchange traded, therefore minimizing counterparty credit risk through the use of a futures clearing merchant and a clearing house. Counterparty credit ratings for swaps held in the FRS Pension Trust Fund at June 30, 2013, are presented below (in thousands).

FRS Pension Trust Fund
Swap Counterparty Credit Ratings
As of June 30, 2013

Counterparty Credit Rating (long/(short)) S&P	Moody	Fitch	Fair Value
A/A-1	Aa/P-1	A/F1	$ 319
A/A-1	A/P-2	A/F1	(1,957)
Total swaps			$ (1,638)

Counterparty credit ratings for foreign currency exchange contracts held in the FRS Pension Trust Fund at June 30, 2013, are listed below (in thousands).

FRS Pension Trust Fund
Foreign Currency Exchange Contract Counterparty Credit Ratings
As of June 30, 2013

Counterparty Credit Rating (Long Term)[1] S&P	Moody	Fitch	Receivable Fair Value	Payable Fair Value	Net Unrealized Gain (Loss)
AA:A-1	Aaa:P-1	AA:F1	$ 330,398	$ (326,971)	$ 3,427
AA:A-1	Aa:P-1	AA:F1	9,575	(9,581)	(6)
AA:A-1	NR:P-1	AA:F1	3,563	(3,564)	(1)
A:A-1	Aa:P-1	AA:F1	65,220	(62,826)	2,394
A:A-1	Aa:P-1	A:F1	6,572	(6,567)	5
A:A-1	A:P-1	AA:F1	3,101	(3,113)	(12)
A:A-1	A:P-2	A:F1	4,722	(4,726)	(4)
A:A-1	NR:P-1	AA:F1	914	(912)	2
A:A-1	NR:P-1	A:F1	63,757	(64,078)	(321)
A:A-1	NR:P-1	NR:NR	18,883	(19,136)	(253)
A:A-1	NR:P-2	A:F1	7,908	(7,891)	17
NR:NR	NR:P-1	NR:NR	2,135	(2,141)	(6)
NR:NR	NR:P-2	NR:NR	207	(208)	(1)
NR:NR	NR:NR	A:F1	6,255	(6,229)	26
NR:NR	NR:NR	NR:NR	8,832	(8,823)	9
		Total:	$ 532,042	$ (526,766)	$ 5,276

[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, 2013, (in thousands).

All SBA Managed Funds (except FRS Pension Trust Fund)
Credit Quality Ratings
As of June 30, 2013

Credit Rating[1] S&P	Moody	Total[2]	Certificates of deposit	Commercial paper	Money market funds	Federal agencies	Domestic bonds and notes	Domestic bonds and notes commingled funds	International bonds and notes
A-1/AAAm		$ 8,096,516	$	$ 6,481,460	$ 1,615,056	$	$	$	$ .....
AAA		326,077	.....	.....	.....	.....	267,062	.....	59,015
AA		3,192,775	411,341	.....	.....	2,179,211	449,529	72,098	80,596
A		725,539	6,618	.....	.....	2	612,688	.....	106,231
BBB		521,484	.....	.....	.....	.....	421,214	.....	100,270
BB		34,358	.....	.....	.....	.....	34,358	.....	.....
CCC		174	.....	.....	.....	.....	174	.....	.....
	Aaa	278,247	.....	.....	.....	151,759	116,549	.....	9,939
	Aa	519,485	389,413	.....	.....	.....	124,998	.....	5,074
	A	179	.....	.....	.....	.....	.....	.....	179
Not rated	Not rated	10,181,963	3,128,307	.....	1,162,230	2,906,295	546,135	2,438,996	.....
		23,876,797	$ 3,935,679	$ 6,481,460	$ 2,777,286	$ 5,237,267	$ 2,572,707	$ 2,511,094	$ 361,304
Not rated	Not rated	3,240,448	Repurchase agreements						
Not rated	Not rated	8,963,425	U.S. guaranteed obligations						
Not rated	Not rated	94	Security lending collateral pool						
Not rated	Not rated	820,753	Domestic stocks						
Not rated	Not rated	3,086,070	Domestic equity commingled funds						
Not rated	Not rated	368,274	International stocks						
Not rated	Not rated	1,199,979	International equity commingled funds						
		$ 41,555,840	Total investments						

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

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

The Local Government Surplus Funds Trust Fund held investments with Deutsche Bank (11.82%), Bank of Montreal (5.57%), Royal Bank of Canada (5.47%), and Sumitomo Mitsui Banking Corp (5.29%) in excess of 5% of the Fund's fair value.

The Florida Hurricane Catastrophe Fund held investments with Bank of Nova Scotia (9.22%), Federal Home Loan Bank System (10.57%), Federal Farm Credit Banks (8.77%), and Federal Agricultural Mortgage Corp. (5.19%) in excess of 5% of the Florida Hurricane Catastrophe Fund's fair value.

The Florida Prepaid College Program held investments with the Federal National Mortgage Association (5.45%) in excess of 5% of the Florida Prepaid College Program's fair value.

Component Units

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

Major Component Units
Credit Quality Ratings
As of June 30, 2013

Component Unit	Commercial Paper	Federal agencies	Bonds & notes	Mutual funds	Money market funds	Total	S&P rating
Florida Housing Finance Corporation (FHFC) *	$	$ 91,896	$	$	$	$ 91,896	AA+
FHFC (continued)	.....	.....	34,552	.....	.....	34,552	AAA-BBB+
FHFC (continued)	.....	.....	15,450	.....	.....	15,450	AAA-AA+
FHFC (continued)	.....	.....	87,601	.....	.....	87,601	AAA-BB
FHFC (continued)	.....	.....	7,567	.....	.....	7,567	AAA-A-1
FHFC (continued)	.....	.....	7,286	.....	.....	7,286	AAA-D
University of Florida (UF)**	.....	.....	1,946	25,484	.....	27,430	AAA
UF (continued)	.....	.....	3,953	57,809	.....	61,762	AA
UF (continued)	.....	.....	6,977	8,399	.....	15,376	A
UF (continued)	.....	.....	1,994	75,271	33,946	111,211	Less than A
	$	$ 91,896	$ 167,326	$ 166,963	$ 33,946	$ 460,131	

Component Unit	Certificates of deposit	Federal agencies	Bonds & notes	Mutual funds	Other	Total	Moody's
Citizens Property Insurance Corporation (CPIC)	$ 113,185	$	$	$	$	$ 113,185	A-1+
CPIC (continued)	.....	4,004,440	.....	.....	.....	4,004,440	AA+
CPIC (continued)	.....	.....	9,426,724	.....	.....	9,426,724	AAA
CPIC (continued)	.....	.....	.....	.....	183,939	183,939	Default
	$ 113,185	$ 4,004,440	$ 9,426,724	$	$ 183,939	$ 13,728,288	

* Florida Housing Finance Corporation (FHFC) reported total investments with a fair value in the amount of $390 million subject to concentration of credit risk. These investments and amounts were issued by FannieMae ($390 million).

**University of Florida (UF) reported total investments with a fair value in the amount of $44 million subject to concentration of credit risk. These investments and amounts were issued by Florida Hedged Strategies Fund, LLC ($10 million), US Bank Commercial Paper ($20 million) and various other issuers ($14 million).

2. Custodial Credit Risk

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

Pooled Investments with the State Treasury

The State Treasury does not have an overall policy addressing custodial credit risk. However, as required by negotiated trust and custody contracts, many of the state's investments were held in the state's name by the Treasury's custodial financial institutions at June 30, 2013. Investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department, included the following (in thousands):

State Treasury
Custodial Credit Risk
As of June 30, 2013

	Fair value
Invested security lending collateral:	
Repurchase agreements	$ 1,229,858
Federal agencies	75,970
Domestic bonds & notes	314,259
International bonds & notes	114,443
Total	$ 1,734,530

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, 2013. Investments that were uninsured and unregistered, with securities held by the counterparty, or by its trust department, included the following (in thousands):

Other Investments
Custodial Credit Risk
As of June 30, 2013

	FRS Pension Trust Fund	Other funds
Invested security lending collateral:		
Certificates of deposit	$	$ 423,721
Commercial paper	.....	339,183
Repurchase agreements	1,471,237	639,666
Domestic bonds and notes	154,049	146,482
International bonds and notes	20,686	73,445
Total	$ 1,645,972	$ 1,622,497

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, 2013

Component unit / Investment type	Fair value
University of Florida	
Mutal and/or Commingled Funds	$ 51,626
Bonds & notes	14,870
Mutual funds	2,489
Total	$ 68,985

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, per externally managed portfolio with various investments, is six years. In addition, the security lending portfolios manage exposure to interest rate risk by limiting the weighted average maturity. The maximum weighted average maturity for the security lending portfolio is 120 days.

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

Debt Investments
As of June 30, 2013

Investment type	Fair value	Effective weighted duration (in years)	Security Lending Market Value	Weighted average maturity (in days)
Certificates of Deposit	$	N/A	$	N/A
Commercial paper	389,984	0.04	.....	N/A
Repurchase Agreements	523,288	N/A	1,229,858	1.00
U.S. guaranteed obligations:				
U.S. Treasury bonds and notes	4,288,239	3.88	.....	N/A
U.S. Treasury strips	25,777	10.13	.....	N/A
U.S. Treasury bills	1,301,053	0.37	.....	N/A
GNMA mortgage-backed pass-through	206,370	3.77	.....	N/A
GNMA TBA pass-thru	39,322	5.45	.....	N/A
GNMA collateralized mortgage obligations (CMO's)	16,719	3.17	.....	N/A
GNMA CMO's - interest only	5,681	0.01	.....	N/A
SBA Asset Backed	14,283	2.09	.....	N/A
NCUA CMO's	9,888	0.67	.....	N/A
Federal agencies				
Discount notes	3,076,547	0.29	75,970	10.79
Unsecured bonds & notes	3,544,175	1.22	.....	N/A
Mortgage-backed pass-through	1,294,996	3.97	.....	N/A
TBA Mortgage-backed pass-thru	481,700	4.98	.....	N/A
Mortgage-backed CMO's	313,713	3.51	.....	N/A
Mortgage-backed CMO's - principal only	285	3.92	.....	N/A
Mortgage-backed CMO's - interest only	17,570	2.13	.....	N/A
Domestic bonds & notes:				
Corporate	2,371,174	5.71	314,259	43.77
Corporate asset-backed	331,880	1.14	.....	N/A
Non-government backed CMO's & CMBS*	594,608	3.42	.....	N/A
Non-government backed CMO's & CMBS* - interest only	11,908	1.71	.....	N/A
Municipal/provincial	109,727	8.04	.....	N/A
International bonds & notes:				
Government & Agency	70,729	4.32	114,443	33.68
Corporate	445,491	5.04	.....	N/A
Commingled STIF	634,981	.....	.....	N/A
Total portfolio effective duration and weighted average maturity		2.64		11.33
Total debt investments	$ 20,120,088		$ 1,734,530	

* Commercial Mortgage-Backed Securities (CMBS)

** The remaining ($667,942) (in thousands) reported for Pooled Investments with State Treasury is comprised primarily of investment with the U.S. Treasury Unemployment Compensation Funds Pool, and outstanding warrants as presented in the Schedule of Pooled Investments with the State Treasury.

Presented below is effective weighted duration for derivative investments in the State Treasury at June 30, 2013.

Derivative Investments
As of June 30, 2013

Investment type	Fair value	Effective weighted duration (in years)
Futures	$	14.57
Total derivative investments	$	

Other Investments

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

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

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

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

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

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

Security Lending portfolios – The investment policy guidelines in effect for the FRS Pension Trust Fund for the fiscal year ended June 30, 2013, allow investment only in overnight repurchase agreements that are fully collateralized by U.S. government and/or agency securities. Investments that were purchased under the previous investment policy guidelines are still held in the lending programs, but are slowly paying down. Previous guidelines included a maximum WAM for a portfolio of 60 to 90 days, depending on the lending program. For investments that had floating interest rates, interest rate reset dates were used to calculate the WAM. For the LCEF or Florida Lottery lending programs, investment policy guidelines require a maximum WAM for a portfolio of 90 days (for separately managed investments), or that cash collateral be invested in one or more collective investment vehicles maintained and utilized by the lending agent for the investment of securities lending cash collateral. For the Florida Prepaid lending program, investment policy guidelines state that the maximum rate sensitivity is 60 days, for non-term loans. For cash collateral invested in connection with term loans, which are loans collateralized by cash where the agreed date of maturity of the loan or the date of renegotiation of the rebate rate for the loan is greater than one business day, the investment policy guidelines allow the rate of sensitivity to exceed 60 days. The "rate sensitivity" of a security or instrument shall mean (a), in the case of a fixed rate security or instrument (i) the date on which final payment is due or (ii) the principal amount can be recovered through demand (if applicable) or (b) in the case of a floating or variable rate security or instrument, the shorter of the period of time remaining until either (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand (if applicable).

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

FRS Pension Trust Fund
Debt Investments
As of June 30, 2013

Investment type	Fair value (duration)	Effective weighted duration *(in years)*	Fair value (WAM)	Weighted average maturity *(in days)*
Certificates of deposit	$	N/A	$ 2,051,388	65
Commercial paper	.....	N/A	4,755,488	47
Money market funds	.....	N/A	302,990	1
Repurchase agreements	.....	N/A	3,793,723	3
U.S. guaranteed obligations:				
U.S. Treasury bills	3,110	0.22	.....	N/A
U.S. Treasury bonds and notes	7,591,004	5.39	.....	N/A
U.S. Treasury strips	15,067	31.10	.....	N/A
Index linked government bonds	419,169	7.50	.....	N/A
U.S. government guaranteed	40,707	6.34	.....	N/A
U.S. Treasury note forwards	141	-2.02	.....	N/A
GNMA mortgage backed	842,406	4.03	.....	N/A
GNMA commitments to purchase (TBAs)	986,363	4.30	.....	N/A
GNMA CMO's and CMBS	29,910	1.64	.....	N/A
GNMA interest-only CMO's	3,581	-16.46	.....	N/A
GNMA interest-only inverse floating CMO's	5,904	7.90	.....	N/A
Federal agencies:				
Discount notes	38,550	0.02	.....	N/A
Unsecured bonds and notes	1,136,539	4.38	.....	N/A
Agency strips	14,170	3.96	.....	N/A
Mortgage backed (FNMA, FHLMC)	3,367,097	3.79	.....	N/A
FNMA, FHLMC commitments to purchase (TBAs)	2,911,451	4.38	.....	N/A
Mortgage-backed CMO's and CMBS	295,177	3.38	.....	N/A
Interest-only CMO's	6,482	-7.12	.....	N/A
Interest-only inverse floating CMO's	18,073	9.29	.....	N/A
Inverse floating CMO's	1,419	6.38	.....	N/A
Principal-only CMO's	3,935	5.73	.....	N/A
Domestic bonds and notes:				
Corporate	5,590,470	6.45	.....	N/A
Non-government asset and mortgage backed	597,357	2.86	85,496	28
Non-government backed CMO's and CMBS	1,265,479	2.55	46,237	19
Municipal/provincial	257,093	10.62	.....	N/A
Real estate mortgage loans	7,779	6.31	.....	N/A
International bonds and notes:				
Government and regional	667,563	5.25	.....	N/A
Government agency	245,223	3.55	.....	N/A
Corporate	1,487,181	5.61	.....	N/A
Non-government asset and mortgage backed	27,521	0.18	.....	N/A
Non-government backed CMO's and CMBS	24,011	-0.14	46,080	31
Futures contracts - long[1]	.....	3.78	.....	N/A
Futures contracts - short[1]	.....	6.44	.....	N/A
Options purchased[2]	1,034	235.51		N/A
Swap contracts[1]	(1,638)	0.05	.....	N/A
Total debt investments	$ 27,899,328		$ 11,081,402	

[1] The futures and swap contracts effective weighted duration was calculated using notional values rather than fair values. For foreign futures, local notional value was converted to a U.S. $ value based on foreign exchange rates at June 30, 2013.

[2] Options effective weighted duration measures the rate of change of price with respect to yield.

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

FRS Pension Trust Fund
Sold Short Debt Investment Positions
As of June 30, 2013

Investment type	Fair value (duration)	Effective weighted duration (in years)
GNMA commitments to sell (TBAs)	$ (1,833)	2.76
FNMA, FHLMC commitments to sell (TBAs)	(365,238)	4.31
Options sold[1]	(1,468)	125.27
Total debt investments sold short[2]	$ (368,539)	

[1] Options effective weighted duration measures the rate of change of price with respect to yield.

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

Presented below are interest rate risk schedules for all debt-related investments managed by the SBA (excluding the FRS Pension Trust Fund), as of June 30, 2013 (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, 2013

		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	$ 365,476	$ 365,476	$	$	$	$	$	$ .....
U.S. Treasury bonds, notes, and SLGS*	548,185	233,006	314,295	314	570	.....	.....	.....
U.S. Treasury strips	536,481	121,903	152,229	65,510	79,059	69,170	37,240	11,370
Federal agencies:								
Unsecured bonds and notes	39,406	19,008	20,398	.....	.....	.....	.....	.....
Agency strips	12,626	12,626	.....	.....	.....	.....	.....	.....
Total debt investments	$ 1,502,174	$ 752,019	$ 486,922	$ 65,824	$ 79,629	$ 69,170	$ 37,240	$ 11,370

* 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, 2013

Investment type	Fair value (duration)	Effective weighted duration (in years)	Fair value (WAM)	Weighted average maturity (in days)
Certificates of deposit	$ 7,016	1.13	$ 3,928,663	49
Commercial paper	.....	N/A	6,481,460	45
Money market funds	1,161,954	0.12	1,615,332	1
Repurchase agreements	.....	N/A	3,240,448	1
U.S. guaranteed obligations:				
U.S. Treasury bills	224,841	0.56	216,000	5
U.S. Treasury bonds and notes	112,899	6.23	1,179,928	102
U.S. Treasury strips	5,354,236	9.91	.....	N/A
Index linked government bonds	202,049	6.99	.....	N/A
U.S. government guaranteed	67,797	6.70	.....	N/A
GNMA mortgage backed	92,798	5.08	.....	N/A
GNMA commitments to purchase (TBAs)	33,828	5.01	.....	N/A
GNMA CMO's	28,907	3.24	.....	N/A
Federal agencies:				
Discount notes	.....	N/A	1,177,857	62
Unsecured bonds and notes	183,706	7.48	2,334,023	255
Agency strips	642,322	8.94	.....	N/A
Mortgage backed (FNMA, FHLMC)	514,253	4.83	.....	N/A
FNMA, FHLMC commitments to purchase (TBAs)	322,943	5.33	.....	N/A
Mortgage backed CMO's	10,131	0.92	.....	N/A
Domestic bonds and notes:				
Corporate	1,038,571	7.29	869,237	85
Non-government asset and mortgage backed	203,518	3.70	51,488	16
Non-government backed CMO's and CMBS	305,646	2.84	.....	N/A
Municipal/provincial	4,797	8.70	99,450	8
Domestic bonds and notes commingled funds	2,511,094	5.37	.....	N/A
Security lending collateral pool	.....	N/A	94	1,199
International bonds and notes:				
Government and regional	468	3.93	.....	N/A
Government agency	29	3.60	49,937	331
Corporate	237,425	5.50	42,828	47
Non-government asset and mortgage backed	.....	N/A	17,044	15
Non-government backed CMO's and CMBS	.....	NA	13,573	23
Total debt investments	$ 13,261,228		$ 21,317,362	

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, 2013

		Investment maturities (in years)				
Component unit / Investment type	Total fair value	Less than or equal to 1	> 1 to 5	> 5 to 10	> 10
University of Florida					
U.S. guaranteed obligations	$ 2,757	$	$	$ 2,757	$ .....
Federal Agencies	.....	.....	.....	.....	.....
Bonds & notes	14,870	.....	13,523	1,347	.....
Mutual funds	166,961	6,549	104,996	55,416	.....
Total debt investments	$ 184,588	$ 6,549	$ 118,519	$ 59,520	$ .....

Major Component Units
Debt Investments
That Use Duration or Weighted Average Maturity Method
As of June 30, 2013

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	$ 51,331	2.14	$	N/A
Federal agencies	40,565	1.00	.....	N/A
Bonds & notes	152,456	0.91	.....	N/A
Citizens Property Insurance Corporation				
U.S. guaranteed obligations	.....	N/A	1,169,071	2.09
Federal agencies	.....	N/A	2,835,369	2.31
Bonds & notes	.....	N/A	9,723,847	3.76
Total debt investments	$ 244,352		$ 13,728,287	

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 Lawton Chiles Endowment Fund, and the Florida Prepaid College Program had exposure to foreign currency risk at June 30, 2013. These funds are managed primarily by the use of "asset classes".

The FRS Pension Trust Fund investment policy, approved on February 9, 2012, by the Trustees, limits the global equity asset class (including domestic and foreign equities) to a policy range of 44-60% and a target allocation of 52%. All asset classes may hold non-U.S. securities, depending on portfolio guidelines. For the Lawton Chiles Endowment Fund, Trustees approved an investment policy on February 9, 2012, that set the global equity asset class with a policy range of 61-81% and a target allocation of 71%. During the fiscal year ended June 30, 2013, the LCEF policy range for global equities was largely inapplicable since the SBA was holding approximately $250 million in cash in anticipation of a large LCEF withdrawal that was sent to the State's general revenue fund in June 2013. Other asset classes in the LCEF may hold non-U.S. securities as well, depending on portfolio guidelines. Florida Prepaid's comprehensive investment plan limits investment in foreign equities to 25% of total equities, with the target for total equities to be the lesser of 15% of the total fund, or the actuarial reserve. In all cases, Florida law limits the total exposure to foreign securities to 35% of the total fund. There is no requirement that this exposure to foreign currency be hedged through forward currency contracts, although the managers use them in many cases.

Presented below in U.S. dollars are the FRS Pension Trust Fund, Lawton Chiles Endowment Fund, and Florida Prepaid College Fund investments exposed to foreign currency risk as of June 30, 2013, 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, 2013

	FRS Pension Trust Fund Investment Type			LCEF investment type	Florida Prepaid and Savings Plan Investment type
Currency	Equity	Alternative Investments[2]	Fixed Income	Equity	Equity
Australian dollar	$ 1,505,305	$	$	$ 9,140	$ 14,547
Brazilian real	446,253	.....	.....	5,862	.....
British pound sterling	5,507,450	.....	.....	18,337	32,992
Canadian dollar	1,659,702	.....	.....	9,606	.....
Chilean peso	25,749	.....	.....	.....	.....
Danish krone	289,283	.....	.....	1,433	3,011
Egyptian pound	10,472	.....	.....	.....	.....
Euro currency unit [3]	7,126,837	500,721	.....	40,013	45,952
Hong Kong dollar	1,954,811	.....	.....	8,653	5,305
Hungarian forint	17,440	.....	.....	615	.....
Indian rupee	421,685	.....	.....	.....	.....
Indonesian rupiah	207,021	.....	.....	1,652	.....
Israeli shekel	76,184	.....	.....	65	385
Japanese yen	5,046,753	.....	.....	27,152	38,483
Kenyan shilling	24,610	.....	.....	.....	.....
Malaysian ringgit	148,513	.....	1	2,800	.....
Mexican peso	205,933	.....	.....	2,516	.....
New Zealand dollar	30,345	.....	.....	241	446
Nigerian naira	75,970	.....	.....	.....	.....
Norwegian krone	228,693	.....	.....	3,110	3,518
Omani rial	13,045	.....	176	.....	.....
Philippines peso	73,334	.....	.....	643	.....
Polish zloty	56,149	.....	.....	1,681	.....
Qatari riyal	40,890	.....	.....	.....	.....
Singapore dollar	532,959	.....	.....	564	3,171
South African rand	395,537	.....	.....	7,080	.....
South Korean won	752,282	.....	.....	7,905	.....
Swedish krona	663,728	.....	.....	3,564	3,556
Swiss franc	2,376,995	.....	.....	8,974	13,441
Taiwan new dollar	474,527	.....	.....	4,544	.....
Thailand baht	306,461	.....	.....	1,948	.....
Turkish lira	267,084	.....	.....	1,198	.....
Other	111,125	.....	.....	24	.....
Equity linked notes (various currencies)[1]	15,831	.....	.....	.....	.....
International equity commingled funds[1]	6,291,530	.....	.....	.....	.....
Alternative investments[2]	.....	12,891,904	.....	.....	.....
Total investments subject to foreign currency risk	$ 37,380,486	$ 13,392,625	$ 177	$ 169,320	$ 164,807

[1] International equity commingled funds are commingled investments where the FRS Pension Trust Fund owns units in commingled funds with other investors and, therefore, only a portion of the overall investment in the funds. Equity linked notes are participatory notes that allow the holder to participate in certain foreign equity markets where direct participation is not possible due to local government regulations, tax policies, or other reasons. The overall investments or notes themselves may be valued in U.S. dollars, but the underlying assets are exposed to foreign currency risk in various currencies.

[2] Alternative investments are commingled investments (primarily limited partnerships) where the FRS Pension Trust Fund owns an interest in commingled funds with other investors and, therefore, only a portion of the overall investment in the funds. The overall investment in the funds is denominated in U.S. dollars, but the underlying investments owned by the commingled funds may be exposed to foreign currency risk in various currencies. If the alternative investment manager provided financial statements in Euro currency units, it was reported above as having foreign currency risk in Euro currency units.

[3] FRS Pension Trust Fund's equity exposure to Euro currency units includes one stock call option with a fair value at June 30, 2013, of $621,588 (or €807,972 in Euro currency units).

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, 2013, 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, 2013

			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	368	23,108	22,674	(434)	$ (658)
Canada S&P/TSE 60 Index	Canadian dollar	131	18,270	18,152	(118)	$ (112)
DJ Euro STOXX 50	Euro currency unit	1,107	29,764	28,760	(1,004)	$ (1,305)
TOPIX Index Future	Japanese yen	348	3,801,594	3,935,880	134,286	$ 1,352

[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 enters into foreign currency exchange contracts. Foreign currency exchange contracts are agreements to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date. 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. 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, 2013, is presented below, by currency (in thousands).

FRS Pension Trust Fund
Forward Foreign Currency Exchange Contracts
As of June 30, 2013

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	7,699	U.S. dollar	(7,414)	$ 7,037	$ (7,414)	$ (377)
Brazilian real	7,114	U.S. dollar	(3,248)	3,184	(3,248)	(64)
British pound sterling	86	Euro currency unit	(102)	131	(132)	(1)
British pound sterling	22,724	U.S. dollar	(35,195)	34,456	(35,195)	(739)
Canadian dollar	12,365	U.S. dollar	(1,171)	11,715	(11,771)	(56)
Chilean peso	104,646	U.S. dollar	(208)	207	(208)	(1)
Danish krone	11,478	U.S. dollar	(2,030)	2,002	(2,030)	(28)
Euro currency unit	5,455	U.S. dollar	(7,104)	7,091	(7,104)	(13)
Hong Kong dollar	224,433	Japanese yen	(2,837,961)	28,944	(28,580)	364
Hong Kong dollar	358,434	U.S. dollar	(46,191)	46,224	(46,192)	32
Indian rupee	171,089	U.S. dollar	(1,930)	2,843	(1,930)	913
Indonesian rupiah	18,047,861	U.S. dollar	(1,808)	1,819	(1,808)	11
Japenese yen	12,951	Australian dollar	(142)	130	(130)	-
Japenese yen	6,251,227	U.S. dollar	(63,419)	62,947	(63,419)	(472)
Malaysian ringgit	13,839	U.S. dollar	(4,374)	4,379	(4,374)	5
Mexican peso	1,525	U.S. dollar	(117)	117	(117)	-
New Zealand dollar	432	U.S. dollar	(339)	332	(339)	(7)
Nigerian naira	126,651	U.S. dollar	(783)	779	(783)	(4)
Qatari riyal	5,147	U.S. dollar	(1,414)	1,414	(1,414)	-
S. African rand	26,988	U.S. dollar	(2,667)	2,708	(2,667)	41
Singapore dollar	14,915	U.S. dollar	(11,846)	11,762	(11,846)	(84)
South Korean won	962,920	U.S. dollar	(849)	844	(849)	(5)
Swedish Krona	8,817	U.S. dollar	(1,335)	1,304	(1,335)	(31)
Swiss franc	3,036	U.S. dollar	(3,215)	3,209	(3,215)	(6)
Turkish lira	1,868	U.S. dollar	(971)	968	(971)	(3)
U.S. dollar	59,779	Australian dollar	(62,386)	59,778	(56,848)	2,930
U.S. dollar	995	Brazilian real	(2,197)	995	(995)	-
U.S. dollar	16,692	British pound sterling	(10,955)	16,692	(16,611)	81
U.S. dollar	42,219	Canadian dollar	(43,368)	42,220	(41,036)	1,184
U.S. dollar	2	Chilean peso	(1,086)	2	(2)	-
U.S. dollar	193	Colombian peso	(371,541)	193	(192)	1
U.S. dollar	84,932	Euro currency unit	(64,550)	84,932	(83,923)	1,009
U.S. dollar	15	Ghanaian cedi	(30)	15	(15)	-
U.S. dollar	4,885	Hong Kong dollar	(37,891)	4,884	(4,885)	(1)
U.S. dollar	157	Indian rupee	(93,025)	1,567	(1,565)	2
U.S. dollar	10	Israeli shekel	(38)	10	(10)	-
U.S. dollar	56,593	Japanese yen	(5,627,705)	56,593	(56,669)	(76)
U.S. dollar	1	Kenyan shilling	(31)	1	(1)	-
U.S. dollar	4,957	New Zealand dollar	(5,867)	4,957	(4,522)	435
U.S. dollar	3,714	Norwegian krone	(21,925)	3,714	(3,586)	128
U.S. dollar	480	Pakistan rupee	(47,866)	480	(481)	(1)
U.S. dollar	21	Peruvian nuevo sol	(59)	21	(21)	-
U.S. dollar	274	Phillipines peso	(11,871)	274	(275)	(1)
U.S. dollar	324	Polish zloty	(1,089)	324	(324)	-
U.S. dollar	347	S. African rand	(3,456)	347	(348)	(1)
U.S. dollar	1,138	Singapore dollar	(1,447)	1,138	(1,141)	(3)
U.S. dollar	3,805	South Korean won	(4,313,523)	3,805	(3,750)	55
U.S. dollar	210	Sri Lanka rupee	(27,459)	210	(211)	(1)
U.S. dollar	39	Swdish krona	(265)	39	(39)	-
U.S. dollar	9,577	Swiss franc	(8,993)	9,577	(9,509)	68
U.S. dollar	1,630	Thailand baht	(50,849)	1,630	(1,639)	(9)
U.S. dollar	506	Turkish lira	(975)	506	(505)	1
U.S. dollar	592	UAE dirham	(2,173)	592	(592)	-
Total				$ 532,042	$ (526,766)	$ 5,276

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, government securities, unconditional and irrevocable standby letters of credit, or other assets specifically agreed to in writing. Cash collateral is invested by the agent in investments authorized by Section 17.57, F.S. Maturities of investments made with cash collateral generally are not matched to maturities of the securities loaned because security loan agreements are generally open-ended with no fixed expiration date. Since the collateral under security lending agreements (including accrued interest) exceeded the fair value of the securities underlying those agreements (including accrued interest), the Treasury had no credit risk exposure at June 30, 2013. 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 $1,734,487,509 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 $1,692,813,770. There were no securities held with others under security lending agreements with non-cash collateral. Security lending asset and liability balances are allocated at fiscal year end and reported among all participating funds of the primary government. The securities held with others under security lending agreements as of June 30, 2013, are as follows (fair value equals carrying value of investment on loan): Domestic bonds and notes of $304,422,844, Federal agencies of $167,150,049, International bonds and notes of $37,307,478 and U.S. guaranteed obligations of $1,183,933,400.

Other Investments

Through the SBA, various funds, including the FRS Pension Trust Fund, the Florida Lottery Trust Fund, the Lawton Chiles Endowment Fund, and the Florida Prepaid College Program participate in security lending programs. Initial collateral requirements for securities on loan range from 100% to 105%, depending on the lending agent, the type of security lent and the type of collateral received. The SBA had received and invested $5,024,716,275 in cash and $1,755,929,281 in U.S. government securities as collateral for the lending programs as of June 30, 2013. At June 30, 2013, the collateral held for the security lending transactions exceeded the fair value of the securities underlying the agreements (including accrued interest), except for loans with one broker in the Lawton Chiles Endowment Fund totaling $964. However, 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 1% to 52% 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, 2013, the collateral re-investment portfolio for the FRS Pension Trust Fund was primarily reinvested in overnight repurchase agreements (repos) in order to maximize earnings and reduce risk. The portfolio contains some legacy non-repo securities that will remain until they are either sold or mature. All new lending in the FRS Pension Trust Fund is done using one-day repos of U.S. Government guaranteed securities as re-investment. At June 30, 2013, there were two lending agents, including the master custodian and one third-party agent.

The schedule below discloses the fair value and carrying value of investments on loan at June 30, 2013 (in thousands):

Schedule of Other Investments on Loan Under Security Lending Agreements
As of June 30, 2013

	Fair value of Securities on Loan[1]		
Securities on Loan for Cash Collateral, by Security type	FRS Pension Trust Fund	Other funds Managed by SBA	Total
U.S. guaranteed obligations	$ 588,363	$ 1,326,627	$ 1,914,990
Federal agencies	247,765	30,138	277,903
Domestic bonds and notes	105,054	153,092	258,146
International bonds and notes	114,212	47,920	162,132
Domestic stocks	790,286	96,466	886,752
International stocks	1,312,437	18,635	1,331,072
Total securities on loan for cash collateral	$ 3,158,117	$ 1,672,878	$ 4,830,995
Securities on Loan for Non-Cash Collateral, by Security type			
U.S. guaranteed obligations	$	$ 177,567	$ 177,567
Domestic stocks	1,094,646	294	1,094,940
International stocks	442,844	692	443,536
Total securities on loan for non-cash collateral	1,537,490	$ 178,553	1,716,043
Total securities on loan	$ 4,695,607	$ 1,851,431	$ 6,547,038

[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, 2013. The State Treasury did not utilize derivatives for hedging activities during the fiscal year ending June 30, 2013. All of the State Treasury investment derivatives were reported at fair value in the accompanying financial statements as of June 30, 2013.

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

	Changes in Fair Value		Fair Value at June 30, 2013		Notional
	Classification	Amount	Classification	Amount	(in U.S. $)
State Treasury					
Investment derivative instruments:					
Futures	Investment Income	$ 3,375	Receivable/Payable	$ 2,097	$ 24,600

This schedule includes both long and short positions.

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

Other Investments

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

A futures contract is an agreement between two parties, a buyer and a seller, to exchange a particular good for a particular price at a particular date in the future, all of which are specified in a contract common to all participants in a market on an organized futures exchange. Future contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Fiduciary Net Position. Losses may arise from future changes in the value of the underlying instrument.

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

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

A swap is a contractual agreement to exchange a stream of periodic payments with a counterparty. Swaps are available in and between all active financial markets, including, but not limited to, interest rate swaps, credit default swaps, and total return swaps. An interest rate swap is an agreement between two parties (known as counterparties) 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. A credit default swap is 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 total return swap is an agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset which includes both the income it generates and any capital gains. In total return swaps, the underlying asset (reference asset) is usually an equity index, loans, or bonds.

A summary of investment derivatives traded in the Lawton Chiles Endowment Fund and the FRS Pension Trust Fund is presented below (in thousands). As of June 30, 2013, all of the SBA investment derivatives were reported at fair value.

	Increase/(Decrease) in Fair Value		Fair Value at June 30, 2013		
	Classification	Amount (in U.S. $)	Classification	Amount (in U.S. $)	Notional (in U.S. $)
Governmental activities (Lawton Chiles Endowment Fund)					
Investment derivative instruments:					
Futures[1]	Investment Income	$ 20	Receivable/(Payable)[1]	$	$ .....
Fiduciary funds (FRS Pension Trust Fund)					
Investment derivative instruments:					
Futures[1]	Investment Income	$ 3,559	Receivable/(Payable)[1]	$ (30,803)	$2,757,496
Options[2]	Investment Income	(1,132)	Investment/(Liability)[2]	(1,055)	(1,708,600)
Forward currency contracts[3]	Investment Income	11,922	Receivable/(Payable)[3]	4,535	4,535
Interest rate swaps	Investment Income	81	Investment	174	34,000
Credit default swaps	Investment Income	447	Investment	(1,813)	133,000

[1] The total unrealized gain/(loss) for open futures contracts at June 30, 2013, was $(30,803,104) in the FRS Pension Trust Fund. However, the majority of this loss has been settled with cash paid to the futures clearing broker on or before June 30, 2013. Outstanding remaining net futures trade equity at June 30, 2013, totaled $7,375,943 for FRS, which is reported gross on the Statement of Fiduciary Net Position as "Accounts receivable" and "Accounts payable and accrued liabilities". The total notional values on long and short futures positions in FRS were $3,411,045,569 and $(653,550,000), respectively. Futures contracts for the Lawton Chiles Endowment Fund were closed on or before June 30, 2013.

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

[3] The total receivable and payable notional and fair values (in U.S. $) for forward currency contracts in the FRS Pension Trust Fund were $394,655,258 and $(390,120,198) as of June 30, 2013. These amounts are reported as "Foreign currency contracts receivable" and "Foreign currency contracts payable" on the Statement of Fiduciary Net Position.

7. Commitments

Each year the FRS Pension Trust Fund enters into a number of agreements that commit the Fund, upon request, to make additional investment purchases (i.e., capital commitments) up to predetermined amounts. The unfunded capital commitments that are not reported on the FRS Pension Trust Fund Statement of Fiduciary Net Position totaled $10.0 billion as of June 30, 2013.

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	$ 108,603	$ 14,614	$ 201	$ 549,607	$ 29,202
Contracts & grants receivable	.....	.....	.....	.....	107
Due from Federal government	3,492	12,710	14,442	1,467,935	32,316
Due from other governmental units	616	682	.....	3,242	80,317
Interest & dividends receivable	11,697	723	336	61	2,524
Loans & notes receivable	47,328	117,545	394	.....	9
Fees receivable	127,718	4	.....	.....	.....
Taxes receivable	2,943,229	21,471	49,097	.....	198,450
Allowance for uncollectibles	(1,670,052)	(11,419)	(407)	(22,115)	(7,205)
Receivables, net	**$ 1,572,631**	**$ 156,330**	**$ 64,063**	**$ 1,998,730**	**$ 335,720**
Loans & notes receivable from other governments	$ 57,597	$ 1,121,121	$	$	$ 865,823
Long-term interest receivable	.....	.....	.....	.....	396
Other loans & notes receivable	23,970	.....	.....	302,700	786
Allowance for uncollectibles	(327)	.....	.....	(261,644)	(7,883)
Other loans & notes receivable, net	**$ 81,240**	**$ 1,121,121**	**$ .....**	**$ 41,056**	**$ 859,122**

(Continued below)

	Nonmajor Governmental Funds	**Total Governmental Funds**	Internal Service Funds	Government-wide Reconciling Balances	**Total Governmental Activities**
Accounts receivable	$ 227,700	**$ 929,927**	$ 18,468	360,806	**$ 1,309,201**
Contracts & grants receivable	90,006	**90,113**	.....	.....	**90,113**
Due from Federal government	69,639	**1,600,534**	.....	.....	**1,600,534**
Due from other governmental units	5,348	**90,205**	5,460	.....	**95,665**
Interest & dividends receivable	1,759	**17,100**	216	.....	**17,316**
Loans & notes receivable	120,450	**285,726**	.....	.....	**285,726**
Fees receivable	296	**128,018**	.....	.....	**128,018**
Taxes receivable	14,531	**3,226,778**	.....	.....	**3,226,778**
Allowance for uncollectibles	(120,771)	**(1,831,969)**	.....	.....	**(1,831,969)**
Receivables, net	**$ 408,958**	**$ 4,536,432**	**$ 24,144**	**$ 360,806**	**$ 4,921,382**
Loans & notes receivable from other governments	$ 854,379	**$ 2,898,920**	$	$	**$ 2,898,920**
Long-term interest receivable	.....	**396**	.....	.....	**396**
Other loans & notes receivable	162,378	**489,834**	.....	.....	**489,834**
Allowance for uncollectibles	(10,205)	**(280,059)**	.....	.....	**(280,059)**
Other loans & notes receivable, net	**$ 1,006,552**	**$ 3,109,091**	**$ .....**	**$ .....**	**$ 3,109,091**

BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance
Accounts receivable	$ 9,163	$ 49,190	$ 155,249	$ 28,528	$ 255,070
Due from Federal government	.....	.....	.....	.....	39,885
Due from other governmental units	571	.....	.....	.....	1,437
Interest & dividends receivable	1,120	538	2,524	23,578	111,425
Loans & notes receivable	.....	.....	.....	324,747	.....
Fees receivable	5,686	.....	.....	.....	2,884
Taxes receivable	.....	.....	.....	.....	508,514
Allowance for uncollectibles	.....	(2,628)	(19,977)	(4)	(307,877)
Receivables, net	**$ 16,540**	**$ 47,100**	**$ 137,796**	**$ 376,849**	**$ 611,338**
Loans & notes receivable	82,308	.....	.....	1,727,001	.....
Allowance for uncollectibles	.....	.....	.....	.....	.....
Other loans & notes receivable, net	**$ 82,308**	**$ .....**	**$ .....**	**$ 1,727,001**	**$ .....**

(Continued below)

	Nonmajor Enterprise Funds	**Total Enterprise Funds**	Government-wide Reconciling Balances	**Total Business-type Activities**
Accounts receivable	$ 15,103	**$ 512,303**	$ 14,590	**$ 526,893**
Due from Federal government	.....	**39,885**	.....	**39,885**
Due from other governmental units	8,296	**10,304**	.....	**10,304**
Interest & dividends receivable	161	**139,346**	.....	**139,346**
Loans & notes receivable	4,101	**328,848**	.....	**328,848**
Fees receivable	89	**8,659**	.....	**8,659**
Taxes receivable	.....	**508,514**	.....	**508,514**
Allowance for uncollectibles	(6,650)	**(337,136)**	.....	**(337,136)**
Receivables, net	**$ 21,100**	**$ 1,210,723**	**$ 14,590**	**$ 1,225,313**
Loans & notes receivable	4,536	**1,813,845**	.....	**1,813,845**
Allowance for uncollectibles	(1,232)	**(1,232)**	.....	**(1,232)**
Other loans & notes receivable, net	**$ 3,304**	**$ 1,812,613**	**$ .....**	**$ 1,812,613**

COMPONENT UNITS

Accounts receivable	$ 1,589,514
Contracts & grants receivable	198,769
Due from Federal government	17,556
Due from other governmental units	258,771
Interest & dividends receivable	129,456
Loans & notes receivable	318,086
Allowance for uncollectibles	(374,528)
Receivables, net	**$ 2,137,624**
Other loans & notes receivable	$ 3,290,564
Allowance for uncollectibles	(277,215)
Other loans & notes receivable, net	**$ 3,013,349**

"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	$ 207,031	$ 24,526	$ 21,145	$ 204,619	$ 320,606
Accrued salaries & wages	59,639	1,322	126	27,438	9,668
Claims payable	.....	.....	.....	.....	.....
Construction contracts	221	.....	.....	.....	251,487
Deposits payable	176	420	.....	8	5,172
Due to Federal government	.....	.....	.....	2,785	.....
Due to other governmental units	138,775	9,108	.....	4,848	7,458
Other payables	.....	.....	.....	.....	.....
Vouchers payable	8,692	.....	.....	.....	10
Accounts payable and accrued liabilities	**$ 414,534**	**$ 35,376**	**$ 21,271**	**$ 239,698**	**$ 594,401**

(Continued below)

	Nonmajor Governmental Funds	**Total Governmental Funds**	Internal Service Funds	Government-wide Reconciling Balances	**Total Governmental Activities**
Accounts payable	$ 179,086	**$ 957,013**	$ 26,740	$ 158,214	**$ 1,141,967**
Accrued salaries & wages	9,219	**107,412**	2,442	.....	**109,854**
Claims payable	.....	**.....**	116,898	.....	**116,898**
Construction contracts	257	**251,965**	.....	.....	**251,965**
Deposits payable	195	**5,971**	.....	.....	**5,971**
Due to Federal government	1,435	**4,220**	.....	.....	**4,220**
Due to other governmental units	22,348	**182,537**	.....	.....	**182,537**
Other payables	3,692	**3,692**	5,259	.....	**8,951**
Vouchers payable	116	**8,818**	.....	.....	**8,818**
Accounts payable and accrued liabilities	**$ 216,348**	**$ 1,521,628**	**$ 151,339**	**$ 158,214**	**$ 1,831,181**

BUSINESS-TYPE ACTIVITIES

	Transportation	Lottery	Hurricane Catastrophe Fund	Prepaid College Program	Reemployment Assistance
Accounts payable	$ 21	$ 7,107	$ 200,754	$ 404,187	$ 73,600
Accrued interest payable	.....	.....	40,444	.....	.....
Accrued salaries & wages	.....	37	.....	.....	.....
Construction contracts	36,178	.....	.....	.....	.....
Deposits payable	200	2,143	.....	.....	.....
Accounts payable and accrued liabilities	**$ 36,399**	**$ 9,287**	**$ 241,198**	**$ 404,187**	**$ 73,600**

(Continued below)

	Nonmajor Enterprise Funds	**Total Enterprise Funds**	Government-wide Reconciling Balances	**Total Business-type Activities**
Accounts payable	$ 12,483	**$ 698,152**	$ 697	**$ 698,849**
Accrued interest payable	.....	**40,444**	.....	**40,444**
Accrued salaries & wages	2,248	**2,285**	.....	**2,285**
Construction contracts	.....	**36,178**	.....	**36,178**
Deposits payable	74	**2,417**	.....	**2,417**
Accounts payable and accrued liabilities	**$ 14,805**	**$ 779,476**	**$ 697**	**$ 780,173**

COMPONENT UNITS

Accounts payable	$ 697,148
Accrued interest payable	86,254
Accrued salaries & wages	227,507
Claims payable	1,719,988
Construction contracts	80,938
Deposits payable	235,429
Due to Federal government	5,989
Due to other governmental units	8,325
Vouchers payable	16,341
Accounts payable and accrued liabilities	**$ 3,077,919**

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	$ 19,834,847	$	$	$	$	$	$ 19,834,847
Fuel taxes:							
Motor fuel tax	.....	.....	.....	.....	2,298,904	.....	2,298,904
Pollutant tax	.....	230,117	.....	.....	.....	.....	230,117
Aviation fuel tax	.....	.....	.....	.....	3,223	.....	3,223
Solid minerals severance tax	.....	37,313	.....	.....	.....	.....	37,313
Oil and gas production tax	11,286	.....	.....	.....	.....	.....	11,286
Total fuel taxes	11,286	267,430	.....	.....	2,302,127	.....	2,580,843
Corporate income tax	2,055,440	.....	.....	.....	.....	.....	2,055,440
Documentary stamp tax	1,662,044	.....	.....	.....	.....	.....	1,662,044
Intangible personal property tax	279,047	.....	.....	.....	.....	.....	279,047
Communications service tax	1,002,752	.....	420,023	.....	.....	.....	1,422,775
Estate tax	432	.....	.....	.....	.....	.....	432
Gross receipts utilities tax	.....	6,561	582,204	.....	.....	.....	588,765
Beverage and tobacco taxes:							
Alcoholic beverage tax	476,553	.....	.....	.....	.....	9,732	486,285
Cigarette tax	1,185,436	.....	.....	.....	.....	.....	1,185,436
Smokeless tobacco tax	28,374	.....	.....	.....	.....	.....	28,374
Total beverage and tobacco taxes	1,690,363	.....	.....	.....	.....	9,732	1,700,095
Other taxes:							
Insurance premium tax	899,195	.....	.....	.....	.....	7,809	907,004
Hospital public assistance tax	.....	.....	.....	928,214	.....	.....	928,214
Citrus excise tax	.....	.....	.....	.....	.....	38,711	38,711
Pari-mutuel wagering tax	6,644	.....	1	.....	.....	168,371	175,016
Total other taxes	905,839	.....	1	928,214	.....	214,891	2,048,945
Total	$ 27,442,050	$ 273,991	$ 1,002,228	$ 928,214	$ 2,302,127	$ 224,623	$ 32,173,233

	Sales and Use Tax
Governmental fund statements	$ 19,834,848
Government-wide accruals	79,743
Government-wide statements	$ 19,914,591

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, 2013, is as follows (in thousands):

General Government	$ 65,872
Education	9,756
Human Services	30,007
Criminal Justice & Correction	97,756
Natural Resources & Environment	56,803
Transportation	39,829
State Courts	3,145
Total depreciation expense (governmental activities)	**$ 303,168**

Primary government capital asset activities for the fiscal year ended June 30, 2013, are as follows (in thousands):

GOVERNMENTAL ACTIVITIES

	Balance July 1, 2012	Restatement	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated:					
Land and other nondepreciable assets	$ 17,193,914	$	$ 325,497	$ 44,572	$ 17,474,839
Infrastructure and infrastructure improvements - nondepreciable	36,217,618	.....	1,573,881	128,947	37,662,552
Construction work in progress	7,540,108	(11,286)	825,977	595,363	7,759,436
Total capital assets, not being depreciated	**60,951,640**	**(11,286)**	**2,725,355**	**768,882**	**62,896,827**
Capital assets, being depreciated:					
Buildings and building improvements	4,834,124	(70,760)	158,524	23,471	4,898,417
Infrastructure and infrastructure improvements	665,480	.....	35,806	1,149	700,137
Leasehold improvements	1,055	.....	9	.....	1,064
Property under capital lease	177,169	.....	.....	171	176,998
Furniture and equipment	1,768,400	(1,505)	199,569	189,863	1,776,601
Works of art and historical treasures	1,873	.....	24	.....	1,897
Library resources	30,167	.....	3,710	3,879	29,998
Other	76,488	.....	586	1,492	75,582
Total capital assets, being depreciated	**7,554,756**	**(72,265)**	**398,228**	**220,025**	**7,660,694**
Less accumulated depreciation for:					
Buildings and building improvements	2,216,079	(13,252)	135,206	12,626	2,325,407
Infrastructure and infrastructure improvements	333,052	.....	28,837	536	361,353
Leasehold improvements	244	.....	305	.....	549
Property under capital lease	57,263	.....	9,505	165	66,603
Furniture and equipment	1,337,486	(450)	121,382	98,850	1,359,568
Works of art and historical treasures	755	.....	72	.....	827
Library resources	14,522	.....	1,722	1,246	14,998
Other	43,851	.....	6,139	150	49,840
Total accumulated depreciation	**4,003,252**	**(13,702)**	**303,168**	**113,573**	**4,179,145**
Total capital assets, being depreciated, net	**3,551,504**	**(58,563)**	**95,060**	**106,452**	**3,481,549**
Governmental activities capital assets, net	**$ 64,503,144**	**$ (69,849)**	**$ 2,820,415**	**$ 875,334**	**$ 66,378,376**

BUSINESS-TYPE ACTIVITIES

	Balance July 1, 2012	Restatement	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated:					
Land and other nondepreciable assets	$ 882,664	.....	$ 3,515	$ 489	$ 885,690
Infrastructure and infrastructure improvements - nondepreciable	6,780,931	.....	122,333	.....	6,903,264
Construction work in progress	413,667	11,286	225,129	2,551	647,531
Total capital assets, not being depreciated	**8,077,262**	**11,286**	**350,977**	**3,040**	**8,436,485**
Capital assets, being depreciated:					
Buildings and building improvements	281,306	70,760	49,130	15,133	386,063
Infrastructure and infrastructure improvements	1,102	.....	67	.....	1,169
Leasehold improvements	69	.....	10	.....	79
Furniture and equipment	194,661	1,505	36,527	33,397	199,296
Library resources	4	.....	.....	.....	4
Other	49,444	.....	1,999	.....	51,443
Total capital assets, being depreciated	**526,586**	**72,265**	**87,733**	**48,530**	**638,054**
Less accumulated depreciation for:					
Buildings and building improvements	128,220	13,252	12,616	13,998	140,090
Infrastructure and infrastructure improvements	170	.....	68	.....	238
Leasehold improvements	36	.....	11	.....	47
Furniture and equipment	127,000	450	18,649	30,917	115,182
Library resources	.....	.....	1	.....	1
Other	20,510	.....	10,881	.....	31,391
Total accumulated depreciation	**275,936**	**13,702**	**42,226**	**44,915**	**286,949**
Total capital assets, being depreciated, net	**250,650**	**58,563**	**45,507**	**3,615**	**351,105**
Business-type activities capital assets, net	**$ 8,327,912**	**$ 69,849**	**$ 396,484**	**$ 6,655**	**$ 8,787,590**

Component units' capital asset activities for the fiscal year ended June 30, 2013, are as follows (in thousands):

COMPONENT UNITS

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated:				
Land and other non-depreciable assets	$ 6,247,823	$ 113,462	$ 39,061	$ 6,322,224
Construction work in progress	1,818,611	913,408	1,091,140	1,640,879
Total capital assets, not being depreciated	**8,066,434**	**1,026,870**	**1,130,201**	**7,963,103**
Capital assets, being depreciated:				
Buildings and building improvements	16,076,398	938,422	68,818	16,946,002
Infrastructure and infrastructure improvements	2,291,989	111,485	5,490	2,397,984
Leasehold improvements	303,414	18,029	4,227	317,216
Property under capital lease	122,573	27,770	3,197	147,146
Furniture and equipment	3,076,548	244,589	155,887	3,165,250
Works of art and historical treasures	3,344	274	99	3,519
Library resources	884,582	27,122	19,604	892,100
Other	259,926	53,343	8,093	305,176
Total capital assets, being depreciated	**23,018,774**	**1,421,034**	**265,415**	**24,174,393**
Less accumulated depreciation for:				
Buildings and building improvements	4,981,347	445,730	32,964	5,394,113
Infrastructure and infrastructure improvements	857,664	76,629	1,493	932,800
Leasehold improvements	91,482	14,260	3,025	102,717
Property under capital lease	56,217	7,064	841	62,440
Furniture and equipment	2,101,720	223,043	124,988	2,199,775
Works of art and historical treasures	1,233	333	180	1,386
Library resources	677,551	41,380	19,725	699,206
Other	188,870	30,880	4,240	215,510
Total accumulated depreciation	**8,956,084**	**839,319**	**187,456**	**9,607,947**
Total capital assets, being depreciated, net	**14,062,690**	**581,715**	**77,959**	**14,566,446**
Component units capital assets, net	**$ 22,129,124**	**$ 1,608,585**	**$ 1,208,160**	**$ 22,529,549**

NOTE 6 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

A. Pensions

1. The Florida Retirement System

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

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

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

There are five general classes of membership, as follows:

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

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

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

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

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

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

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

The Deferred Retirement Option Program (DROP) became effective July 1, 1998, subject to provisions of Section 121.091(13), F.S. Defined benefit plan members who reach normal retirement are eligible to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a maximum of 60 months. Authorized instructional personnel may participate in the DROP for up to 36 additional months beyond their initial 60-month participation period. Monthly retirement benefits remain in the FRS Trust Fund during DROP participation and accrue interest. As of June 30, 2013, the FRS Trust Fund projected $3,209,149,119 in accumulated benefits and interest for 38,724 current and prior participants in the DROP.

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

The State Board of Administration administers the defined contribution plan officially titled the FRS Investment Plan. Service retirement benefits are based upon the value of the member's account upon retirement. The FRS Investment Plan provides vesting after one year of service for Investment Plan contributions regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, six years of service (including the service credit represented by the transferred funds) is required to be vested for these funds and the earnings on the funds. The employer pays a contribution as a percentage of salary that is deposited into the individual member's account. The Investment Plan member directs the investment from the options offered under the plan. Costs of administering the plan, including the FRS Financial Guidance Program, are funded through an employer contribution of

0.03% of payroll and by forfeited benefits of plan members. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, or leave the funds invested for future distribution. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the FRS Investment Plan and rely upon that account balance for retirement income.

All participating employers must comply with statutory contribution requirements. Section 121.031(3), F.S., requires an annual actuarial valuation of the FRS Pension Plan, which is provided to the Legislature as guidance for funding decisions. Employer and employee contribution rates are established in Section 121.71, F.S. Employer contribution rates under the uniform rate structure (a blending of both the FRS Pension Plan and Investment Plan rates) are recommended by the actuary but set by the Legislature. Statutes require that any unfunded actuarial liability (UAL) be amortized within 30 plan years. Pursuant to Section 121.031(3) (f), F.S., any surplus amounts available to offset total retirement system costs are to be amortized over a 10-year rolling period on a level-dollar basis. The balance of legally required reserves for all defined benefit pension plans at June 30, 2013, was $129,852,527,785. These funds were reserved to provide for total current and future benefits, refunds, and administration of the FRS Pension Plan.

FRS Retirement Contribution Rates:

Membership Class	Uniform Employer Rates Recommended by Actuarial Valuation as of July 1, 2011 for Fiscal Year 2012-2013*	July 1, 2012 Statutory Rates* (Ch. 121, F.S.)
Regular	5.99%	4.04%
Senior Management Service	16.90%	5.16%
Special Risk	19.03%	13.76%
Special Risk Administrative Support	31.88%	4.77%
Elected Officers - Judges	26.85%	10.79%
Elected Officers - Legislators/Attorneys/Cabinet	34.77%	7.39%
Elected Officers - County	32.78%	9.09%
Deferred Retirement Option Program - applicable to members from all of the above classes or plans	10.54%	4.33%

* Rates indicated are uniform rates for all FRS members created by blending the FRS Investment Plan and FRS Pension Plan rates and including UAL contribution rates. These rates do not include a 0.03% contribution for the FRS Investment Plan administration and educational program fee. In addition, the July 1, 2012, statutory employer rates do not include 3.00% mandatory employee contribution required for all membership classed except for members in the Deferred Retirement Option Program.

FRS Participating Employers:

State Agencies	55
County Agencies	396
District School Boards	67
Community Colleges	28
Cities*	185
Special Districts*	259
Hospitals*	6
Other	12
Total Participating Employers	1,008

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

FRS Membership:

Member Types	Regular Class	SMSC	Special Risk	Special Risk Admin Supp	EOC	Total
Active:						
Non-vested	125,762	1,470	16,621	2	458	144,313
Vested	417,248	6,190	52,179	56	1,788	477,461
DROP Participants	33,735	668	4,068	9	244	38,724
Current Retirees and Beneficiaries	311,644	3,237	29,781	170	2,315	347,147
Vested Terminated	100,931	1,314	6,183	15	405	108,848
Total Members	989,320	12,879	108,832	252	5,210	1,116,493

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

Additional information about the FRS Pension Plan can be obtained from the Research and Education Section, Division of Retirement by mail at 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).

FRS Participation by the State of Florida

The State of Florida contributes to the FRS as a participating employer. State participation for the following disclosure includes the employees of state agencies and the State University System that elect to participate in the FRS. The state contributes to both the defined benefit and defined contribution plans within the FRS. For the fiscal year ended June 30, 2013, the state's total covered payroll includes 126,403 active members and 8,901 DROP participants. The total contribution amounts were equal to the required contributions for each year. Covered payroll refers to FRS-eligible compensation paid by the state to active FRS-participating employees on which contributions are owed. The state's contributions represented 21.19% of the total contributions required of all participating employers. The table below provides information on contributions for the fiscal year ended June 30, 2013 and the two preceding years:

State Share	Fiscal Year Ended June 30, 2013	2012	2011
FRS Defined Benefit Plan:			
Employer Contributions	$ 273,078,027	$ 238,711,455	$ 647,472,867
Employee Contributions	127,395,166	113,221,250	**
FRS Defined Contribution Plan:			
Employer Contributions	53,146,281	94,289,195	117,977,967
Employee Contributions	33,007,209	29,118,663	**
Total Contributions	$ 486,626,683	$ 475,340,563	$ 765,450,834
Covered Payroll (State share)	$ 5,435,607,912	$ 5,555,137,141	$ 5,891,229,072
State Percent of Covered Payroll	8.95%	8.56%	12.99%

** Employee contributions were not required until the 2011-2012 fiscal year.

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

2. Retiree Health Insurance Subsidy Program

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, F.S. The benefit is a monthly payment to assist retirees of state-administered retirement

systems in paying their health insurance costs and is administered by the Division of Retirement within the Department of Management Services. For the fiscal year ended June 30, 2013, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by $5. The payments are at least $30 but not more than $150 per month, pursuant to Section 112.363, F.S. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The HIS Program is funded by required contributions from FRS participating employers as set by the Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2013, the contribution rate was 1.11% of payroll pursuant to Section 112.363, F.S. The state contributed 100% of its statutorily required contributions for the current and preceding two years. HIS contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, the legislature may reduce or cancel HIS payments.

The Other Required Supplementary Information section of this report includes actuarial and other information regarding this HIS Program. The HIS Program disclosures are also included in the FRS Annual Report prepared by the Division of Retirement. For a copy of that report or other information regarding this benefit, please contact the Division of Retirement by mail at P.O. Box 9000, Tallahassee, Florida 32315-9000; by telephone toll free at (877) 377-1737 or (850) 488-5706; or by email at rep@dms.myflorida.com. The table below provides additional information for the HIS as of June 30 (in thousands where amounts are dollars):

	Fiscal Year Ended June 30, 2013	2012	2011
Recipients	310,139	297,303	283,479
Contributions	$ 327,574	$ 322,610	$ 334,449
Benefits paid	$ 390,973	$ 374,444	$ 356,150
Trust Fund net position	$ 157,928	$ 220,346	$ 271,348

3. Funded Status for Defined Benefit Pension Plans

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

Pension Plan	Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Annualized Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
FRS	July 1, 2012	$ 127,891,781	$ 148,049,596	$ 20,157,815	86.38%	$ 24,491,371 [1]	82.31%
HIS	July 1, 2012	$ 220,346	$ 9,018,467	$ 8,798,121	2.44%	$ 31,345,990 [2]	28.07%

Additional information as of the latest actuarial valuation follows:

	FRS	HIS
Valuation date	July 1, 2012	July 1, 2012
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Percentage of Pay, Open	Level Percentage of Pay, Open
Equivalent single amortization period	30 Years [3]	30 Years [3]
Asset valuation method	5-Year Smoothed Method	Market Value
Actuarial assumptions:		
Investment rate of return	7.75% [4]	4.00% [4]
Projected salary increases	5.85% [4, 5]	5.85% [4, 5]
Cost-of-living adjustments	3.00%	0.00%

[1] Includes Deferred Retirement Option Program (DROP) payroll.

[2] Includes Deferred Retirement Option Program (DROP) and Investment Plan payroll.

[3] Used for GASB Statement No. 27 reporting purposes.

[4] Includes inflation at 3.00%.

[5] Includes individual salary growth of 4.00% plus an age- and service-graded merit scale defined by gender and employment class.

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

4. Other Defined Contribution Programs (Optional Retirement Programs)

State University System Optional Retirement Program (SUSORP)

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

The employing universities were statutorily required to contribute 5.15% of the participants' gross monthly compensation from July 2012 through June 2013. When applicable, a portion of the total contribution is transferred to the FRS Trust Fund to help amortize any unfunded actuarial liability (UAL). There was also a UAL payment required of 0.49% for fiscal year 2012-13. In accordance with Chapter 60U-2, Florida Administrative Code, 0.01% of the employer contribution rate was used for the administration of the SUSORP program and 5.14% was distributed to the provider companies designated by the participant. Effective July 1, 2011, there is a mandatory employee contribution of 3%. A participant may contribute by salary reduction an amount not to exceed the percentage contributed by the university. Additional information pertaining to the SUSORP is as follows:

Members	17,780		
Payroll	$ 1,490,241,941		
Contributions:			
Employee	$ 81,744,087	5.49%	of payroll
Employer	$ 83,915,913	5.63%	of payroll

Senior Management Service Optional Annuity Program (SMSOAP)

Section 121.055, F.S., created the SMSOAP as an optional retirement program for state members of the Senior Management Service Class. The SMSOAP is a defined contribution plan that provides full and immediate vesting of all contributions paid on behalf of the participants to the participating provider companies to invest as directed to provide retirement and death benefits. Employees in eligible state positions may make an irrevocable election to participate in the SMSOAP in lieu of the Senior Management Service Class. Employers were required to contribute 6.27% of covered payroll from July 2012 through June 2013. When applicable, a portion of the total contribution is transferred to the FRS Trust Fund to help amortize the unfunded actuarial liability (UAL). There was a UAL payment of 0.32% required for fiscal year 2012-13. The employers' contributions were paid to the provider companies designated by the participant. Effective July 1, 2011, there is a mandatory employee contribution of 3%. A participant may contribute by salary reduction an amount not to exceed the percentage contributed by the employer. Additional information pertaining to the SMSOAP is as follows:

Members	31		
Payroll	$ 3,422,273		
Contributions:			
Employee	$ 123,256	3.60%	of payroll
Employer	$ 232,683	6.80%	of payroll

B. Other Postemployment Benefits (OPEB)

The following is based on the October 16, 2013, actuarial valuation of the State Employees' Health Insurance Program Retiree healthcare benefits as of July 1, 2013.

Plan Description

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

the offering of health insurance benefits to retired state and university employees. Section 112.0801, F.S., requires all public employers that offer benefits through a group insurance plan to allow their retirees to continue participation in the plan. The law also requires the claims experience of the retirees under 65 group to be combined with the claims experience of active employees for premium determination and the premium offered to retired employees to be no more than the premium applicable to active employees. Retirees under age 65 pay the same premium amounts as applicable to active employees. Retirees over age 65 are included in the overall risk pool but pay a lesser premium amount than is applicable to active employees because the plan is secondary payer to Medicare Parts A and B. The State Employees' Group Health Insurance Program (Program) operates as a cost-sharing multiple-employer defined benefit health plan; however, current administration of the Program is not through a formal trust and therefore disclosure requirements are those applicable to an agency multiple-employer plan. The Division of State Group Insurance within the Department of Management Services is designated by Section 110.123, F.S., to be responsible for all aspects of the purchase of healthcare for state and university employees and retirees under the Program.

There are twenty-one participating employers including the primary government of the state, the twelve state universities, and other governmental entities. There was an average enrollment of 172,190 contracts including 36,485 retirees and 135,705 employees and COBRA participants for fiscal year 2012-2013. 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 collected. 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 2013 coverage, for active employees and retirees under the age of 65 for the standard plan were $587.74 and $1,329.14 for single and family contracts, respectively. Retirees over the age of 65 pay premiums for a Medicare supplement. Monthly premiums, through June 2013 coverage, for the standard Preferred Provider Organization Plan were $326.92 for a single contract, $653.84 for two Medicare eligible members, and $942.64 for a family contract when at least 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, 2013 and the two preceding fiscal years (dollars in thousands):

	2013	2012	2011
Annual required contribution (ARC)	$ 327,829	$ 330,167	$ 237,028
Interest on the net OPEB obligation	28,412	19,093	12,790
Adjustments to the ARC	(24,624)	(16,547)	(10,658)
Annual OPEB Cost	331,617	332,713	239,160
Employer contribution	(103,428)	(99,734)	(81,580)
Increase/Decrease in net OPEB obligation	228,189	232,979	157,580
Net OPEB obligation - July 1	710,309	477,330	319,750
Net OPEB obligation - June 30	$ 938,498	$ 710,309	$ 477,330
Percent of annual OPEB cost contributed	31.19%	29.98%	34.11%

Funded Status – State Share

The funded status of the plan as of June 30, 2013, was as follows (dollars in thousands):

Actuarial valuation date	July 1, 2012
Actuarial accrued liability (AAL)	$ 4,878,629
Actuarial value of plan assets	.....
Unfunded actuarial accrued liability (UAAL)	$ 4,878,629
Actuarial value of assets as a percentage of the AAL	0.00%
Covered payroll -- State share	$ 4,248,022
UAAL (State) as a percentage of covered payroll	114.84%

Actuarial Methods and Assumptions

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

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

The entry age actuarial cost method was used for the actuarial valuation as of July 1, 2013. This method allocates the value of a member's benefit as a level percentage of pay between entry age and retirement age. Allocating costs as a level percentage of pay, even though the benefits are not pay-related, helps with budgeting for these employee benefits costs as a percentage of payroll. Actuarial assumptions included a 3% inflation rate, a 4% return on invested assets, and a 4% payroll growth rate. Initial healthcare cost trend rates used for the Preferred Provider Organization (PPO) Plans are 7.4%, 7.0%, and 8.2% for the first three years followed by 7.6% in the fourth year grading to 5.0% over the course of 70 years. For the Health Maintenance Organization (HMO) Plans, initial healthcare cost trend rates of 3.9%, 7.8%, and 8.3% for the first three years followed by 8.2% in the fourth year and grading to 5.0% over the course of 70 years. The unfunded actuarial accrued liability is being amortized as a level percentage of pay - on an open basis, over a 30 year period.

NOTE 7 - COMMITMENTS AND OPERATING LEASES

A. Construction Commitments

Road and bridge construction projects, supervised by the Department of Transportation, are included in the Department of Transportation work program, which is updated during each budget cycle. As of June 30, 2013, the Department had available approximately $7.4 billion in budget authority committed on executed contracts arising from both current and prior year projects. Other major construction commitments of the State of Florida at June 30, 2013, totaled $281 million. Refer to Note 5 for additional disclosures relating to construction in progress. Construction commitments for component units totaled $1.5 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 $486,658,768 for the fiscal year ended June 30, 2013. The table below represents the Florida Ports Financing Commission revenue bonds outstanding at June 30, 2013. The bonds noted below were issued in May 2011 with proceeds used to defease the Commission's Series 1996 and Series 1999 bonds:

Series	Amount
2011A	$ 10,400,000
2011B	134,380,000
2011A (Intermodal)	66,300,000
2011B (Intermodal)	47,000,000
Total	$ 258,080,000

C. Operating Leases

Operating leases are not recorded on the balance sheets or statements of net position; however, operating lease payments are recorded as expenditures/expenses when incurred. Total operating lease payments for the state's governmental activities, business-type activities, and component units were $129.3 million, $13.8 million, and $74.7 million, respectively, for the year ended June 30, 2013. The following is a schedule of future non-cancelable operating lease payments for the primary government and component units at June 30, 2013 (in thousands):

	Primary Government		
	Governmental Activities	Business-type Activities	Component Units
2014	$ 119,369	$ 9,186	$ 68,996
2015	111,621	8,762	44,973
2016	103,806	7,900	36,523
2017	95,678	6,854	31,437
2018	94,429	6,157	28,580
2019-2023	148,059	8,151	57,656
2024-2028	19,808	787	27,170
2029-2033	3,528	634	21,322
2034-2038	3,558	.....	13,984
2039-2043	2,348	.....	8,913
2044-2048	534	.....	2,765
2049-2053	.....	.....	2,765
2054-2058	.....	.....	2,578
2059-2063	.....	.....	2,298
2064-2068	.....	.....	2,298
2069-2073	.....	.....	2,298
Total	$ 702,738	$ 48,431	$ 354,556

D. Encumbrances

As of June 30, 2013, 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:	$ 149,292	$ 3,843	$171,057	$ 29,060	$ 31,591	$ 181,014	$ 565,857

NOTE 8 - BONDS PAYABLE AND CERTIFICATES OF PARTICIPATION

A. Bonds Payable

1. Outstanding Bonds

Bonds payable at June 30, 2013, are as follows (in thousands):

Bond Type	Original Amount	Amount Outstanding	Interest Rates	Annual Maturity To
Governmental Activities:				
Road and Bridge Bonds	$ 2,179,965	$ 1,948,285	3.000%-6.375%	2041
SBE Capital Outlay Bonds	762,790	456,675	3.000%-5.000%	2030
Lottery Education Bonds	2,987,690	2,429,122	3.000%-6.584%	2032
Public Education Bonds	11,822,185	10,251,190	2.000%-6.000%	2041
State University System Bonds	218,015	178,385	3.000%-6.500%	2033
University Auxiliary Bonds	1,068,500	857,192	2.000%-7.500%	2042
Inland Protection Bonds	96,730	79,165	4.260%-5.400%	2024
Florida Forever Bonds	1,679,225	1,359,050	3.000%-7.045%	2029
Water Pollution Control Bonds	614,775	467,720	2.625%-5.500%	2031
Florida Facilities Pool Bonds	479,060	332,590	3.500%-5.750%	2039
State Infrastructure Bank Bonds	123,615	70,620	4.250%-5.000%	2027
Everglades Restoration Bonds	288,550	240,465	0.220%-6.450%	2032
	22,321,100	18,670,459		
Unamortized premiums (discounts) on bonds payable	.....	871,855		
Less amount deferred on refunding	.....	(129,709)		
Total Bonds Payable	$ 22,321,100	$ 19,412,605		
Business-type Activities:				
Toll Facilities Bonds	$ 3,312,185	$ 2,806,440	2.875%-6.800%	2042
Florida Hurricane Catastrophe Fund Bonds	3,300,920	3,300,920	1.298%-5.000%	2021
	6,613,105	6,107,360		
Unamortized premiums (discounts) on bonds payable	.....	125,879		
Less amount deferred on refunding	.....	(40,755)		
Total Bonds Payable	$ 6,613,105	$ 6,192,484		

2. Types of Bonds

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

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

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

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

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

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

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

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

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.

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.

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.

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

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

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

3. Pledged Revenues (in thousands):

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

Bond Type	Revenue[3]	Less Operating Expenses	Net Available for Debt Service	Debt Service: Principal	Debt Service: Interest[2]	Debt Service: Total Debt Service	Coverage Ratio	Final Maturity	Remaining Debt Service	Revenue Ratio[4]
Florida Turnpike (Toll Facility)	$ 767,985	$ 157,388	$ 610,597	$ 111,680	$ 133,549	$ 245,229	2.49	2042	$ 4,388,888	79.51%
Florida Forever/P2000/Everglades[1]	950,700	.....	950,700	345,485	88,253	433,738	2.19	2032	2,213,212	100.00%
Lottery Education[1,2]	1,424,307	.....	1,424,307	185,661	125,883	311,544	4.57	2032	3,254,531	100.00%
Alligator Alley (Toll Facility)	25,115	7,409	17,706	1,660	1,790	3,450	5.13	2027	48,282	70.50%
State Infrastructure Bank	64,368	.....	64,368	9,955	3,988	13,943	4.62	2027	86,398	100.00%
Florida Hurricane Catastrophe [4]	1,746,135	17,071	1,729,064	3,796,795	80,687	3,877,482	0.45	2021	3,721,612	99.02%
State University System Bonds	51,730	.....	51,730	17,335	9,614	26,949	1.92	2033	260,197	100.00%
University Auxiliary Bonds[5]										
Parking System Revenue Bonds										
Florida International University	12,663	4,062	8,601	2,815	2,151	4,966	1.73	2039	81,922	67.92%
University of South Florida	13,187	7,799	5,388	2,205	1,354	3,559	1.51	2026	37,745	40.86%
Florida Agricultural & Mechanical University	2,422	1,538	884	170	61	231	3.82	2018	1,164	36.50%
University of Florida	11,988	7,545	4,443	2,165	965	3,130	1.42	2028	28,309	37.06%
Florida Atlantic University	7,324	2,821	4,503	835	544	1,379	3.27	2032	28,260	61.48%
University of Central Florida	19,199	3,545	15,654	3,065	1,674	4,739	3.30	2032	54,913	81.54%
Florida State University	11,879	2,660	9,219	3,515	2,112	5,627	1.64	2031	64,141	77.61%
Housing System Revenue Bonds										
Florida Agricultural & Mechanical University	11,600	6,856	4,744	1,216	3,145	4,361	1.09	2032	100,342	40.90%
Florida International University	25,991	14,149	11,842	3,975	4,691	8,666	1.37	2041	168,402	45.56%
University of Florida	48,964	32,770	16,194	3,680	3,125	6,805	2.38	2031	96,236	33.07%
Florida Atlantic University	16,498	7,481	9,017	2,690	3,077	5,767	1.56	2036	101,916	54.66%
University of Central Florida	25,577	14,208	11,369	3,125	5,117	8,242	1.38	2042	166,241	44.45%
Florida State University	39,011	15,963	23,048	4,140	5,652	9,792	2.35	2040	194,963	59.08%
Student Health and Wellness Center Revenue Bonds										
University of Central Florida	13,243	.....	13,243	360	256	616	21.50	2024	6,798	100.00%
Florida State University	14,232	.....	14,232	1,110	1,272	2,382	5.97	2030	40,465	100.00%
University of North Florida	3,985	.....	3,985	410	618	1,028	3.88	2036	28,296	100.00%
Bookstore Revenue Bonds										
University of Central Florida	1,880	401	1,479	230	65	295	5.02	2017	1,171	78.67%
Student Services Center Revenue Bonds										
Florida Agricultural & Mechanical University	2,197	1,395	802	405	120	525	1.53	2017	2,105	36.50%
Water Pollution Control Bonds	87,796	.....	87,796	34,155	23,514	57,669	1.52	2031	650,997	100.00%
Inland Protection Bonds	188,346	.....	188,346	5,605	3,181	8,786	21.44	2024	104,262	100.00%

[1] Operating Expenses are not listed for the Lottery Program and the Environmental Programs e.g. Florida Forever/Everglades Restoration 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.

[6] In the 2007-2008 fiscal year, Florida Hurricane Catastrophe Fund executed a $3.5 billion liquidity bond issue. The proceeds of the issue were used to redeem the bonds at maturity in the fiscal year 2013. The coverage ratio shown is based only on net revenue and does not include the bond proceeds used to redeem the bonds. Including the bond proceeds, the coverage ratio is 1.35.

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 2012-13, the ratio improved to below 7% but exceeded 6%, primarily because of the increase in tax revenues. Chapter 2012-119, Section 47, Laws of Florida, provided the legislature's determination that the authorization and issuance of debt for the 2012-13 fiscal year was in the best interest of the state and necessary to address a critical state emergency.

5. Debt Service Requirements

Annual debt service requirements to amortize bonds at June 30, 2013, are as follows (in thousands):

Year Ending June 30	Primary Government					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	$ 991,276	$ 893,982	$ 1,885,258	$ 418,960	$ 224,016	$ 642,976
2015	1,018,794	846,851	1,865,645	447,320	217,999	665,319
2016	1,057,609	797,311	1,854,920	470,800	195,779	666,579
2017	1,073,898	746,436	1,820,334	968,150	169,607	1,137,757
2018	1,095,486	694,855	1,790,341	142,485	151,497	293,982
2019-2023	5,427,587	2,685,421	8,113,008	2,170,895	531,476	2,702,371
2024-2028	4,054,950	1,471,664	5,526,614	584,075	300,576	884,651
2029-2033	2,401,049	701,843	3,102,892	464,365	182,317	646,682
2034-2038	1,378,640	227,259	1,605,899	350,030	70,702	420,732
2039-2043	171,170	12,418	183,588	90,280	7,462	97,742
Bonds Payable and Interest	18,670,459	9,078,040	27,748,499	6,107,360	2,051,431	8,158,791
Unamortized premiums (discounts)	871,855	.....	871,855	125,879	.....	125,879
Amount deferred or refunded	(129,709)	.....	(129,709)	(40,755)	.....	(40,755)
Total bonds payable and interest	$ 19,412,605	$ 9,078,040	$ 28,490,645	$ 6,192,484	$ 2,051,431	$ 8,243,915

Year Ending June 30	Component Units		
	Principal	Interest	Total
2014	$ 1,374,932	$ 768,276	$ 2,143,208
2015	1,748,829	368,893	2,117,722
2016	1,194,543	314,008	1,508,551
2017	1,282,145	251,646	1,533,791
2018	388,731	217,238	605,969
2019-2023	1,754,686	806,596	2,561,282
2024-2028	904,891	564,688	1,469,579
2029-2033	974,818	378,393	1,353,211
2034-2038	916,664	204,050	1,120,714
2039-2043	513,423	71,620	585,043
2044-2048	130,535	4,570	135,105
2049-2053	6,594	189	6,783
Bonds payable and interest	11,190,791	3,950,167	15,140,958
Unamortized premiums (discounts)	213,790	.....	213,790
Amount deferred or refunded	11,357	.....	11,357
Total bonds payable and interest	$ 11,415,938	$ 3,950,167	$ 15,366,105

Annual debt service requirements for university capital improvement debt payable at June 30, 2013, are as follows (in thousands):

Year Ending June 30	Universities		
	Principal	Interest	Total
2014	$ 43,600	$ 37,710	$ 81,310
2015	44,566	36,033	80,599
2016	46,369	34,249	80,618
2017	43,654	32,287	75,941
2018	44,658	30,412	75,070
2019-2023	228,813	122,028	350,841
2024-2028	199,881	73,709	273,590
2029-2033	134,958	33,267	168,225
2034-2038	51,899	11,226	63,125
2039-2043	21,466	1,796	23,262
Total capital improvement debt payable and interest	859,864	412,717	1,272,581
Unamortized premiums (discounts)	8,784		8784
Amounts deferred or refunded	(1,326)		(1,326)
Total capital improvement debt payable and interest	$ 867,322	$ 412,717	$ 1,280,039

6. Advance Refundings and Current Refundings

During the fiscal year ended June 30, 2013, 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 are used to call the refunded bonds within 90 days of issuance of the refunding bonds. The proceeds of the advance refundings are deposited into irrevocable trusts and invested in direct obligations of the Federal government and/or obligations guaranteed by the Federal government. The funds deposited along with the interest to be earned will be sufficient to meet the future principal and interest payments on the refunded bonds as they become due.

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

Advance Refundings

Governmental Activities

State of Florida, State Board of Education Lottery Revenue Refunding Bonds, Series 2011A in the amount of $242,240,000 along with additional funds of $3,232,245 were used to refund $138,445,000 of the State of Florida State Board of Education Lottery Revenue Bonds, Series 2002C maturing in the years 2014 through 2022 and $123,645,000 of State of Florida State Board of Education Lottery Revenue Bonds, Series 2003A maturing in the years 2014 through 2023. The refunding resulted in debt savings of $26,861,154, an economic gain of $23,300,649, and a deferred gain on refunding of $174,295.

State of Florida, Department of Environmental Protection Florida Forever Revenue Refunding Bonds, Series 2012A in the amount of $156,620,000 were used to refund $85,730,000 of the State of Florida, Department of Environmental Protection Florida Forever Revenue Bonds, Series 2003A maturing in the years 2014 through 2023 and $89,080,000 of the State of Florida Department of Environmental Protection Florida Forever Revenue Bonds, Series 2003C maturing in the years 2014 through 2023. The refunding resulted in debt savings of $23,781,841, an economic gain of $21,096,216., and a deferred gain on refunding of $810,471.

State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds, 2011 Series A in the amount of $53,785,000 were used, in part, to refund $29,320,000 of the State of Florida Full Faith and Credit, State Board of Education Capital Outlay Bonds, 2003 Series A maturing in the years 2014 through 2023. The refunding resulted in debt savings of $3,625,448, an economic gain of $3,239,822 and a deferred loss on refunding of $275,206.

State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series 2012A in the amount of $267,390,000, in part, were used along with additional funds of $4,509,436 to refund $243,895,000 of the State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series 2003A maturing in the years 2014 through2033. The refunding resulted in debt savings of $46,235,389, an economic gain of $33,941,156, and a deferred loss on refunding of $1,261,105.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2012 Series C in the amount of $301,865,000 along with additional funds of $4,038,260 were used to refund $162,660,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2002 Series D maturing in the years 2014 through 2033 and $162,825,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2003 Series B maturing in the years 2014 through 2033. The refunding resulted in debt savings of $84,432,501, an economic gain of $64,155,579 and a deferred loss on refunding of $3,061,838.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2012 Series D in the amount of $229,930,000 along with additional funds of $4,001,685 were used to refund $90,740,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2001 Series I maturing in the years 2014 through 2033 and $162,600,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2001 Series J maturing in the years 2014 through 2033. The refunding resulted in debt savings of $55,145,991, an economic gain of $41,637,248 and a deferred loss on refunding of $348,635.

Business-type Activities

State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2011A in the amount of $150,165,000, were used, in part to refund $47,580,000 of the State of State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2003C maturing in the years 2014 through 2021. The refunding resulted in debt savings of $3,932,726, an economic gain of $3,422,868, and a deferred loss on refunding of $2,605,435.

State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2012A in the amount of $306,065,000 were used, in part, along with additional funds of $459,392 to refund $114,910,000 of State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2003C maturing in the years 2022 through 2033. The refunding resulted in debt savings of $29,979,870, an economic gain of $20,818,606, and a deferred loss on refunding of $4,378,440.

Current Refundings

Governmental Activities

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2013 Series A in the amount of $324,625,000 along with additional funds of $5,009,065 were used to refund $382,985,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2003 Series A maturing in the years 2014 through 2023. The refunding resulted in debt savings of $75,698,649, an economic gain of $68,683,316, and a deferred loss on refunding of $2,805,406.

State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2013 Series B in the amount of $263,525,000 along with additional funds of $4,587,817 were used to refund $46,570,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 1996 Series B maturing in the years 2024 through 2027, $66,515,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 1997 Series B maturing in 2028, $40,790,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2001 Series H maturing in the years 2027 through 2032, and $143,950,000 of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2001 Series I maturing in the years 2014 through 2025. The refunding resulted in debt savings of $64,980,892, an economic gain of $50,991,523, and a deferred loss on refunding of $898,846.

State of Florida, Board of Governors, Florida Atlantic University Parking Facility Revenue Bonds, Series 2013A in the amount of $21,490,000, in part, along with additional funds of $82,557 were used to refund $3,990,000 of the State of Florida, Florida Board of Education, Florida Atlantic University Parking Facility Revenue Bonds, Series 2001 maturing in the years 2014 through 2021 and $5,250,000 of the State of Florida, Florida Board of Education, Florida Atlantic University Parking Facility Revenue Bonds, Series 2002 maturing in the years 2014 through 2023. The refunding resulted in debt savings of $1,231,206, an economic gain of $1,115,025, and a deferred loss on refunding of $74,249.

State of Florida, Board of Governors, Florida State University Research Foundation Inc. Revenue Refunding Bonds, Series 2012 in the amount of $11,920,000 along with additional funds of $5,085,000 were used to refund $18,000,000 of the State of Florida, Florida Board of Education, Florida State University Research Foundation, Incorporated Revenue Bonds, Series 2001 maturing in the years 2013 through 2031. The refunding resulted in a debt savings of $6,053,435 and an economic gain of $3,792,528 and a deferred loss on refunding of $0.

Business-type Activities

State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2012A in the amount of $306,065,000 were used, in part, along with additional funds of $310,050 to refund $57,395,000 of State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 1998A maturing in the years 2024 through 2027 and $25,285,000 of the State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 1999A maturing in the years 2025 through 2028. The refunding resulted in debt savings of $19,442,496, an economic gain of $14,363,239, and a deferred loss on refunding of $6,097,815.

State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013A in the amount of $183,140,000 were used along with additional funds of $3,587,158 to refund $216,995,000 of the State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2003B maturing in the years 2014 through 2025. The refunding resulted in debt savings of $46,049,233, an economic gain of $40,590,086, and a deferred loss on refunding of $8,231,313.

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 6/30/2013
Governmental Activities	
University Auxiliary Bonds	$ 1,514
Public Education Capital Outlay Bonds	6,625
Total	$ 8,139
Business-type Activities	
Toll Facilities	$ 34,500

8. Arbitrage Regulations

The state complies with federal arbitrage regulations.

9. Direct Interest

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

Governmental Activities	Interest
Education:	
SBE Capital Outlay Bonds	$ 20,053
Lottery Education Bonds	109,254
Public Education Bonds	467,885
State University System Bonds	8,311
University Auxiliary Bonds	36,988
Total Education	642,491
Natural Resources and Environment:	
Inland Protection Bonds	3,462
Everglades Restoration Bonds	6,357
Water Pollution Control Bonds	18,135
Florida Forever Bonds	70,660
Preservation 2000 Bonds	4,512
Total Natural Resources and Environment	103,126
Transportation:	
Road and Bridge Bonds (Right of Way)	87,137
State Infrastructure Bonds	3,468
Total Transportation	90,605
Total Direct Interest	$ 836,222

10. Governmental Activities – Unrestricted Net Position Deficit

Governmental activities reflect a negative unrestricted net position balance of $10.8 billion at June 30, 2013. 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, 2013, of $13.8 billion. The state has an additional $1.0 billion in other bonds, including Florida Forever bonds in which the state does not own the related capital assets. The resources related to the payment of this debt will be provided from future revenue sources. If these bonds were removed, the adjusted unrestricted net position for governmental activities would be $4.0 billion.

B. Certificates of Participation

1. Primary Government

The state has issued certificates of participation (original amount of $945,800,000) to finance privately operated detention and mental health facilities. The certificates of participation's interest rates range from 3.250% - 6.85% and the last maturity date is August 1, 2029. The following is a schedule of future minimum principal and interest payments for certificates of participation for governmental activities at June 30, 2013 (in thousands):

Year Ending June 30	Principal	Interest	Total
2014	$ 43,450	$ 37,162	$ 80,612
2015	44,585	35,022	79,607
2016	44,005	32,867	76,872
2017	43,390	30,777	74,167
2018	42,930	28,722	71,652
2019-2023	201,510	113,454	314,964
2024-2028	222,155	54,057	276,212
2029-2033	71,855	4,590	76,445
Total	713,880	336,651	1,050,531
Unamortized premiums (discounts)	8,044	.....	8,044
Amount deferred upon refunding	915	.....	915
Total certificates of participation payable	$ 722,839	$ 336,651	$ 1,059,490

2. Component Units

Component units (universities and a water management district) have issued certificates of participation (original amount of $1,229,795,000) primarily to finance academic and student facilities and construction projects for Everglades restoration. The certificates of participation's interest rates range from 2.500% to 6.000% and the last maturity date is July 1, 2040. The following is a schedule of future minimum principal and interest payments for certificates of participation for component units at June 30, 2013 (in thousands):

Year Ending June 30	Principal	Interest	Total
2014	$ 26,340	$ 51,615	$ 77,955
2015	27,500	50,463	77,963
2016	28,710	49,198	77,908
2017	30,025	47,854	77,879
2018	31,435	46,442	77,877
2019-2023	180,360	208,369	388,729
2024-2028	220,760	161,472	382,232
2029-2033	275,445	102,324	377,769
2034-2038	284,120	32,231	316,351
2039-2043	3,420	292	3,712
Total	1,108,115	750,260	1,858,375
Unamortized premiums (discounts)	21,603	.....	21,603
Total certificates of participation payable	$ 1,129,718	$ 750,260	$ 1,879,978

NOTE 9 - INSTALLMENT PURCHASES, CAPITAL LEASES, ADVANCES FROM FEDERAL GOVERNMENT, 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, 2013, 74% of the state's installment purchase contracts for governmental activities were for buildings, and the remaining 26% for furniture and equipment. 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, 2013 (in thousands):

	Primary Government		
Year Ending June 30	Governmental Activities	Business-type Activities	Component Units
2014	$ 7,480	$ 1,092	$ 3,409
2015	7,292	1,092	2,783
2016	6,218	1,092	1,271
2017	5,529	1,090	652
2018	4,904	.....	53
2019-2023	16,267	.....	.....
2024-2028	6,504	.....	.....
Total	54,194	4,366	8,168
Less: Interest	(9,959)	(268)	(269)
Present value of future minimum payments	$ 44,235	$ 4,098	$ 7,899

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, 2013, 64% of the state's capital leases for governmental activities were for buildings, and the remaining 36% were for furniture and equipment. Capital leases for component units consisted of 50% for furniture and equipment, 45% for buildings, 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, 2013 (in thousands):

	Primary Government	
Year Ending June 30	Governmental Activities	Component Units
2014	$ 8,169	$ 10,857
2015	5,981	11,828
2016	2,532	9,197
2017	2,524	6,863
2018	2,492	3,681
2019-2023	5,328	11,040
2024-2028	1,370	8,682
2029-2033	.....	1,663
2034-2038	.....	991
Total	28,396	64,802
Less: Interest	(4,009)	(6,013)
Present value of future minimum payments	$ 24,387	$ 58,789

C. Advances from Federal Government

Continuing high levels of unemployment benefit claims payments resulted in the depletion of available fund balances in the State of Florida account in the Unemployment Compensation Trust Fund during August 2009. Section 1201 of the Social Security Act provides for Title XII advances from the Federal Unemployment Fund to those states whose trust funds are depleted to ensure the continuation of benefit payments to eligible claimants. Advances are repayable from future employer contributions. Interest accruing on outstanding balances is payable each September 30. Interest cannot be paid from state unemployment compensation fees. The American Recovery and Reinvestment Act of 2009 temporarily suspended interest on these advances through December 31, 2010. Borrowing was expected to be necessary through state fiscal year 2012-13. As of June 30, 2013, all advances have been repaid to the federal government.

(in thousands):

Federal Advance Balances at June 30,
2012 $ 672,583
2013 $ 0

Interest Payable on September 30,
2012 $ 43,343
2013 $ 0

Final interest assessment of $9,267 was paid in May 2013.

D. Public-Private Partnerships

Pursuant to Section 334.30, F.S, the Department of Transportation executed two 35-year, Public-Private Partnership concession agreements in March and October of 2009 for the design, build, finance, operation and maintenance of the Interstate 595 Corridor and the Port of Miami Tunnel. Payments consist of construction-period payments, lump-sum final acceptance payments upon completion of construction, and annual performance-based availability payments to be made during the 30-year operations and maintenance period. Annual availability payments are all inclusive payments consisting of unpaid portions of construction costs, annual operations costs, and maintenance expenses. The payment schedule below is an estimate of unpaid construction payments during the term of the agreements based on the percentage of completion of the projects at June 30, 2013. The annual availability payments are performance-based and are subject to change based on a fixed percentage as defined in the agreement and on the Consumer Price Index, which could impact the payment schedule. The projects are expected to be completed in 2014. The Department has six other public-private partnership agreements for the design, build, and finance; and two other agreements for the build and finance of various transportation projects. The remaining unpaid construction costs for these eight agreements represent 33%, 22%, and 18%, respectfully, of payments due in 2014, 2015, and 2016. The following is a schedule of future maximum payments for the primary government at June 30, 2013 (in thousands):

Year Ending June 30	Primary Government Governmental Activities
2014	$ 327,507
2015	519,967
2016	182,452
2017	175,142
2018	255,322
2019-2023	413,686
2024-2028	474,090
2029-2033	550,251
2034-2038	631,690
2039-2043	730,110
2044-2045	91,013
Total	4,351,230
Less: Interest	(2,071,495)
Present value of future maximum payments	$ 2,279,735

NOTE 10 - CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for governmental activities during the fiscal year ended June 30, 2013, are as follows (in thousands):

	Balance July 1, 2012	Restatements and Adjustments	Additions	Deletions	Balance June 30, 2013	Due Within One Year (Current)
Governmental Activities						
Bonds payable:						
Road and Bridge Bonds	$ 2,020,110	$	$ 234,715	$ 306,540	$ 1,948,285	$ 66,005
SBE Capital Outlay Bonds	558,925	.....	.....	102,250	456,675	76,185
Lottery Education Bonds	2,787,038	.....	89,835	447,751	2,429,122	194,105
Public Education Bonds	10,825,600	.....	1,119,945	1,694,355	10,251,190	427,045
State University System Bonds	195,720	.....	.....	17,335	178,385	12,835
University Auxiliary Bonds	838,852	.....	84,120	65,780	857,192	43,226
Inland Protection Bonds	84,770	.....	.....	5,605	79,165	5,885
Save Our Coast Bonds	.....	.....	.....	.....	.....	.....
Preservation 2000 Bonds	69,885	.....	.....	69,885	.....	.....
Florida Forever Bonds	1,642,355	.....	156,620	439,925	1,359,050	85,345
Water Pollution Control Bonds	501,875	.....	.....	34,155	467,720	34,840
State Infrastructure Bank Bonds	80,575	.....	.....	9,955	70,620	10,710
Everglades Restoration Bonds	204,505	.....	46,445	10,485	240,465	12,615
Florida Facilities Pool Bonds	354,025	.....	.....	21,435	332,590	22,480
	20,164,235	.....	1,731,680	3,225,456	18,670,459	991,276
Unamortized bond premiums discounts	808,740	.....	257,052	193,937	871,855	.....
Amounts deferred on refunding	(141,754)	.....	(7,771)	(19,816)	(129,709)	.....
Total bonds payable	20,831,221	.....	1,980,961	3,399,577	19,412,605	991,276
Certificates of participation payable	766,222	.....	.....	43,383	722,839	43,450
Deposits	618,448	.....	1,124,764	1,083,484	659,728	495,714
Compensated absences	793,654	(70)	329,812	359,669	763,727	198,649
Claims payable	3,874,962	.....	2,141,891	1,847,163	4,169,690	2,269,675
Installment purchases/capital leases	59,539	.....	17,816	8,733	68,622	12,792
Public-private partnership agreements	1,649,098	.....	739,215	108,578	2,279,735	232,166
Advances - Due to Unclaimed Prop. TF	755,925	.....	55,698	.....	811,623	.....
Other Postemployment Benefits	687,820	.....	221,184	.....	909,004	.....
Other liabilities	236,154	(4,099)	.....	196,982	35,073	.....
Total Governmental Activities	**$ 30,273,043**	**$ (4,169)**	**$ 6,611,341**	**$ 7,047,569**	**$ 29,832,646**	**$ 4,243,722**

Long-term liabilities for governmental activities are generally liquidated by the applicable governmental funds and/or internal service funds. Specifically, the special revenue funds, capital projects funds, and/or internal service funds will liquidate the certificates of participation payable, installment purchase contracts, and capital lease obligations. The applicable special revenue funds and internal service funds will reduce deposits when such monies are earned. The governmental and internal services funds that account for employees' salaries and wages will liquidate the compensated absences liabilities. The General Fund, Health and Family Services Fund, and the non-major special revenue fund will generally liquidate claims payable. The applicable special revenue funds and internal service funds, as well as the debt service fund, will liquidate obligations to other governments. The nonmajor special revenue funds will generally liquidate other liabilities. Other Postemployment Benefits (OPEB) related to all governmental funds are reported above. The state does not currently fund the OPEB liability so it is non-liquidating. Refer to Note 6 for additional information on OPEB. The Transportation-Governmental Fund will liquidate the public-private partnership agreements liability from annual appropriations. Refer to Note 9 for additional information on the public-private partnership agreements. Space Florida, a blended component unit was previously reported as a governmental, special revenue fund. It was subsequently determined to be an enterprise fund. The restatements and adjustments column in the Governmental and Business-Type Changes in Long-Term Liabilities reflects the change in reporting long-term liabilities for this entity.

Changes in long-term liabilities for business-type activities and component units during the fiscal year ended June 30, 2013, are as follows (in thousands):

	Balance July 1, 2012	Restatements and Adjustments	Additions	Deletions	Balance June 30, 2013	Due Within One Year (Current)
Business-type Activities						
Bonds payable:						
Toll Facility Bonds	$ 2,892,740	$	$ 489,205	$ 575,505	$ 2,806,440	$ 118,960
Florida Hurricane Catastrophe Fund Bonds	5,097,715	.....	2,000,000	3,796,795	3,300,920	300,000
	7,990,455	.....	2,489,205	4,372,300	6,107,360	418,960
Unamortized bond premiums (discounts)	93,960	.....	52,575	20,656	125,879	.....
Amounts deferred on refunding	(28,706)	.....	(21,314)	(9,265)	(40,755)	.....
Total bonds payable	8,055,709	.....	2,520,466	4,383,691	6,192,484	418,960
Accrued prize liability	649,508	.....	2,856,065	2,945,101	560,472	217,030
Deposits	31,514	.....	8,176	617	39,073	15,329
Compensated absences	20,504	70	11,473	10,677	21,370	5,090
Claims payable	.....	.....	206,945	.....	206,945	206,945
Tuition and housing benefits payable	11,554,966	.....	.....	532,917	11,022,049	677,233
Advances from Federal Government	672,583	.....	.....	672,583	.....	.....
Installment purchases	.....	.....	4,098	.....	4,098	977
Other Postemployment Benefits	11,981	.....	4,281	.....	16,262	.....
Other liabilities	3,761	4,099	1,121	4,687	4,294	.....
Total Business-type Activities	**$ 21,000,526**	**$ 4,169**	**$ 5,612,625**	**$ 8,550,273**	**$ 18,067,047**	**$ 1,541,564**
Component Units						
Bonds payable	$ 10,591,481	$	$ 2,113,064	$ 1,288,607	$ 11,415,938	$ 1,374,932
Deposits	1,665,071	.....	15,258	18,802	1,661,527	1,594,213
Compensated absences	588,731	.....	344,627	321,355	612,003	84,487
Installment purchases/capital leases	69,784	.....	12,435	15,531	66,688	12,871
Claims payable	131,136	.....	38,805	73,873	96,068	32,868
Certificates of participation payable	1,156,587	.....	158,103	184,972	1,129,718	26,340
Due to other governments/primary	843,880	.....	91,951	66,509	869,322	43,600
Other liabilities	2,231,076	.....	1,319,123	1,315,673	2,234,526	196,025
Total Component Units	**$ 17,277,746**	**$ .....**	**$ 4,093,366**	**$ 3,285,322**	**$ 18,085,790**	**$ 3,365,336**

NOTE 11 - INTERFUND BALANCES AND TRANSFERS

At June 30, 2013, 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, 2013, 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	$	$ 3,272	.....	$ 104,461	$ 8,769
Environment, Recreation and Conservation	9,347	.....	.....	782	13,963
Public Education	64	.....	.....	1,907	.....
Health and Family Services	11,434	1	.....	.....	1,490
Transportation	13,257	3,175	.....	217	.....
Nonmajor	57,671	2,164	12,744	1,867	27,674
Internal Service Funds	733	52	.....	262	307
Business-type Activities					
Transportation	106	.....	.....	.....	112,467
Lottery	26	.....	76,111	.....	.....
Hurricane Catastrophe Fund	.....	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....	.....
Reemployment Assistance	311	.....	.....	.....	.....
Nonmajor	5,539	.....	.....	618	.....
Fiduciary Funds					
Private-purpose Trust Funds	31	.....	1,059	.....	.....
Pension and Other Employee Benefits Trust Funds	7	.....	.....	4	.....
Agency Funds	96,315	2	2,429	1,386	3,579
Investment Trust Funds	.....	.....	.....	.....	.....
Total	**$ 194,841**	**$ 8,666**	**$ 92,343**	**$ 111,504**	**$ 168,249**

(Continued Below)

	Due from Other Funds (in thousands) Governmental Activities	
Due to Other Funds (in thousands)	Nonmajor	Internal Service Funds
Governmental Activities		
General Fund	$ 13,436	$ 5,558
Environment, Recreation and Conservation	304	433
Public Education	160	298
Health and Family Services	6,972	22,277
Transportation	21,268	2,387
Nonmajor	6,286	2,838
Internal Service Funds	81	615
Business-type Activities		
Transportation	.....	.....
Lottery	8	48
Hurricane Catastrophe Fund	.....	.....
Prepaid College Program	.....	2
Reemployment Assistance	1,460	.....
Nonmajor	1,884	181
Fiduciary Funds		
Private-purpose Trust Funds	750	.....
Pension and Other Employee Benefits Trust Funds	.....	9
Agency Funds	5	.....
Investment Trust Funds	.....	.....
Total	**$ 52,614**	**$ 34,646**

(Continued next page)

Due from Other Funds (in thousands)

	Business-type Activities				
Due to Other Funds (in thousands)	Transportation	Lottery	Prepaid College Program	Reemployment Assistance	Nonmajor
Governmental Activities					
General Fund	$	$ 1	$	$ 1,378	$ 687
Environment, Recreation and Conservation	.....	.....	.....	88	.....
Public Education	.....	.....	.....	3	.....
Health and Family Services	.....	.....	.....	470	116
Transportation	181	.....	.....	55	
Nonmajor	.....	.....	.....	345	15
Internal Service Funds	.....		.....	16	.....
Business-type Activities					
Transportation	.....	.....	.....	.....	.....
Lottery	.....	.....	.....	12	4
Hurricane Catastrophe Fund	.....	.....	.....	.....	198
Prepaid College Program	.....	.....	.....	.....	.....
Reemployment Assistance	.....	.....	.....	.....	.....
Nonmajor	.....	.....	.....	52	.....
Fiduciary Funds					
Private-purpose Trust Funds	.....	.....	7,834	.....	1
Pension and Other Employee Benefits Trust Funds	.....	.....	.....	2	5,828
Agency Funds	640	.....	.....	215	20
Investment Trust Funds	.....	.....	.....	.....	51
Total	**$ 821**	**$ 1**	**$ 7,834**	**$ 2,636**	**$ 6,920**

(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	$	$	$ 60,037	**$ 197,599**
Environment, Recreation and Conservation	.....	.....	.....	**24,917**
Public Education	.....	.....	.....	**2,432**
Health and Family Services	.....	.....	260	**43,020**
Transportation	.....	.....	8,262	**48,802**
Nonmajor	.....	11	66	**111,681**
Internal Service Funds	.....	850	30,906	**33,822**
Business-type Activities				
Transportation	.....	.....	2	**112,575**
Lottery	.....	.....	.....	**76,209**
Hurricane Catastrophe Fund	.....	.....	.....	**198**
Prepaid College Program	1	.....	.....	**3**
Reemployment Assistance	.....	.....	694	**2,465**
Nonmajor	.....	.....	.....	**8,274**
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	.....	**9,675**
Pension and Other Employee Benefits Trust Funds	.....	17,784	.....	**23,634**
Agency Funds	.....	.....	.....	**104,591**
Investment Trust Funds	.....	.....	.....	**51**
Total	**$ 1**	**$ 18,645**	**$ 100,227**	**$ 799,948**

Advances to Other Funds (in thousands)

	Governmental Activities			Business-type Activities
Advances from Other Funds (in thousands)	General Fund	Transportation	Health & Family Services	Transportation
Governmental Activities				
General Fund	$	$ 100	$	$ .....
Public Education	.....	.....	.....	.....
Nonmajor	625	.....	.....	.....
Internal Service Funds	1,978	800	.....	.....
Business-type Activities				
Transportation	.....	206,420	.....	.....
Total	**$ 2,603**	**$ 207,320**	**$ .....**	**$ .....**

(Continued below)

Advances to Other Funds (in thousands)

	Fiduciary Funds	
Advances from Other Funds (in thousands)	Private-purpose Trust Funds	**Total**
Governmental Activities		
General Fund	$	**$ 100**
Public Education	811,623	**811,623**
Nonmajor	.....	**625**
Internal Service Funds	.....	**2,778**
Business-type Activities		
Transportation	.....	**206,420**
Total	**$ 811,623**	**$ 1,021,546**

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	$	$ 680,710	$	$ 1,734,555	$ 184,090
Environment, Recreation and Conservation	141,202	.....	.....	2,747	.....
Public Education	591	37	.....	10,459	.....
Health and Family Services	37,112	.....	210,357	.....	33,693
Transportation	255,141	24,314	.....	525	.....
Nonmajor	209,292	50,414	285,101	38,882	1,040,373
Internal Service Funds	5,804	709	4	32	793
Business-type Activities					
Transportation	.....	.....	.....	.....	22,103
Lottery	8	.....	1,424,307	.....	.....
Hurricane Catastrophe Fund	.....	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....	.....
Reemployment Assistance	2	.....	.....	.....	.....
Nonmajor	77,858	.....	203	3,888	.....
Fiduciary Funds					
Private-purpose Trust Funds	22	.....	56	195	.....
Pension and Other Employee Benefits Trust Funds	2,337	.....	.....	.....	.....
Investment Trust Funds	.....	.....	.....	.....	.....
Total	**$ 729,369**	**$ 756,184**	**$ 1,920,028**	**$ 1,791,283**	**$ 1,281,052**

(Continued below)

Transfers from Other Funds (in thousands)

	Governmental Activities	
Transfers to Other Funds (in thousands)	Nonmajor	Internal Service Funds
Governmental Activities		
General Fund	$ 341,313	$ .....
Environment, Recreation and Conservation	460,103	.....
Public Education	1,473,003	.....
Health and Family Services	168,307	.....
Transportation	491,342	.....
Nonmajor	184,306	2,726
Internal Service Funds	7,132	.....
Business-type Activities		
Transportation	.....	.....
Lottery	147	.....
Hurricane Catastrophe Fund	10,000	.....
Prepaid College Program	.....	.....
Reemployment Assistance	17,201	.....
Nonmajor	15,297	.....
Fiduciary Funds		
Private-purpose Trust Funds	2,768	.....
Pension and Other Employee Benefits Trust Funds	75	22,650
Investment Trust Funds	.....	.....
Total	**$ 3,170,994**	**$ 25,376**

(Continued next page)

Transfers from Other Funds (in thousands)

	Business-type Activities			
Transfers to Other Funds (in thousands)	Transportation	Lottery	Reemployment Assistance	Nonmajor
Governmental Activities				
General Fund	$ 282	$	$ 5,742	$ 1,732
Environment, Recreation and Conservation	.....	.....	312	.....
Public Education	.....	.....	31	.....
Health and Family Services	.....	.....	2,268	2,582
Transportation	16,275	.....	249	.....
Nonmajor	.....	.....	1,529	5,553
Internal Service Funds	.....	.....	90	1
Business-type Activities				
Transportation	.....	.....	.....	.....
Lottery	.....	.....	20	.....
Hurricane Catastrophe Fund	.....	.....	.....	.....
Prepaid College Program	.....	.....	.....	.....
Reemployment Assistance	.....	.....	.....	.....
Nonmajor	.....	.....	260	.....
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	.....	.....
Pension and Other Employee Benefits Trust Funds	.....	.....	2	7,925
Investment Trust Funds	.....	.....	.....	.....
Total	**$ 16,557**	**$ .....**	**$ 10,503**	**$ 17,793**

(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	$	$	$	**$ 2,948,424**
Environment, Recreation and Conservation	.....	.....	.....	**604,364**
Public Education	.....	.....	.....	**1,484,121**
Health and Family Services	.....	.....	.....	**454,319**
Transportation	.....	.....	.....	**787,846**
Nonmajor	.....	.....	.....	**1,818,176**
Internal Service Funds	.....	.....	.....	**14,565**
Business-type Activities				
Transportation	.....	.....	.....	**22,103**
Lottery	.....	.....	.....	**1,424,482**
Hurricane Catastrophe Fund	.....	.....	.....	**10,000**
Prepaid College Program	938	.....	.....	**938**
Reemployment Assistance	.....	.....	.....	**17,203**
Nonmajor	.....	.....	.....	**97,506**
Fiduciary Funds				
Private-purpose Trust Funds	.....	.....	.....	**3,041**
Pension and Other Employee Benefits Trust Funds	.....	845,463	.....	**878,452**
Investment Trust Funds	.....	.....	110,614	**110,614**
Total	**$ 938**	**$ 845,463**	**$ 110,614**	**$ 10,676,154**

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 and loss from the removal of personal property from such properties when endangered by covered perils. The property insurance program self-insures the first $2 million per occurrence deductible which applies to all perils named above except named windstorm and flood. The property insurance program also self-insures the first $2 million per occurrence deductible for named windstorm and flood but with an additional annual aggregate retention of $40 million. Commercial excess insurance is purchased for losses over the self-insured retention up to $50 million per occurrence for named windstorm and flood losses through February 15, 2014, and $200 million per occurrence for named perils other than named wind and flood.

The Fund's estimated liability for unpaid property insurance claims at the fiscal year-end is determined by an actuarial method and includes an amount for losses incurred but not yet reported. The amount of claims paid for property claims did not exceed insurance coverage for each of the last three years. Changes in the Fund's property insurance claims liability amount for the fiscal years ended June 30, 2012, and June 30, 2013, 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, 2012	$ 189	$ 1,777	$ (511)	$ 1,455
June 30, 2013	$ 1,455	$ (315)	$ (848)	$ 292

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

The estimated liability for unpaid casualty and property insurance claims at June 30, 2013, was $1.15 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 $287.2 million, discounted using a 4 percent annual percentage rate per Section 625.091, Florida Statutes. The undiscounted workers' compensation indemnity claims liability is $386.4 million.

Changes in the Fund's casualty insurance claims liability for the fiscal years ended June 30, 2012, and June 30, 2013, 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, 2012	$ 1,219,581	$ 111,997	$ (130,441)	$ 1,201,137
June 30, 2013	$ 1,201,137	$ 76,257	$ (130,012)	$ 1,147,382

Actual current year claims and changes in estimate for casualty lines of coverage for the fiscal year ended June 30, 2013, decreased by $35.7 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 risk of loss related to medical and prescription drug claims,

are administered through the State Employees' Group Health Self-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, 2012, and June 30, 2013, 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, 2012	$ 77,106	$ 1,184,800	$ (1,110,966)	$ 150,940
June 30, 2013	$ 150,940	$ 1,482,911	$ (1,495,336)	$ 138,515

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 Self-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, 2013, were transferred from the State Employees' Group Health Self-Insurance Trust Fund and reported in Other Agency Funds in accordance with the requirements of Governmental Accounting Standards Board Codification Section Po50, *Postemployment Benefit Plans Other Than Pension Plans – Defined Benefit*.

NOTE 13 – FLORIDA PREPAID COLLEGE PROGRAM

The Stanley G. Tate Florida Prepaid College Program was created in 1987 to provide a medium through which the costs of tuition, tuition differential fee, local fees, and dormitory residence may be paid in advance of enrollment in a state postsecondary institution at a rate lower than the projected corresponding cost at the time of actual enrollment. The Program is administered by the Florida Prepaid College Board and the State of Florida guarantees the obligations of the Board to qualified beneficiaries if moneys in the Program are insufficient. The Program is accounted for in an enterprise fund. An actuarial study is performed to determine the Program's funding status. The decrease in the actuarial present value of future contract benefits from the prior year is primarily due to the increase in the updated yield curve. Additional information as of June 30, 2013, is as follows:

Actuarial present value of future contract benefits and expenses payable	$ 11,022,049,154
Net position available	$ 11,856,498,570
Net position as a percentage of future contract benefits and expenses obligation	107.6%

NOTE 14 –INSURANCE ENTERPRISES

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

A. FLORIDA HURRICANE CATASTROPHE FUND

The Florida Hurricane Catastrophe Fund (FHCF) was created in 1993 by the Florida Legislature, as a state fund administered by the State Board of Administration (SBA) to provide a source of reimbursement to most residential property insurers for catastrophic hurricane losses, thereby creating additional insurance capacity. Most admitted residential property insurers writing FHCF covered policies are required to purchase mandatory reimbursement coverage with the FHCF. Chapter 2007-1, Laws of Florida, amended, in part, the FHCF statutes to require the FHCF to provide optional additional coverage with the Temporary Increase in Coverage Limit Options (TICL coverage which expands an insurer's coverage above its mandatory coverage) and the $10 million coverage for certain statutorily designated companies.

The mandatory coverage covers a portion of hurricane losses in excess of an insurer's share of an industry wide retention, up to the lesser of either the statutory limit or the actual claims-paying capacity of the FHCF. For the contract year ending May 31, 2013, the industry retention for determining each insurer's retention was $7.389 billion per hurricane for the two hurricanes with the largest losses and $2.463 billion for each additional hurricane in the contract year. The aggregate coverage capacity for the contract year (in excess of retention) was $17.0 billion. The statute requires that an actuarially indicated formula developed by an independent actuary be used to calculate the reimbursement premiums collected for the mandatory coverage.

The optional TICL coverage covers a portion of hurricane losses in excess of the mandatory coverage, up to the lesser of either $12 billion or the actual claims-paying capacity of the FHCF. In 2009, the statute was amended to phase out the entire $12 billion in TICL coverage at a rate of $2 billion per year for 6 years, to completely phase out TICL coverage by 2014. The TICL coverage capacity for the contract year ending May 31, 2013, was $4 billion.

The maximum reimbursable claims for the optional coverage and the mandatory coverage (in the contract year ending May 31, 2013) were $25 billion.

The SBA contracts with each insurer writing covered policies in the state to reimburse the insurer for a percentage of losses incurred from covered events. The obligation of the SBA with respect to all contracts covering a particular contract year shall not exceed the actual claims-paying capacity (as determined by the FHCF's bond underwriters and financial adviser). The FHCF has a fiscal year end of June 30 and its reimbursement contracts expire on May 31. As of June 30, 2013, the FHCF had net position of $8.30 billion, including net position of the State Board of Administration Finance Corporation formerly known as the FHCF 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%. As of June 30, 2013, the FHCF is levying assessments of 1.3%. This assessment authority is neither related to nor restricted by the assessments levied by either Citizens Property Insurance Corporation (Citizens), a discretely presented component unit, or the Florida Insurance Guarantee Association (FIGA).

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

Hurricane losses represent the estimated ultimate cost of all reported and unreported claims during the year that exceed the participating insurers' individual company retention levels. The estimates for current year and prior year losses are continually reviewed and adjusted as experience develops or new information becomes known and such adjustments are included in current operations. The State of Florida was not hit by any hurricanes during the 2012 season. As a result of ongoing loss development and actuarial analysis, estimates for prior years' hurricane losses were reduced by $178.5 million, which resulted in a decrease in expenses (and reserves) for the change in actuarial value of the unreported losses for the year ended June 30, 2013. In May, 2010, the Corporation issued post-event Series 2010A Revenue Bonds in the amount of $675.9 million. These bond proceeds and their investment earnings will enhance the Fund's ability to make payments to participating insurers for losses resulting from the 2005 hurricane season. The funding for these bonds will come from emergency assessments on the direct written premium for all property and casualty lines of business in Florida including property and casualty business of surplus lines insurers, but not including workers' compensation or medical malpractice premiums. An Order was issued by OIR concurrently with the issuance of the 2010A Bonds to supersede the existing 1% emergency assessment with a 1.3% emergency assessment. The increased assessment is effective on all policies issued or renewed on or after January 1, 2011. These bonds will mature, without prior right of redemption, on July 1 of the following years and bear interest at rates ranging from 3.5% to 5.0% as follows (in thousands):

2015	$ 15,775	3.5%
2015	5,765	4.0
2015	320,915	5.0
2016	17,990	3.75
2016	315,475	5.0
	$ 675,920	

B. CITIZENS PROPERTY INSURANCE CORPORATION

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

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

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

Personal Lines Account history - The FRPCJUA began operations on January 21, 1993, after Hurricane Andrew, pursuant to Section 627.351(6), Florida Statutes (F.S.), to provide certain residential property insurance coverage to qualified risks in the State of Florida (on a statewide basis) to applicants who were in good faith entitled to procure insurance through the private market but were unable to do so. Residential property coverage consists of the types of coverage provided to homeowners, mobile homeowners, tenants, condominium unit owners, and similar policies. The policies provide coverage for all perils covered under a standard residential policy, subject to certain underwriting requirements. Such policies exclude windstorm coverage on property within eligible areas. This portion of the FRPCJUA's activities became the Personal Lines Account under Citizens.

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

Coastal Account history – The FWUA, which was a residual market mechanism for windstorm and hail coverage in selected areas of the State, was created by an act of the Florida Legislature in 1970 pursuant to Section 627.351(2), F.S. FWUA was a Florida unincorporated association, the members of which were all property insurance companies holding a certificate of authority to provide property insurance coverage in the State. 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.

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

ASSESSMENTS

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

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

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

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

For purposes of Regular Assessments and Emergency Assessments, the "Subject Lines of Business" are all lines of property and casualty insurance, including automobile lines, but excluding accident and health, workers' compensation, and medical

malpractice insurance, and also excluding insurance under the National Flood and Federal Crop insurance programs. The Regular Assessment base excludes Citizens policies (while the Emergency Assessment base includes Citizens policies). Prior to the enactment of the 2007 Legislation, the Regular Assessment base for each Account included only property lines of business.

C. FLORIDA INSURANCE GUARANTY ASSOCIATION, INC.

The Florida Insurance Guaranty Association, Inc. (the Association), a not-for-profit corporation, was established by the Florida Legislature through the Florida Insurance Guaranty Act of 1970 (the Act). The Association 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. The Association operates under the supervision and approval of a board of directors, comprised of eight persons, recommended by member insurers pursuant to Section 631.56, F.S., and subsequently appointed by the Florida Department of Financial Services.

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

The funding of the Association'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. The Association 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 the Association the authority to levy an emergency assessment up to an additional 2% of net direct written premiums for the account specified in Section 631.55(2)(b), F.S., to pay covered claims of insurers rendered insolvent by the effects of a hurricane. Also in 2006, the Association was granted the authority to work with an affected municipality, county, or financing conduit organization under Chapter 163, F.S., to issue tax-exempt bonds should the funding need arise for the account specified in Section 631.55(2)(b), F.S. As of June 30, 2013, the Association has not needed to utilize this bonding authority and no tax-exempt bonds have been issued.

NOTE 15 – CONTINGENCIES

A. Federal Family Education Loans Program

The Florida Department of Education (FDOE) administers the Federal Family Education Loans Program (Program). Loans made from this Program (Program loans) were made directly by financial institutions to eligible students and their parents. FDOE is the guarantor for Program loans. The United States Department of Education (USDE) is the Program's reinsurer and, as such, reimburses FDOE for Program activities. Reimbursement amounts are made at various rates based on the date the loan was guaranteed.

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 continues other administrative activities as required under the Program. At June 30, 2013, approximately $2 billion of Program loans were still outstanding from loans that had been made prior to the Program ending on June 30, 2010. As guarantor, FDOE is still potentially liable for any defaulted Program loan amounts in-excess of USDE reimbursement amounts. The specific amount of this potential liability is indeterminable.

B. Federally Assisted Grant Programs

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

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

Medicaid Program - In response to Florida Auditor General Report No. 2012-021, Finding No. FA-12-064, Finding No. 3, the United States Department of Health and Human Services (USDHHS) requested, on August 28, 2013, that the Florida Agency for Health Care Administration (FAHCA) refund $74.5 million for alleged excess Medicare crossover claim payments made during the 2007-2010 State Fiscal Years. On October 15, 2013, the FAHCA challenged the request and as of January 9, 2014, had not received a response from the USDHHS. If the FAHCA is unsuccessful in their challenge, it will be required to return all or a portion of the requested refund.

C. Peak Oil/Bay Drum Superfund Site Remediation

The United States Environmental Protection Agency identified the Florida Department of Transportation (FDOT) as a responsible party for past and future response costs at the Peak Oil/Bay Drum Superfund Site. The FDOT made payments under consent decrees in 1998 and 2011, as entered in the case of *United States of America v. Akzo Nobel Coating, et al.*, Case No. 8:97-cv-0156-RAL (consolidated), United States District Court, Middle District of Florida, and Tampa Division. Implementation of remedial design is in process and the evaluation of the need for remedy in wetlands and deep aquifer is ongoing. The EPA agreed to amend the Record of Decision to provide for monitoring and natural attenuation as the remedy for the deep Floridian Aquifer. Based on the remediation performed to date pursuant to the consent decrees, FDOT has determined that its share of the potential future cost of remediation is not expected to exceed $25 million.

D. Other

State Enterprise Email System Breach of Contract Claim - On June 27 and 28th, 2013, the Southwood Shared Resource Center and Xerox State and Local Solutions, Inc. fully executed a settlement agreement and release which included $5 million. The Florida Legislature appropriated funds in the amount of $5 million to support the agreed upon settlement and a warrant was issued to Xerox.

Taxpayer Asserted Refund Claim - This claim involves a taxpayer, from one of the industries that Department of Business and Professional Regulation (DBPR) regulates, who has contested the legality of a tax that the legislature imposed and DBPR has been collecting from it and others. The taxpayer has paid the disputed tax and now seeks a refund for the immediate past payment, as well as for the tax payments it made during the prior three years. If the taxpayer prevails, then the amount that it and others similarly situated may request by way of refund will exceed $25 million. Moreover, the state will cease collecting the tax revenues it is accustomed to collecting in the future.

NOTE 16 – LITIGATION

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

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

Consolidated Case No. 05-CA-1037 challenged the statutory distinction made in the application of the Communication Services Tax of Chapter 202, Florida Statutes, to cable and satellite TV providers. DirecTV challenged the statute as a provider, while Ogborn challenged on behalf of a class of subscribers. Plaintiffs argued that applying a different statutory rate of tax on the sale of these competing services violated the Commerce Clause and the Equal Protection Clause. The amount of tax refund at issue was $40 million annually.

On October 9, 2013, the trial court entered a Final Summary Judgment for the Defendant (the Department of Revenue) for Consolidated Case No. 05-CA-1037 by determining that the different statutory rate of tax was facially constitutional and, consequently, does not violate the Commerce Clause or Equal Protection Clause.

In response, the Plaintiffs have appealed the trial court's Final Summary Judgment to the First District Court of Appeal (DCA) as Case No. 1D13-5455. The parties have not yet submitted briefs and no hearing is scheduled.

B. General Motors LLC, L.T. v. Florida Department of Revenue, Case No. 04-CA-2739 (2nd Cir.), Case No. 1D12-0784 (Fla. 1st DCA).

General Motors repairs vehicles that fall outside the contractual terms and conditions of the new vehicle warranty or extended warranty period under a discretionary program known as "Case-by-Case Adjustments" or "Goodwill Policy Adjustments." General Motors alleged the State illegally imposed a use tax on the tangible personal property that is incorporated into repairs made under these programs. On January 13, 2012, the court held for the Plaintiff, concluding that the right to participate in the "Case-by-Case Adjustments" program is part of the consideration received by the customer in exchange for the purchase price of the vehicle. The Department appealed and the First DCA affirmed the lower court's decision on December 5, 2012. The Department subsequently moved for rehearing, clarification and certification, which the Court denied. As a consequence, the Department has withdrawn the assessments of tax, penalty and interest at stake in this consolidated case, which exceeded $60 million, closing this case.

C. Florida Gas Transmission Company, v. Florida Department of Transportation, Case No. CACE07001922 (17th Cir.); 4D11-2567 (Fla. 4th DCA)

Plaintiff alleged breach of easement and sought injunctive relief and reimbursement of natural gas pipeline relocation costs in excess of $90 million. The Florida Department of Transportation (FDOT) counterclaimed. On January 27, 2011, the jury returned a verdict in favor of Plaintiff for $82,697,567 in pipeline relocation costs. Both parties appealed the Final Judgment entered by the court. On June 6, 2012, the Fourth DCA affirmed the Final Judgment on the jury verdict entered against the FDOT and reversed the Final Judgment on other issues not impacting the jury verdict. The FDOT paid the monetary judgment after the trial court issued the amended Final Judgment on November 9, 2012. The Florida Supreme Court denied a petition for discretionary review of the Fourth DCA's opinion on December 28, 2012. On August 21, 2013, the FDOT agreed to pay Plaintiff $596,340 in settlement of Plaintiff's motion to tax costs in the amount of $1,192,681.78. All amounts have been paid and there are no pending claims or controversies.

D. 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); 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 (FDACS) after January 1, 2000. In bifurcated trials on liability and damages, plaintiffs were awarded $8,043,450, including prejudgment interest. The Fourth DCA affirmed the Final Judgment, and the Florida Supreme Court and United Sates Supreme Court declined review. Plaintiffs were also awarded attorneys' fees and costs in the amount of $4,584,147 which were affirmed in part and reversed in part by the Fourth DCA.

In related cases, similar classes have been certified in Palm Beach, Lee, Orange, and Miami-Dade Counties. In Palm Beach County, the circuit judge held the FDACS liable for removal of the class' canker-exposed citrus, and, after a trial on compensation, awarded $19,222,491, including prejudgment interest. This judgment was reversed by the Fourth DCA, which ordered a new compensation trial. Plaintiffs have requested the Fourth DCA reconsider its ruling, or certify the case to the Florida Supreme

Court. The Fourth DCA also held in both the Broward County and Palm Beach County lawsuits that Plaintiffs are required to proceed to collect on judgments by way of a claims bill in the Legislature.

In Lee County, liability was found against FDACS and a compensation trial is scheduled for June 2014. In Orange County, liability was found against FDACS, and a compensation trial is scheduled for September 2014. In a related Miami-Dade County class action, *In re Citrus Canker Litigation*, Case No. 03-8255, the trial court certified a class, and the Third DCA affirmed in a split *en banc* decision. FDACS has requested the Florida Supreme Court review the Third DCA's decision. In an unrelated Miami-Dade County case, *Martinez*, Case No. 03-30110, the trial court denied certification of a class of residential and commercial citrus owners, and the decision was affirmed by the Third DCA. The trial court permitted the Plaintiffs a final opportunity to certify a class, which resulted in a second denial of certification. Plaintiffs have asked the Supreme Court to take discretionary jurisdiction over the second denial.

E. Angelfish Swim School, et. al. v. Detzner, Case No. 2003-13413-CA-01 (11th Cir.); 3D10-1611 (Fla. 3rd DCA); SC12-2643 (Fla.).

Plaintiffs in this class action allege the late charge for late corporate filing imposed by Section 607.193(2)(b), Florida Statutes, and fee for reinstatement of corporation after administrative dissolution imposed by Section 607.0122(13), Florida Statutes, are excessive fines in violation of the Florida Constitution. The trial court certified the class. The Florida Department of State appealed the Class Certification Order to the Third DCA. Potential liability was an estimated $150 million, plus prejudgment interest. On April 6, 2011, the Third DCA reversed the class certification. Plaintiffs' motion for clarification, rehearing, rehearing *en banc*, and certification as a question of great public importance was denied on November 29, 2012. On December 26, 2012, Plaintiffs petitioned for review by the Florida Supreme Court concerning the Third DCA's April 6, 2011, and November 29, 2012, holdings. On June 19, 2013, the Florida Supreme Court declined to accept jurisdiction and denied the petition.

F. Florida Gas Transmission Company, v. Florida Department of Transportation, I-595 Express, LLC, and Dragados USA, Inc., Case No. 11-008770(07) (17th Cir.).

Plaintiff alleged that Defendant's construction of an express lane system in the I-595 median materially interferes with its easement rights. Plaintiff asserted breach of easement and inverse condemnation claims against the FDOT and sought $36,155,315 in damages in an action initiated on April 14, 2011. On August 21, 2013, FDOT agreed to pay the Plaintiff $18.5 million in settlement of all claims.

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

This is a breach of contract case filed by the lessor of property leased by the Florida Department of Corrections (FDOC). Lessor alleges that the FDOC breached its lease by failing to relocate all of its state employees to state owned buildings, failing to act in good faith with the lessor by seeking to modify or terminate the lease, failing to state why the proposed relocation was in the best interest of the State, and failing to make a reasonable effort to place another state agency on the premises. The FDOC was served with the lawsuit on January 2, 2013, and response to the complaint was filed on February 11, 2013. The Florida Department of Management Services (FDMS) was added as a co-defendant on July 31, 2013. FDOC's Motion for Summary Judgment and FDMS's Motion to Dismiss was conducted on February 11, 2014., and the decision on the hearing is pending. Plaintiff alleges damages exceed $27 million.

H. 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. On November 21, 2013, the State filed a Motion for Judgment on the Pleadings alleging DOJ lacks authority to bring the suit. A decision on the motion is pending. The United States seeks compensatory damages for the Plaintiffs pain and suffering, plus injunctive relief, which the could exceed $25 million.

NOTE 17 – DEFICIT FUND EQUITY

A. Governmental Funds

The *State School Trust Fund* has a deficit fund balance of approximately $744 million. The deficit is primarily the result of establishing an advance (long-term liability) for potential future claims on a portion of the cash advanced by the Unclaimed Property Trust Fund. Due to the long-term nature of the liability, the Department of Education pays claims as they are made rather than funding the full amounts, which may ultimately be payable.

B. Proprietary Funds

The *Beachline East Expressway Toll Trust Fund* has a net asset deficit of approximately $20.9 million. The deficit is a result of committing Beachline toll revenues to pay a portion of the construction costs of SR 520, an adjoining non-tolled road. Expenses incurred to date are greater than toll revenues. The Department of Transportation has agreed to fund certain costs in advance thereby creating a liability for Beachline to repay. Future toll revenues continue to be used to pay additional SR 520 costs and the associated liability.

The *Legal Services Trust Fund* has a net asset deficit of approximately $3.3 million. The deficit is a result of revenues being insufficient to cover long-term obligations, consisting mainly of a compensated absences liability and an accrual of Other Postemployment Benefits (OPEB) liability in accordance with Governmental Accounting Standards Board (GASB) Codification Section P50, *Postemployments Benefits Other Than Pension Benefits – Employer Reporting*. Due to the long-term nature of the liability, the Department of Legal Affairs plans to continue providing legal services and liquidate the liabilities on a pay-as-you-go basis.

C. Fiduciary Funds

The *Operating Trust Fund – Administration Retirement Division* has a net asset deficit of approximately $1.3 million. The deficit is a result of an accrual of Other Postemployment Benefits (OPEB) in accordance with the Governmental Accounting Standards Board (GASB) Codification Section P50, *Postemployment Benefits Other Than Pension Benefits – Employer Reporting*.

The *Life and Other Benefits Fund* has a net asset deficit of approximately $7.8 million. The deficit is a result of an accrual of Other Postemployment Benefits (OPEB) in accordance with the Governmental Accounting Standards Board (GASB) Codification Section P50, *Postemployment Benefits Other Than Pension Benefits – Employer Reporting*.

NOTE 18 – SUBSEQUENT EVENTS

A. Bonds

The following bonds for governmental and business-type activities of the primary government were issued subsequent to June 30, 2013:

Agency/Bond	Series	Amount	Matures	Interest Rate
Governmental Activities:				
Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds	2013 Series C	$ 297,965,000	06/01/2015-06/01/2034	4.000% - 5.000%
Board of Governors, Florida State University Dormitory Revenue Bonds	2013A	$ 42,495,000	05/01/2016-05/01/2033	4.000% - 5.000%
Board of Governors, University of Florida Student Activity Revenue Bonds	2013	$ 41,540,000	07/01/2014-07/01/2033	4.000% - 5.000%
Board of Governors, Florida International University Parking Facility Revenue Bonds	2013A	$ 48,365,000	07/01/2014-07/01/2043	3.000% - 5.250%
Board of Governors, University of Florida Dormitory Revenue Bonds	2013A	$ 24,805,000	07/01/2014-07/01/2033	3.000% - 5.000%
Department of Transportation, Seaport Improvement Program Revenue Bonds	2013	$ 138,145,000	07/01/2014-07/01/2043	2.000% - 5.000%
Business- Type Activities:				
Department of Transportation, Turnpike Revenue Refunding Bonds	2013B	$ 206,035,000	07/01/2014-07/01/2022	2.000% - 5.000%
Department of Transportation, Turnpike Revenue Bonds	2013C	$ 267,405,000	07/01/2014-07/01/2043	4.000% - 5.000%

THIS PAGE INTENTIONALLY LEFT BLANK

OTHER REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(in thousands)

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2012	$ 2,030,912	$ 2,030,912	$ 2,030,912	$ .....
Reversions	373,994	373,994	373,994	.....
Fund Balances, July 1, 2012, restated	2,404,906	2,404,906	2,404,906	.....
REVENUES				
Fees and charges	1,201,241	1,393,641	1,587,526	193,885
Licenses	1,328,726	1,121,226	497,904	(623,322)
Taxes	26,807,255	27,181,255	27,370,301	189,046
Miscellaneous	5,619	5,619	5,645	26
Interest	113,525	111,425	111,471	46
Grants	28,495	28,495	20,138	(8,357)
Refunds	11,423	11,423	343,233	331,810
Transfers and distributions	2,817,776	2,934,576	2,656,686	(277,890)
Other	360,114	615,114	986,240	371,126
Total Revenues	32,674,174	33,402,774	33,579,144	176,370
Total Available Resources	35,079,080	35,807,680	35,984,050	176,370
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	3,289,494	3,410,570	3,365,978	44,592
Other personal services	60,624	75,907	58,516	17,391
Expenses	334,967	393,770	379,120	14,650
Grants and aids	11,899,201	11,894,973	11,893,108	1,865
Operating capital outlay	13,058	15,449	13,825	1,624
Food products	54,423	55,620	54,999	621
Fixed capital outlay	32,453	32,453	32,453	.....
Lump sum	320,210	20,084	20,084	.....
Special categories	9,062,319	9,162,022	9,026,050	135,972
Financial assistance payments	220,258	237,751	237,668	83
Continuing Appropriations	.....	128,263	128,263	.....
Grants/aids to local governments	38,536	38,536	38,536	.....
Data processing services	47,872	54,710	48,967	5,743
Pensions and benefits	18,288	18,288	15,251	3,037
Claim bills and relief acts	.....	1,298	1,298	.....
Total Operating Expenditures	25,391,703	25,539,694	25,314,116	225,578
Nonoperating expenditures:				
Transfers	4,594,470	4,594,470	4,594,470	.....
Qualified expenditures	53,497	.....	.....	.....
Refunds	722,810	295,825	295,825	.....
Other	1,830,115	1,830,115	1,830,115	.....
Total Nonoperating Expenditures	7,200,892	6,720,410	6,720,410	.....
Total Expenditures	32,592,595	32,260,104	32,034,526	225,578
Fund Balances, June 30, 2013	$ 2,486,485	$ 3,547,576	$ 3,949,524	$ 401,948

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, 2013
(in thousands)

	Environment, Recreation and Conservation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2012	$ 1,118,499	$ 1,118,499	$ 1,118,499	$ .....
Reversions	1,447	1,447	1,447	.....
Fund Balances, July 1, 2012, restated	1,119,946	1,119,946	1,119,946	.....
REVENUES				
Fees and charges	120,775	150,263	153,230	2,967
Licenses	35,525	42,825	46,599	3,774
Taxes	72,954	275,490	273,624	(1,866)
Miscellaneous	1,196	400	429	29
Interest	22,036	42,682	21,152	(21,530)
Grants	222,532	150,262	188,229	37,967
Refunds	4,682	20,485	20,836	351
Bond proceeds	50,143	49,900	49,899	(1)
Transfers and distributions	1,036,793	1,091,826	1,154,640	62,814
Other	108,460	6,517	145,874	139,357
Total Revenues	1,675,096	1,830,650	2,054,512	223,862
Total Available Resources	2,795,042	2,950,596	3,174,458	223,862
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	228,360	224,061	217,628	6,433
Other personal services	21,784	20,214	17,744	2,470
Expenses	47,687	46,981	43,127	3,854
Grants and aids	3,761	3,748	2,675	1,073
Operating capital outlay	1,637	1,995	1,842	153
Fixed capital outlay	621,191	621,191	621,191	.....
Special categories	273,487	272,930	216,681	56,249
Grants/aids to local governments	250,673	250,673	250,673	.....
Data processing services	133	133	123	10
Total Operating Expenditures	1,448,713	1,441,926	1,371,684	70,242
Nonoperating expenditures:				
Transfers	196,156	196,156	196,156	.....
Refunds	56,946	15,077	15,077	.....
Other	319,778	319,778	319,778	.....
Total Nonoperating Expenditures	572,880	531,011	531,011	.....
Total Expenditures	2,021,593	1,972,937	1,902,695	70,242
Fund Balances, June 30, 2013	$ 773,449	$ 977,659	$ 1,271,763	$ 294,104

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, 2013
(in thousands)

	Public Education			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2012	$ 452,381	$ 452,381	$ 452,381	$ .....
Reversions	46,988	46,988	46,988	.....
Fund Balances, July 1, 2012, restated	499,369	499,369	499,369	.....
REVENUES				
Fees and charges	1,794,355	32,496	56,290	23,794
Licenses	3,673	149	674	525
Taxes	618,520	609,365	584,779	(24,586)
Miscellaneous	33,903	3,942	3	(3,939)
Interest	19,463	22,145	32,427	10,282
Grants	2,607,518	2,656,994	2,301,130	(355,864)
Refunds	1,612	1,882	2,146	264
Bond proceeds	226,065	175,307	99,401	(75,906)
Transfers and distributions	2,409,575	2,613,867	2,613,867	.....
Other	166,168	304,445	253,690	(50,755)
Total Revenues	7,880,852	6,420,592	5,944,407	(476,185)
Total Available Resources	8,380,221	6,919,961	6,443,776	(476,185)
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	36,174	36,329	32,761	3,568
Other personal services	1,787	1,784	426	1,358
Expenses	11,283	11,143	5,824	5,319
Grants and aids	4,434,634	2,710,223	2,674,074	36,149
Operating capital outlay	1,478	1,548	595	953
Fixed capital outlay	1,788,920	1,762,652	1,762,652	.....
Special categories	1,477,806	1,118,744	1,118,744	.....
Financial assistance payments	49,111	49,111	48,645	466
Grants/aids to local governments	.....	582	582	.....
Payments to U.S. Treasury	2,060	100	100	.....
Data processing services	7,347	7,716	6,873	843
Total Operating Expenditures	7,810,600	5,699,932	5,651,276	48,656
Nonoperating expenditures:				
Transfers	226,918	338,483	338,483	.....
Qualified Expenditures	8,083	.....	.....	.....
Refunds	9,614	136	136	.....
Other	171,980	6,983	6,983	.....
Total Nonoperating Expenditures	416,595	345,602	345,602	.....
Total Expenditures	8,227,195	6,045,534	5,996,878	48,656
Fund Balances, June 30, 2013	$ 153,026	$ 874,427	$ 446,898	$ (427,529)

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, 2013
(in thousands)

	Health and Family Services			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2012	$ 1,338,950	$ 1,338,950	$ 1,338,950	$ .....
Reversions	1,762,798	1,762,798	1,762,798	.....
Fund Balances, July 1, 2012, restated	3,101,748	3,101,748	3,101,748	.....
REVENUES				
Fees and charges	1,700,736	1,477,655	1,447,010	(30,645)
Licenses	23,468	21,327	21,685	358
Taxes	299,801	317,071	289,486	(27,585)
Miscellaneous	30	6	34	28
Interest	9,528	27,806	6,798	(21,008)
Grants	16,116,454	15,484,696	14,567,754	(916,942)
Refunds	1,320,749	1,632,212	1,581,230	(50,982)
Transfers and distributions	1,704,571	2,071,119	2,149,958	78,839
Other	38,074	43,402	43,892	490
Total Revenues	21,213,411	21,075,294	20,107,847	(967,447)
Total Available Resources	24,315,159	24,177,042	23,209,595	(967,447)
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	1,292,051	1,290,594	1,163,509	127,085
Other personal services	110,644	122,364	111,618	10,746
Expenses	265,323	255,853	233,241	22,612
Grants and aids	54,607	54,850	35,555	19,295
Operating capital outlay	14,941	15,252	9,349	5,903
Food products	1,301	1,301	1,188	113
Fixed capital outlay	12,822	12,822	12,822	.....
Lump sum	10,246	.....	.....	.....
Special categories	19,881,221	20,109,671	19,089,195	1,020,476
Financial assistance payments	58,084	63,648	61,228	2,420
Grants/aids to local governments	4,713	4,713	4,713	.....
Data processing services	37,562	56,822	56,420	402
Claim bills and relief acts	2,650	2,650	2,650	.....
Total Operating Expenditures	21,746,165	21,990,540	20,781,488	1,209,052
Nonoperating expenditures:				
Continuing Appropriations	.....	34,744	34,744	.....
Transfers	853,180	1,042,253	1,042,253	.....
Qualified expenditures	90,771	.....	.....	.....
Refunds	14,226	13,712	13,712	.....
Other	12,478	29,396	29,396	.....
Total Nonoperating Expenditures	970,655	1,120,105	1,120,105	.....
Total Expenditures	22,716,820	23,110,645	21,901,593	1,209,052
Fund Balances, June 30, 2013	$ 1,598,339	$ 1,066,397	$ 1,308,002	$ 241,605

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, 2013
(in thousands)

	Transportation			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fund Balances, July 1, 2012	$ 272,452	$ 272,452	$ 272,452	$ .....
Reversions	455	455	455	.....
Fund Balances, July 1, 2012, restated	272,907	272,907	272,907	.....
REVENUES				
Fees and charges	145,637	159,572	145,637	(13,935)
Licenses	1	.....	.....	.....
Taxes	2,340,086	2,295,648	2,340,086	44,438
Interest	582	2,001	2,486	485
Refunds	13,206	823	13,460	12,637
Transfers and distributions	101,729	358,615	364,848	6,233
Other	22,285	34,157	18,589	(15,568)
Total Revenues	2,623,526	2,850,816	2,885,106	34,290
Total Available Resources	2,896,433	3,123,723	3,158,013	34,290
EXPENDITURES				
Operating expenditures:				
Salaries and benefits	3,945	3,967	3,153	814
Other personal services	38	51	35	16
Expenses	913	900	645	255
Operating capital outlay	15	15	6	9
Fixed capital outlay	216,384	216,384	216,384	.....
Special categories	104,272	104,278	103,633	645
Continuing Appropriations	(26,891)	.....	.....	.....
Total Operating Expenditures	298,676	325,595	323,856	1,739
Nonoperating expenditures:				
Transfers	41,027	41,027	41,027	.....
Refunds	43,482	43,482	43,482	.....
Other	2,442,644	2,442,644	2,442,644	.....
Total Nonoperating Expenditures	2,527,153	2,527,153	2,527,153	.....
Total Expenditures	2,825,829	2,852,748	2,851,009	1,739
Fund Balances, June 30, 2013	$ 70,604	$ 270,975	$ 307,004	$ 36,029

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

BUDGET TO GAAP RECONCILIATION
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(in thousands)

	General Fund	Environment, Recreation and Conservation	Public Education	Health and Family Services	Transportation
Budgetary basis fund balances	$3,949,524	$ 1,271,763	$446,898	$ 1,308,002	$ 307,004
Items not included in budgetary basis fund balances:					
Security lending investments within the State Treasury	1,051,125	104,470	53,645	10,716	113,729
Fair value adjustments to investments within the State Treasury	(21,790)	(3,048)	(1,565)	(313)	(3,318)
Special investments within the State Treasury	23,954	.....	.....	9,348	.....
Non-State Treasury cash and investments	739,194	1,796	.....	57,599	683,929
Other GAAP basis fund balances not included in budgetary basis fund balances	.....	.....	.....	.....	669,832
Adjusted budgetary basis fund balances	5,742,007	1,374,981	498,978	1,385,352	1,771,176
Adjustments (basis differences):					
Net receivables (payables) not carried forward	255,439	1,163,869	130,291	188,223	(158,521)
Inventories, prepaid items and deferred charges	10,109	563	36	34,748	21,456
Encumbrances	149,292	3,843	171,057	29,060	31,591
GAAP basis fund balances	$6,156,847	$ 2,543,256	$800,362	$ 1,637,383	$ 1,665,702

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

OTHER REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY REPORTING

Budget Process

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

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

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

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

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

Budgetary Basis of Accounting

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

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

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

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

Budget to GAAP Reconciliation

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

OTHER REQUIRED SUPPLEMENTARY INFORMATION

FLORIDA RETIREMENT SYSTEM SCHEDULE OF FUNDING PROGRESS
(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Annualized Covered Payroll [1] (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2006	$ 117,159,615	$ 110,977,831	$ (6,181,784)	105.57%	$ 25,327,922	(24.41%)
July 1, 2007	125,584,704	118,870,513	(6,714,191)	105.65%	26,385,768	(25.45%)
July 1, 2008	130,720,547	124,087,214	(6,633,333)	105.35%	26,891,340	(24.67%)
July 1, 2009	118,764,692	136,375,597	17,610,905	87.09%	26,573,196	66.27%
July 1, 2010	120,929,666	139,652,377	18,722,711	86.59%	25,765,362	72.67%
July 1, 2011	126,078,053	145,034,475	18,956,422	86.93%	25,686,138	73.80%
July 1, 2012	127,891,781	148,049,596	20,157,815	86.38%	24,491,371	82.31%

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(in thousands)

Year Ended 6/30	Annual Required Contributions	Percent Contributed
2006	$ 2,193,928	96%
2007	2,455,255	111%
2008	2,612,672	107%
2009	2,535,854	111%
2010	2,447,374	111%
2011	3,680,042	83%
2012	1,962,816	60%

[1] Includes Deferred Retirement Option Program (DROP) Payroll.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(in thousands)

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

[1] Actuarial valuations for the Retiree Health Insurance Subsidy Program are prepared biannually.

[2] First valuation completed July 1, 2006, which determined ARC for the 2006-2007 fiscal year.

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, 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	.....	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%

SCHEDULE OF EMPLOYER CONTRIBUTIONS*
(in thousands)

Year Ended 6/30	Annual Required Contribution	Percent Contributed
2008	$ 200,973	43.70%
2009	186,644	54.36%
2010	336,419	30.87%
2011	313,415	32.87%
2012	455,584	27.07%
2013	452,658	28.50%

* 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 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 12,086 centerline miles of roads and 6,724 bridges that the state is responsible for maintaining.

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

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

Condition and Maintenance Programs

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

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

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

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

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

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

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

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

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

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

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

Condition Rating for the State Highway System

Percentage of pavement meeting FDOT standards

2013	2012	2011
92%	91%	89%

Percentage of bridges meeting FDOT standards

2013	2012	2011
96%	95%	95%

Maintenance Rating

2013	2012	2011
86	87	87

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

Resurfacing Program

	2013	2012	2011	2010	2009
Needed	$514.4	$628.4	$751.5	$727.2	$871.5
Actual	521.8	521.4	543.9	422.0	575.3

Bridge Repair/Replacement Program

	2013	2012	2011	2010	2009
Needed	$332.8	$319.0	$315.7	$231.0	$230.4
Actual	323.5	340.5	328.8	134.8	207.3

Routine Maintenance Program

	2013	2012	2011	2010	2009
Needed	$592.2	$574.0	$580.5	$572.4	$508.2
Actual	636.4	627.3	676.1	655.8	571.5

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 AUTHORIZING THE ISSUANCE OF STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION, PUBLIC EDUCATION CAPITAL OUTLAY BONDS, FOR THE PURPOSE OF FINANCING AND REFINANCING THE COST OF CAPITAL OUTLAY PROJECTS FOR THE STATE SYSTEM OF PUBLIC EDUCATION IN FLORIDA, PURSUANT TO SUBSECTION (a)(2) OF SECTION 9 OF ARTICLE XII OF THE CONSTITUTION OF FLORIDA, AS AMENDED; PROVIDING THE TERMS AND CONDITIONS UPON WHICH SUCH BONDS MAY BE ISSUED; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE STATE BOARD OF EDUCATION OF FLORIDA:

ARTICLE I
AUTHORITY, FINDINGS, AND DEFINITIONS

SECTION 1.01. AUTHORITY FOR THIS RESOLUTION. This Master Resolution is adopted pursuant to the provisions of Article XII, Subsection 9(a)(2), of the Constitution of the State of Florida, as amended, Sections 215.57-215.83, Florida Statutes, and other applicable provisions of law.

SECTION 1.02. DEFINITIONS. Whenever used in this Master Resolution the following terms shall have the following meanings unless the context otherwise requires:

"Accreted Value" shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to (a) the principal amount of such Capital Appreciation Bond at its initial offering plus the accrued interest on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Interest Payment Date next preceding the date of computation or the date of computation if an Interest Payment Date, such interest to accrue at a rate per annum determined pursuant to the applicable Supplemental Authorizing Resolution (not to exceed the maximum rate permitted by law), compounded periodically, plus, (b) with respect to matters related to the payment upon redemption of the Capital Appreciation Bond, if such date of computation shall not be an Interest Payment Date, the ratable portion of the difference between the Accreted Value as of the immediately preceding Interest Payment Date (or the date of delivery of the Bonds to the original purchasers thereof if the date of computation is prior to the first Interest Payment Date succeeding the date of delivery) and the Accreted Value as of the immediately succeeding Interest Payment Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of twelve 30-day months. 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 the Debt Service Requirements and of Bonds held by the Registered Owner of a Capital Appreciation Bond in giving any notice, consent, request or demand pursuant to this Master Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

"Act" shall mean the laws referred to in Section 1.01 hereto.

"Additional Bonds" shall mean any obligations hereafter issued pursuant to the terms and conditions of this Master Resolution and payable from the Gross Receipts Taxes on a parity with the Bonds originally issued hereunder.

"Administrative Expenses" shall mean, with respect to the Bonds or the administration of any funds under this Master Resolution, to the extent applicable: (i) fees and/or charges or both, of the State Board of Administration and the Division of Bond Finance; and (ii) such other fees and/or charges or both as may be approved by the State 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 and the cost of acquisition of insurance or other instruments in lieu of cash with respect to any fund or account; all as may be determined from time to time as necessary.

"Amortization Installment" shall mean an amount so designated which is established for the redemption of Term Bonds; provided that each such Amortization Installment shall be deemed due in an amount and upon a date determined pursuant to the applicable Supplemental Authorizing Resolution and the aggregate of such Amortization Installments shall equal the aggregate principal of the Term Bonds.

"Board of Regents" shall mean the Board of Regents of the Division of Universities of the Department of Education, a public corporation of the State of Florida.

"Boards of Trustees" shall mean the Boards of Trustees of the Community College Districts or Junior College Districts, or their successors as the governing bodies of such Districts.

"Bond Fee Trust Fund" shall mean the Bond Fee Trust fund created by Section 215.65, Florida Statutes.

"Bond Registrar/Paying Agent" shall mean Citibank, N.A., New York, New York, or any successor thereto.

"Bonds" shall mean the Public Education Capital Outlay Bonds issued pursuant to this Master Resolution.

"Capital Appreciation Bonds" shall mean the Bonds issued under this Master Resolution as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding and is payable in an amount equal to the then Accreted Value at the maturity, earlier redemption or other payment date thereof, all as determined pursuant to the applicable Supplemental Authorizing Resolution, and which may be either Serial Bonds or Term Bonds.

"Capital Outlay Projects" or "Projects" shall mean the Capital Outlay Project or Projects for the State System to be financed in whole or in part by the Bonds issued pursuant to this Master Resolution, as set forth in each Supplemental Authorizing Resolution.

"Code" shall mean the Internal Revenue Code of 1986, the Treasury Regulations (whether proposed, temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, references to a Section of the Code means that Section of the Code, including such applicable Treasury Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

"Community College Districts" or "Junior College Districts" shall mean the Community College Districts or Junior College Districts, created by law, which are to receive a portion of the proceeds of the Bonds.

"Current Interest Paying Bonds" shall mean Bonds, the interest on which shall be payable on a periodic basis.

"Debt Service Requirements" shall mean the amounts of principal (including Amortization Installments) and interest maturing and becoming due on the Bonds.

"Defeasance Obligations" shall mean, to the extent permitted by law, direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States and including advance refunded tax-exempt bonds fully secured by non-callable direct obligations of the United States of America, non-callable obligations guaranteed by the United States of America, or "stripped" interest payment obligations of debt obligations of the Resolution Funding Corporation and, with respect to any Series, such additional investments as shall be designated as Defeasance Obligations for such Series by the applicable Supplemental Authorizing Resolution.

"District School Boards" shall mean the Boards of the several School Districts or their successors as the governing bodies of the School Districts.

"Division of Bond Finance" or "Division" shall mean the Division of Bond Finance of the State Board of Administration.

"Fiscal Year" shall mean the period beginning with and including July 1st of each year and ending with and including the next June 30th.

"Gross Receipts Taxes" shall mean all the taxes collected from every person, including municipalities, receiving payments for electricity for light, heat or power, for natural or manufactured gas for light, heat or power, for telecommunication services and for sending of telegrams and telegraph messages, as provided and levied in Chapter 203, Florida Statutes as in existence as of the date of the adoption of this Master Resolution or as such Chapter is amended from time to time.

"Interest Payment Dates" shall mean for each Series of Bonds, such dates of each Fiscal Year on which interest on the Bonds of such Series is payable or, with respect to Capital Appreciation Bonds, is compounded.

"Issue", "Issued" or "Issuance", when used with reference to the Bonds, shall mean the authorization, sale and delivery of the Bonds authorized to be issued by this Master Resolution. The Bonds shall not be deemed to be issued until such Bonds have been sold and delivered to the purchasers and payment has been received therefor.

"Master Resolution" shall mean this resolution.

"Original 1985 Resolution" shall mean the resolution adopted on December 18, 1984, by the State Board of Education of Florida, entitled: "A Resolution authorizing the issuance of not exceeding $100,000,000 State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds, Series 1985, for the purpose of financing the cost of capital outlay projects for the State System of Public Education in Florida, pursuant to Subsection (a)(2) of Section 9 of Article XII of the Constitution of Florida, as amended".

"Outstanding", when used with reference to the Bonds, shall mean, as of any date of determination, all Bonds theretofore authenticated and delivered except:

(i) Bonds theretofore cancelled by the Bond Registrar/Paying Agent or delivered to the Bond Registrar/Paying Agent for cancellation;

(ii) Bonds which are deemed paid and defeased and no longer Outstanding as provided herein;

(iii) Bonds in lieu of which other Bonds have been issued pursuant to the provisions hereof relating to Bonds destroyed, stolen or lost, unless evidence satisfactory to the Bond Registrar/Paying Agent has been received that any such Bond is held by a bona fide purchaser; and

(iv) For purposes of any consent or other action to be taken hereunder by the Registered Owners of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the Division of Bond Finance or the State Board.

"Principal Payment Date" shall mean for each Series of Bonds, such dates of each Fiscal Year on which the principal (including Amortization Installments) of Outstanding Bonds of each Series is payable.

"Prior Lien Obligations" shall mean the outstanding (i) State of Florida, Full Faith and Credit, State Board of Education, Public Education Bonds, Series A and Series B, issued pursuant to Section 9(a) of Article XII of the Florida Constitution of 1968, as amended, and (ii) State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Bonds, Series 1985, Series 1985-A, Series 1986-B, Series 1986-C, Series 1987-A, Series 1989-A, Series 1989-B, Series 1990, Series 1991-A, Series 1991-B, Series 1991-C and Series 1992-A.

"Public Education Bond Amendment" shall mean Subsection (a)(2) of Section 9 of Article XII of the Constitution of the State of Florida, as amended effective July 1, 1975, as further amended effective January 8, 1985, and as such Subsection is amended from time to time.

"Public Education Fund" shall mean the Public Education Capital Outlay and Debt Service Trust Fund created and established pursuant to the Public Education Bond Amendment.

"Rating Agency" shall mean a nationally recognized bond rating agency.

"Rebate Account" shall mean the applicable separate account established within the Rebate Fund for each Series issued under this Master Resolution.

"Rebate Amount" shall mean, with respect to each Series 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 the Code.

"Rebate Fund" shall be the Rebate Fund created and established pursuant to Section 6.05 hereof.

"Record Date" shall mean the Regular Record Date or Special Record Date, as applicable.

"Registered Owner" shall mean the owner of any Bond or Bonds as shown on the registration book kept by the Bond Registrar/Paying Agent.

"Regular Record Date" shall mean, with respect to each Series of Bonds, the 15th day of the calendar month next preceding a Principal or Interest Payment Date or such other date specified for a Series by the applicable Supplemental Authorizing Resolution.

"School Districts" shall mean the several School Districts of the State of Florida, created by law, which are to receive a portion of the proceeds of the Bonds.

"Serial Bonds" shall mean the Bonds of a Series which shall be stated to mature in periodic installments.

"Series" shall mean all of the Bonds authenticated and delivered on original issuance and pursuant to this Master Resolution or the Supplemental Authorizing Resolution authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds, pursuant to Article II hereof, regardless of variations in maturity, interest rate or other provisions.

"Sinking Fund" shall mean the trust fund, herein created, to be held and administered by the State Board of Administration, pursuant to Article IV of this Master Resolution.

"Special Interest Payment Date" means a date established pursuant to Section 3.06 hereof for the payment of interest which has become delinquent.

"Special Record Date" means a record date established pursuant to Section 3.06 hereof for the payment of interest on any Special Interest Payment Date.

"State" shall mean the State of Florida.

"State Board" shall mean the Board of Education of Florida, as constituted pursuant to Section 2 of Article IX of the Constitution of Florida.

"State Board of Administration" shall mean the Board of Administration of Florida as created by the Florida Constitution and shall also include any statutory body succeeding to the duties and powers given the State Board of Administration by law and particularly Section 403.1834, Florida Statutes.

"State Bond Act" shall mean Sections 215.57 through 215.83, Florida Statutes.

"State System" shall mean the State System of Public Education provided for by Section 1 of Article IX of the Florida Constitution of 1968, including but not limited to institutions of higher learning, community or junior colleges, vocational-technical schools, and public schools, as now defined or as may hereafter be defined by law.

"Supplemental Authorizing Resolution" means, as to any Series of Bonds, the resolution or resolutions of the State Board authorizing and providing for the sale and issuance of such Series of Bonds and includes any certificate of award, any trust indenture, the bond purchase agreement or other document or instrument that is approved by or required to be executed (prior to the issuance of such Series) by any such resolution.

"Term Bonds" shall mean the Bonds of a Series which shall be stated to mature on one date and for the amortization of which payments are required to be made into the Amortization Account in the Sinking Fund, hereinafter created, as set forth in the Supplemental Authorizing Resolution applicable thereto.

SECTION 1.03. CORRELATIVE WORDS. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the singular shall include the plural, and vice versa, and the word "person" shall include corporations and associations, including public bodies, as well as natural persons.

SECTION 1.04. FINDINGS. It is hereby found, determined and declared as follows:

(a) The State Board has previously issued the Prior Lien Obligations to finance or refinance the cost of Capital Outlay Projects for the institutions included in the State System pursuant to certain resolutions of the State Board, which resolutions permit the issuance of additional parity bonds only upon satisfaction of the limitations and conditions set forth therein, which limitations and conditions restrict the ability of the State Board to issue certain types of obligations, to effectively provide credit or liquidity support for obligations and to otherwise structure financing transactions so as to achieve the lowest overall borrowing costs.

(b) By closing the lien of the prior resolutions and hereafter issuing Bonds pursuant to this Master Resolution and, with respect to each Series, the applicable Supplemental Authorizing Resolution, the State Board will enhance its flexibility in structuring financing transactions to take advantage of both traditional and contemporary financing methods to reduce the overall borrowing costs.

(c) Each Series to be issued under this Master Resolution will be authorized by, and the details of such Series determined pursuant to, a Supplemental Authorizing Resolution to be adopted prior to the issuance of such Series.

SECTION 1.05. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Bonds by the Registered Owners thereof, this Master Resolution shall be deemed to be and shall constitute a contract between the State Board and such Registered Owners. The covenants and agreements to be performed by the State Board shall be for the equal benefit, protection, and security of the Registered Owners of any and all of the Bonds, as defined herein, all of which shall be of equal rank and without preference, priority, or distinction of any of such Bonds over any other thereof, except as expressly provided therein and herein. The Supplemental Authorizing Resolution for any Series of Bonds shall be deemed to be and shall constitute a contract between the State Board and the Registered Owners of Bonds of such Series and the covenants and agreements set forth in such Supplemental Authorizing Resolution to be performed by the State Board shall be for the equal benefit, protection and security of the Registered Owners of all Bonds of such Series.

ARTICLE II
AUTHORIZATION OF BONDS

SECTION 2.01. AUTHORIZATION OF BONDS. (a) Subject and pursuant to the provisions of this Master Resolution, the Public Education Bond Amendment, the State Bond Act and other applicable provisions of law, there are hereby authorized to be issued from time to time, as hereinafter provided, State Board of Education, Public Education Capital Outlay Bonds. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Master Resolution is not limited except as may hereafter be provided in this Master Resolution or in any Supplemental Authorizing Resolution or as may be limited by law.

(b) The Bonds may, if and when authorized by one or more Supplemental Authorizing Resolutions, be issued in one or more Series. The designation of each Series shall include such further appropriate particular designation added to or incorporated in the title for the Bonds of such Series as the State Board may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

SECTION 2.02. SUPPLEMENTAL AUTHORIZING RESOLUTIONS. Each Series shall be authorized by the adoption of a Supplemental Authorizing Resolution, which shall specify such terms and conditions relative to the Bonds of such Series, and such other matters relative thereto, as the State Board shall determine. Such Supplemental Authorizing Resolution may specify with respect to the Series authorized therein:

(a) the form, denominations, maturities, amortization installments, interest rates or yields, and, if applicable, the method of determination of such interest rates or yields, which may be fixed or variable rates or yields, Principal and Interest Payment Dates, redemption provisions, including provisions for the selection of Bonds for redemption and the giving of notice thereof, registration and transfer provisions, the manner of sale, and such other terms as the State Board shall determine;

(b) the form of any documents or instruments relative to such Series, and the application of the proceeds thereof, including any escrow agreement, construction fund agreement, trust indenture, paying agent or registrar agreement, letter of representation or other agreement regarding book-entry or other registration systems, and such other documents or instruments as the State Board shall determine;

(c) any additional security, credit enhancement or liquidity facility for such Series, which may include a debt service reserve account, pledge of additional revenues or other collateral, municipal bond insurance, surety bond or other financial arrangement, a letter of credit, standby purchase agreement, tender, auction or remarketing agreement, or such other additional security, credit enhancement or liquidity facility as the State Board shall determine; and

(d) such other terms applicable solely to such Series as the State Board shall determine, which terms may include provisions for the amendment of such Supplemental Authorizing Resolution, the defeasance of Bonds of such Series and the termination of the lien and pledge in favor thereof, additional covenants and agreements of the State Board and such other provisions as the State Board shall determine.

ARTICLE III
GENERAL TERMS AND PROVISIONS OF BONDS

SECTION 3.01. GENERALLY. The form, denominations, maturities, amortization installments, interest rates or yields, principal and interest payment dates, manner and place of payment, redemption, registration and transfer provisions and other terms and details of each Series shall be provided for in the Supplemental Authorizing Resolution applicable thereto; provided, however, that any Series as to which any such terms and details (other than the principal amount, maturity and interest rates or yields) are not provided for in the applicable Supplemental Authorizing Resolution shall be governed by the general provisions of this Article III.

SECTION 3.02. DESCRIPTION OF BONDS. The Bonds shall be payable, with respect to interest, principal and premium, if any, in any coin or currency of the United States of America which at the time of payment is legal tender

for the payment of public and private debts; shall be issued in the form of fully registered Bonds; shall be dated as of the first day of the month of the delivery thereof; shall bear interest from their date at a rate not exceeding the legal rate per annum, with interest payments to be mailed to the Registered Owner thereof by the Bond Registrar/Paying Agent at the address shown on the registration books for the Bonds held by the Bond Registrar/Paying Agent as of the Record Date, except for Capital Appreciation Bonds which shall bear interest as described under the defined term Accreted value, payable only upon redemption, or maturity thereof; and shall be in principal or Accreted Value at maturity denominations of $5,000 or integral multiples thereof.

SECTION 3.03. PRIOR REDEMPTION OF THE BONDS. The Bonds of each Series may be made redeemable in such manner and upon such terms and conditions as are determined pursuant to the Supplemental Authorizing Resolution applicable thereto.

Unless waived by any Registered Owner 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 days prior to the date fixed for redemption, to the Registered Owner of the Bonds to be redeemed of record on the books kept by the Bond Registrar/Paying Agent as of forty-five days prior to the date fixed for 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 Registered Owner, 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.

The Bond Registrar/Paying Agent 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 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.

Notice having been published and mailed 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 published and mailed and moneys for payment of the redemption price being held in separate accounts by an escrow agent, the State Board, or the Bond Registrar/Paying Agent, in trust for the Registered Owners of the Bonds or portions thereof to be redeemed, all as provided in this Master Resolution or the applicable Supplemental Authorizing 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 entitled to any lien, benefit or security under this Master Resolution or the applicable Supplemental Authorizing 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 and, to the extent provided in the final paragraph of this Section, to receive Bonds for any unredeemed portion of the Bonds. Any and all of the Bonds redeemed prior to maturity shall be duly cancelled by the Bond Registrar/Paying Agent, and shall not be reissued.

In addition to the foregoing notice, further notice shall be given as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(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/Paying Agent; 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, Pacific Securities Depository Trust Company, San Francisco, California 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) Each further notice of redemption shall be published one time in The Bond Buyer of New York, New York or, if such publication is impractical or unlikely to reach a substantial number of the Registered Owners of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least thirty (30) days prior to the date fixed for redemption.

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/Paying Agent for payment of the principal amount thereof so called for redemption, and the Bond Registrar/Paying Agent 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 3.04. EXECUTION AND AUTHENTICATION OF BONDS. The Bonds shall be executed in the name of the State Board by the Chairman of the Governing Board of the State Board, and attested by the Secretary or an Assistant Secretary, or such other officers as may be designated by a resolution of the State Board, and the corporate seal of the State Board or a facsimile thereof shall be affixed thereto or reproduced thereon. The facsimile signatures of the Chairman, and the Secretary or Assistant Secretary, or such other officer, may be imprinted or reproduced on the Bonds, provided that, in accordance with the laws of Florida in effect on the date of the adoption of this Master Resolution, at least one signature, which may be that of the Bond Registrar/Paying Agent, required to be placed on the Bonds shall be manually subscribed. In the event that the laws of Florida relevant to the requirements for facsimile or manual signatures are changed prior to the delivery of a Series, then the signatures which are actually imprinted, reproduced, or manually subscribed on the Bonds of such Series shall be in compliance with the new laws. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the State Board before the Bonds so signed 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 signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the State Board by such person as at the actual time of the execution of such Bonds shall hold the proper office, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

If the Bonds have been validated, a certification as to Circuit Court validation, in substantially the form hereinafter provided, shall be executed with the facsimile signature of any present or future Chairman.

SECTION 3.05. NEGOTIABILITY. The 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, as provided in the Act.

SECTION 3.06. REGISTRATION. The Bonds shall be issued only as fully registered bonds without coupons. The Bond Registrar/Paying Agent shall be responsible for maintaining the books for the registration of and for the transfer of the Bonds in compliance with its agreement with the State of Florida.

Upon surrender to the Bond Registrar/Paying Agent for transfer or exchange of any Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing, the Bond Registrar/Paying Agent shall deliver in the name of the transferee or transferees, a fully registered Bond or Bonds of authorized denomination of the same 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 State Board or the Bond Registrar/Paying Agent) 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 State Board and the Bond Registrar/Paying Agent, duly executed by the Registered Owner or by his duly authorized attorney.

Neither the State Board, the State Board of Administration, nor the Bond Registrar/Paying Agent may charge the Registered Owner of any Bonds or his transferee for any expenses incurred in making any exchange or transfer of the Bonds. However, the State Board, the State Board of Administration and the Bond Registrar/Paying Agent may require payment from the Registered Owner of any Bonds 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 Bonds shall be delivered.

The principal amount of the Bonds shall be paid to the Registered Owner or registered assigns on the maturity date of the Bonds, unless redeemed prior thereto in accordance with the terms thereof, upon presentation and surrender of the Bonds at the principal corporate trust office of the Bond Registrar/Paying Agent.

Interest shall be paid on the Interest Payment Dates to the Registered Owner whose name appears on the books of the Bond Registrar/Paying Agent as of 5:00 p.m. (local time, New York, New York) on the Record Date, by check or draft mailed (or transferred by a mode at least equally as rapid as mailing) from the Bond Registrar/Paying Agent to the Registered Owner, or in certain cases shall be paid by wire transfer as provided by the agreement between the Bond Registrar/Paying Agent and the State, except for Capital Appreciation Bonds which shall bear interest as described under the defined term Accreted Value, payable only upon redemption or maturity thereof. If and to the extent, however, that the State Board fails to make payment or provision for payment on any Interest Payment Date of interest on any Bond, that interest shall cease to be payable to the Person who was the Registered Owner of that Bond as of the applicable Regular Record Date. In that event, when moneys become available for payment of the delinquent interest, the Bond Registrar/Paying Agent shall establish a Special Interest Payment Date for the payment of that interest, and a Special Record Date, which Special Record Date shall be not more than fifteen (15) nor fewer than ten (10) days prior to the Special Interest Payment Date; and the Paying Agent shall cause notice of the proposed payment, of the Special Interest Payment Date and of the Special Record Date to be mailed not fewer than ten (10) days preceding the Special Record Date to each Person who was a Registered Owner of such Bond at the close of business on the fifteenth (15th) day preceding said mailing to such Person's address as it appears on the Register on that fifteenth (15th) day preceding the mailing of such notice and, thereafter, the interest shall be payable to the Person who was the Registered Owner of such Bond as of the close of business on the Special Record Date.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the State Board, evidencing the same debt as the Bonds surrendered, shall be secured by this Master Resolution and the applicable Supplemental Authorizing Resolution, and shall be entitled to all of the security and benefits thereof to the same extent as the Bonds surrendered.

The State Board, the State Board of Administration and the Bond Registrar/Paying Agent 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. The person in whose name any Bond is registered may be deemed the owner thereof by the State Board, the State Board of Administration and the Bond Registrar/Paying Agent, and any notice to the contrary shall not be binding upon the State Board, the State Board of Administration or the Bond Registrar/Paying Agent.

In addition, notwithstanding the foregoing, to the extent permitted by applicable law, the State Board may establish a system of registration with respect to any or all Series 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 State Board or the State Board of Administration shall appoint such registrars, transfer agents, depositories and other agents as may be necessary to cause the registration, registration of transfer and reissuance 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 previously issued or to be subsequently issued, provided that if the State Board adopts a system for the issuance of uncertificated registered public obligations for a Series, it shall permit thereunder the conversion, at the option of a Registered Owner of any Bonds of such Series issued prior to the adoption of such system, of a certificated registered public obligation to an uncertificated registered public obligation, and the reconversion of the same.

SECTION 3.07. AUTHENTICATION. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Master Resolution or a Supplemental Authorizing Resolution unless and until a certificate of authentication on such Bond substantially in the form herein set forth shall have been duly executed by the manual signature of the Bond Registrar/Paying Agent, and such executed certificate of the Bond Registrar/Paying Agent upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Master Resolution. The Bond Registrar/Paying Agent's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Bond Registrar/Paying Agent, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereinafter.

SECTION 3.08. DISPOSITION OF BONDS PAID OR EXCHANGED. Whenever any Bond shall be delivered to the Bond Registrar/Paying Agent for cancellation, upon payment of the principal amount thereof or for replacement or transfer or exchange, such Bond shall either be retained by the Bond Registrar/Paying Agent for a period of time specified in writing by the State Board or the State Board of Administration or, at the option of the State Board or the State Board of Administration, shall be cancelled and destroyed by the Bond Registrar/Paying Agent and counterparts a copy of a certificate of destruction evidencing such destruction shall be furnished to the Division of Bond Finance or the State Board.

SECTION 3.09. BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the State Board may in its discretion issue and deliver a new Bond of like tenor as the Bonds 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 Registered Owner furnishing the State Board proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the State Board may prescribe and paying such expense as the State Board may incur. All Bonds so surrendered shall be disposed of as provided in Section 3.08 hereof. If any such Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the State Board may provide for the payment of 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 shall constitute original, additional, contractual obligations on the part of the State Board, 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, source and security for payment, pursuant to this Master Resolution, from the Gross Receipts Taxes, and the Full Faith and Credit of the State of Florida.

SECTION 3.10. FORM OF BONDS. The text of the Bonds, together with the validation certificate (if any) 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 Master Resolution or as may be necessary to comply with applicable laws, rules, and regulations of the United States Government and the State of Florida in effect upon the issuance thereof.

(Form of Bond intentionally omitted)

ARTICLE IV
PLEDGE OF THE PLEDGED REVENUES; SINKING FUND

SECTION 4.01. FUNDS PLEDGED FOR BONDS. The Bonds shall be payable primarily from the Gross Receipts Taxes pledged for the payment thereof, and shall be additionally secured by a pledge of the Full Faith and Credit of the State of Florida, pursuant to the Public Education Bond Amendment and this Master Resolution. Any Series may be further secured as provided in the Supplemental Authorizing Resolution therefor. No Registered Owner of the Bonds shall ever be entitled to require the payment of the principal of or interest on the Bonds from any funds of the State of Florida, the State Board, or any other political subdivision or agency of said State, except from the Gross Receipts Taxes pledged for the payment thereof by the Public Education Bond Amendment and this Master Resolution, moneys received pursuant to the pledge of the Full Faith and Credit of the State in the manner provided by this Master Resolution and any additional security provided for a Series by such Supplemental Authorizing Resolution.

SECTION 4.02. BONDS SECURED BY PLEDGE OF GROSS RECEIPTS TAXES AND THE FULL FAITH AND CREDIT OF THE STATE OF FLORIDA. (a) The payment of the principal (including Amortization Installments, if any) of and interest on all of the Bonds issued hereunder, including any Additional Bonds hereafter issued pursuant to and in conformity with the terms, conditions and restrictions contained in this Master Resolution, shall be secured equally and ratably by a lien on the Gross Receipts Taxes deposited in the Public Education Fund pursuant to the Public Education Bond Amendment, subject only to the prior lien of the Prior Lien Obligations. All such Gross Receipts Taxes received pursuant to the Public Education Bond Amendment are hereby irrevocably pledged to the payment of the principal (including Amortization Installments, if any) of and interest on the Bonds herein authorized as the same become due, and for all the purposes provided in Section 4.03 of this Master Resolution.

The lien of the Registered Owners of the Bonds issued hereunder on the Gross Receipts Taxes deposited in the Public Education Fund is and shall be junior, inferior and subordinate to the prior lien thereon of the Registered Owners of the Prior Lien Obligations.

(b) The payment of the principal (including Amortization Installments, if any) of and interest on the Bonds is additionally secured by a pledge of the Full Faith and Credit of the State of Florida, and the State is unconditionally and irrevocably obligated to make all payments required for the payment of such principal (including Amortization Installments, if any) of and interest on the Bonds as the same mature and become due to the full extent that the moneys derived from said Gross Receipts Taxes then on deposit in the Sinking Fund, hereinafter described, are insufficient for the full payment of all such principal (including Amortization Installments, if any) of and interest on the Bonds as the same mature and become due. It shall be the mandatory duty of the State Board on or prior to each Principal or Interest Payment Date to immediately certify to the proper officials of the State of Florida any deficiencies in the amounts of moneys needed for the payment of the principal (including Amortization Installments, if any) of and interest on the Bonds on such Principal and Interest Payment Dates. It shall further be the mandatory duty of the appropriate officials of the State of Florida to pay over to the State Board the amounts of such deficiencies in the manner provided herein and in the Public Education Bond Amendment and other applicable provisions of the law.

SECTION 4.03. PUBLIC EDUCATION FUND. Each year, after providing for the current requirements of the Prior Lien Obligations and any prior deficiencies, all of the Gross Receipts Taxes shall, as collected, continue to be deposited in the Public Education Fund in the State Treasury of Florida. The moneys in the Public Education Fund shall be held in trust, and shall be used and applied only in the following manner and order of priority:

(a) It shall be the duty of the State Board in each Fiscal Year on or prior to the tenth day preceding each Principal or Interest Payment Date to withdraw from the Public Education Fund and transmit to the State Board of Administration, in the following manner, for deposit in the Public Education Capital Outlay Bonds 1992 Principal and Interest Sinking Fund (hereinafter called "Sinking Fund"), which is hereby created, such sums as will be sufficient for the payment of principal (including Amortization Installments, if any) and interest, and handling charges thereon, becoming due and payable on such Principal or Interest Payment Date.

Each Supplemental Authorizing Resolution shall create such subaccounts in the Sinking Fund as shall be necessary or desirable to provide for the payment of such Series, including Amortization Accounts for the Term Bonds of such Series. Deposits to any such subaccounts shall be made pro-rata from the amounts deposited in the Sinking Fund pursuant to this Section 4.03.

Upon the issuance of any Additional Bonds, as herein provided, the provisions of this Section 4.03(a) shall apply to such Additional Bonds equally with the Bonds theretofore issued. All payments provided under this Section 4.03(a) for the Bonds authorized by this Master Resolution and such Additional Bonds, hereafter issued, shall constitute a lien on all moneys in the Public Education Fund in the manner provided herein.

(b) Thereafter, in each Fiscal Year, but only after all payments required for such Fiscal Year by Section 4.03(a) hereof, including any deficiencies for prior payments, have been fully provided for, the remaining moneys on deposit in the Public Education Fund may be used by the State Board, as provided in the Public Education Bond Amendment:

(1) Fist, for the payment of any amounts required to be paid into funds or accounts, or to reimburse providers of credit or liquidity support, established pursuant to a Supplemental Authorizing Resolution, including funds and accounts from which encumbrances provided for pursuant to 235.42(1), Florida Statutes, are to be paid,

(2) Second, for payments to the State in amounts sufficient to reimburse the State for any moneys paid pursuant to Section 4.02(b); and, to the extent not required for such purpose,

(3) Third, for direct payment of the cost or any part of the cost of any Capital Outlay Project theretofore authorized by the Legislature; or, at the option of the State Board,

(4) Fourth, for purchase of any Bonds issued under the Public Education Bond Amendment or any Prior Lien Obligations then outstanding at the best prices obtainable, but in no event to exceed the price at which the Bonds or Prior Lien Obligations may be redeemable on their next ensuing redemption date, or for the redemption prior to maturity of such outstanding Bonds or Prior Lien Obligations.

SECTION 4.04. INVESTMENT OF SINKING FUND MONEYS. All moneys maintained at any time in the Sinking Fund under the provisions of Section 4.03(a) hereof, may be invested and reinvested by the State Board of Administration in direct obligations of the United States of America or in other investments authorized in Section 18.10, Florida Statutes, as such statute shall be amended from time to time; provided, however, that the investments of moneys needed to meet the requirements of Section 4.03(a) shall mature prior to the next ensuing Principal or Interest Payment Date for which such moneys are needed and set aside.

All such investments or reinvestments shall be liquidated whenever necessary for the purpose of such investments or reinvestments. Any earnings from such investments or reinvestments shall be credited to the account or fund from which such investments or reinvestments were made, and any losses upon the liquidation of such investments or reinvestments shall be fully restored from the first available moneys after all other required payments under Section 4.03(a) have been made to the date of such restoration.

All moneys maintained at any time in a fund or account (other than an account in the Sinking Fund) established by a Supplemental Authorizing Resolution may be invested and reinvested, and any earnings therefrom applied, as provided in such Supplemental Authorizing Resolution or as provided in the preceding sentence.

SECTION 4.05. INVESTMENT OF PUBLIC EDUCATION FUND MONEYS. All moneys maintained at any time in the Public Education Fund may be invested and reinvested by the State Board or by the State Board of Administration in direct obligations of the United States of America or in the other securities authorized in Section 18.20, Florida Statutes; provided, however, that the investment of moneys needed to meet the requirements of Section 4.03(a) shall mature prior to the next ensuing date for which such moneys are needed for transmittal to the State Board of Administration for deposit in the Sinking Fund.

SECTION 4.06. TRUST FUNDS. The Public Education Fund, the Sinking Fund, including the Amortization Accounts therein, and all moneys on deposit therein shall constitute trust funds for the purposes provided in Section 4.03 hereof, and the Registered Owners of the Bonds shall have a lien on such moneys until used or applied as provided in Section 4.03. The Public Education Fund and the Sinking Fund shall be maintained in a bank or banks or trust companies which are members of the Federal Reserve System, and such funds shall be fully and continuously secured in the manner provided by the laws of the State of Florida for the securing of deposits of State funds.

SECTION 4.07. ENFORCEABILITY BY REGISTERED OWNERS. The State Board hereby irrevocably agrees that the pledge of the Gross Receipts Taxes as provided herein shall be deemed to have been made for the benefit of, and shall be a contract with, the Registered Owners of the Bonds and that such pledge and all the provisions of this Master Resolution and the applicable Supplemental Authorizing Resolution shall be enforceable in any court of competent jurisdiction by any Registered Owner or Registered Owners of such Bonds, against either the State Board, the State Board of Administration, 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 Gross Receipts Taxes. The State Board does hereby consent to the bringing of any proceedings in any court of competent jurisdiction by any Registered Owner or Registered Owners of Bonds for the enforcement of all provisions of this Master Resolution and the applicable Supplemental Authorizing Resolution and do hereby waive, to the extent permitted by law, any privilege or immunity from suit which the State Board may now or hereafter have as an agency of the State of Florida. However, no covenant or agreement contained in this Master Resolution or any Supplemental Authorizing Resolution or any Bond issued pursuant thereto shall be deemed to be the covenant or agreement of any officer or employee of the State, in his or her or individual capacity and neither the officers nor employees of the State 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 4.08. STATE BOARD OF ADMINISTRATION FISCAL AGENT FOR FUNDS. Pursuant to the provisions of Section 215.69, Florida Statutes, after the Division of Bond Finance receives the proceeds of the Bonds, pays its costs, and transfers the remainder of such proceeds as provided herein, the State Board of Administration shall succeed, in accordance with said Statutes, to all the powers, authority, duties, and discretions of the Division of Bond Finance with regard to said Bonds, and shall receive, manage, and disburse all moneys and administer and maintain all funds provided for by this Master Resolution and any Supplemental Authorizing Resolution.

ARTICLE V
ADDITIONAL PARITY BONDS AND REFUNDING BONDS

SECTION 5.01. ISSUANCE OF ADDITIONAL PARITY BONDS. (a) Additional Bonds may be issued by the State Board after the issuance of the Bonds originally issued pursuant to this Master Resolution, but only upon the terms, restrictions and conditions contained in the Public Education Bond Amendment and this Article V.

(b) No such Additional Bonds shall be created or issued at any time unless the State Board determines that the Debt Service Requirements in each Fiscal Year thereafter on:

(1) the Prior Lien Obligations then Outstanding,

(2) the Bonds then outstanding, and

(3) the Additional Bonds then proposed to be issued,

shall not exceed ninety percent (90%) of the amount of Gross Receipts Taxes to be available in each Fiscal Year thereafter.

(c) Additional Bonds shall be deemed to have been issued pursuant to this Master Resolution to the same extent as the Bonds originally authorized and issued pursuant to this Master Resolution, and all of the covenants and other provisions of this Master Resolution (except as to details of such Additional Bonds inconsistent therewith) shall be for the equal benefit, protection and security of the Registered Owners of all Bonds issued pursuant to this Master Resolution and the Registered Owners of any such Additional Bonds. All of the Bonds, regardless of the time or times of their issuances,

shall rank equally with respect to their lien on the Gross Receipts Taxes and their source and security for payment therefrom without preference or priority of any Bonds or Additional Bonds, over any other thereof.

(d) (1) No such Additional Bonds shall be created or issued at any time unless all the payments required by the provisions of Subsection 4.03(a) and 4.03(b)(1) hereof, including any deficiencies for prior payments, have been made in full to the date of such issuance and the State Board shall have complied fully with all the covenants, agreements, and provisions of this Master Resolution and all Supplemental Authorizing Resolutions authorizing Bonds then outstanding.

(2) No such Additional Bonds shall be issued to finance the cost of any Capital Outlay Project pursuant to the Public Education Bond Amendment unless the construction or acquisition of such Capital Outlay Project has been theretofore authorized by the Legislature of Florida.

SECTION 5.02. REFUNDING BONDS. (a) Any part of the Bonds may be refunded and the lien of the refunded Bonds fully preserved for the refunding Bonds by the issuance of Additional Bonds in compliance with the requirements of Section 5.01.

(b) (1) Any Prior Lien Obligations may be refunded as a whole or in part by the issuance of Additional Bonds upon compliance with the terms, restrictions and conditions contained in Section 5.01 and this Section 5.02.

(2) Any refunding obligations hereafter issued which do not conform to and comply with the terms, restrictions, and conditions contained in this Section 5.02, shall be junior, inferior, and subordinate, as to lien on and source and security for payment from the Gross Receipts Taxes, to Outstanding Bonds which are not so refunded and any Additional Bonds thereafter issued.

SECTION 5.03. ISSUANCE OF OTHER OBLIGATIONS OR CREATION OF ENCUMBRANCES. The State Board covenants that it will not issue any other obligations, except Additional Bonds provided for in Section 5.01 hereof or refunding obligations provided for in Section 5.02 hereof, payable from the Gross Receipts Taxes, nor voluntarily create or cause to be created any other debt, lien, pledge, assignment, encumbrance or other charge, having priority to or being on a parity with the lien of the Registered Owners of the Bonds upon the Gross Receipts Taxes pledged as security for such Bonds in this Master Resolution. Any such other obligations hereafter issued by the State Board, in addition to the Bonds authorized by this Master Resolution and such Additional Bonds shall contain an express statement that such obligations are junior, inferior, and subordinate to the Bonds as to lien on and source and security for payment from such Gross Receipts Taxes.

The State Board specifically covenants that it will not hereafter issue any obligations (including refunding obligations) pursuant to the proceedings which authorized such Prior Lien Obligations which will rank on a parity with the Prior Lien Obligations.

SECTION 5.04. CANCELLATION OF UNISSUED PRIOR LIEN OBLIGATIONS. Any State Board of Education, Public Education Capital Outlay Bonds authorized prior to January 1, 1992, under the authority of Section 9(a) of Article XII of the Florida Constitution of 1968, as amended, which have not been issued as of the date of issuance of the Bonds authorized herein, are hereby cancelled.

ARTICLE VI
MISCELLANEOUS

SECTION 6.01. MODIFICATION OR AMENDMENT. (a) Except as otherwise provided in this Section, no material adverse modification or amendment of this Master Resolution, or any Supplemental Authorizing Resolution or any resolution amendatory thereof or supplemental thereto, may be made without the consent in writing of (i) the Registered Owners of more than fifty percent in principal amount of the Bonds then Outstanding or (ii) in case less than all Series of Bonds then Outstanding are affected by the modification or amendment, the Registered Owners of more than fifty percent 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 to pay the principal of and interest on the Bonds, as the same mature or become due, or reduce the percentage of Registered Owners of Bonds required above for such modification or amendments, without the consent of the Registered Owners of all the Bonds then Outstanding.

(b) This Master Resolution, or any Supplemental Authorizing Resolution or any resolution amendatory thereof or supplemental thereto, may be amended, changed, modified and altered without the consent of the Registered Owners 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 will not materially adversely affect the interests of the Registered Owners, (iii) to provide for the issuance of Bonds in coupon form, (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 State Board, other covenants and agreements to be observed by the State Board which are not contrary to or inconsistent with this Master Resolution or any Supplemental Authorizing Resolution as theretofore in effect, (vi) to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar state or 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 States of America, (vii) to enable the State Board, the Division of Bond Finance and the State Board of Administration to comply with their covenants, agreements and obligations under Section 6.05 of this Master Resolution, or (viii) to make any amendment, change, modification or alteration that does not materially adversely affect the interests of the Registered Owners.

SECTION 6.02. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants or provisions of this Master Resolution shall be held to be contrary to any express provision 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, then such covenants or provisions shall be null and void, shall be deemed separable from the remaining covenants or provisions of this Master Resolution, and shall in no way affect the validity of the remaining covenants or provisions of this Master Resolution or of the Bonds.

SECTION 6.03. DEFEASANCE OF BONDS. The covenants, liens and pledges entered into, created or imposed pursuant to this Master Resolution (and the applicable Supplemental Authorizing Resolution) may be fully discharged and satisfied with respect to the Bonds in any one or more of the following ways:

(a) By paying the principal of and interest on Bonds when the same shall become due and payable whether at maturity or redemption; or

(b) By depositing with the State Board of Administration, certain moneys which are irrevocably pledged to the payment of the Bonds and which, together with other moneys lawfully available therefor, shall be sufficient at the time of such deposit to pay when due the principal, redemption premium, if any, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof; or

(c) By depositing with the State Board of Administration, moneys which are irrevocably pledged to the payment of the Bonds and which, together with other moneys lawfully available therefor when invested in Defeasance Obligations, will provide moneys (principal and interest thereof at maturity) which shall be sufficient to pay the principal, redemption premium, if any, and interest due and to become due on said Bonds on or prior to a date fixed for redemption or the maturity date thereof. Upon such payment or deposit in the amount and manner provided in this section, Bonds shall be deemed to be paid and shall no longer be deemed to be Outstanding for the purposes of this Master Resolution and all liability of the State Board with respect to said Bonds shall cease, terminate and be completely discharged and extinguished, and the Registered Owners thereof shall be entitled for payment solely out of the moneys or securities so deposited and investment earnings thereon.

(d) Notwithstanding the foregoing, all references to the discharge and satisfaction of Bonds shall include the discharge and satisfaction of any Series of Bonds, any portion of any Series of Bonds, any maturity or maturities of any Series of Bonds, any portion of a maturity of any Series of Bonds or any combination thereof.

(e) If any portion of the moneys deposited for the payment of the principal of and redemption premium, if any, and interest on any portion of Bonds is not required for such purpose, the State Board or the State Board of Administration may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Master Resolution.

(f) Nothing herein shall be deemed to require the State Board or Division of Bond Finance to call any of the Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the State Board or Division of Bond Finance in determining whether to exercise any such option for early redemption.

(g) Notwithstanding the foregoing, any provisions of this Master Resolution or the applicable Supplemental Authorizing Resolution which relate to the maturity of Bonds, interest provisions, credit against mandatory redemption requirements, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of moneys in trust, the calculation of Rebate Amount and the payment of the Rebate Amount to the United States, shall remain in effect and be binding upon the State Board, the Division of Bond Finance, each Trustee, each Registrar, Paying Agent and the Registered Owners notwithstanding the release and discharge of the lien and pledge of this Master Resolution or any such Supplemental Authorizing Resolution.

SECTION 6.04. NONPRESENTMENT OF BONDS. In the event any Bond shall not be presented to the Bond Registrar/Paying Agent for payment within seven years after the principal thereof becomes due, either at maturity, or otherwise, the funds for payment of said principal on deposit with the Bond Registrar/Paying Agent shall be remitted to the State Board of Administration for disposition in accordance with the laws of Florida. In the event the Bond Registrar/Paying Agent shall not have been able to pay the interest, either all or a portion thereof, on any Bond within seven years after the principal (or accreted value) thereof becomes due, either at maturity, or otherwise, the funds on deposit with the Bond Registrar/Paying Agent for the payment of said interest shall be remitted to the State Board of Administration for disposition in accordance with the laws of Florida. The earnings on the funds which were held to pay the principal and the interest on said Bond shall be governed by the agreement between the State Board of Administration and the Bond Registrar/Paying Agent Agreement.

SECTION 6.05. COMPLIANCE WITH TAX REQUIREMENTS; REBATE FUND. (a) Except as provided in a Supplemental Authorizing Resolution with respect to any specific Bonds, it is the intention of the State Board that the interest on the Bonds issued hereunder, be and remain excluded from gross income for federal income tax purposes. The State Board hereby covenants and agrees, for the benefit of the Registered Owners from time to time of the Bonds, that the State Board will comply with the applicable requirements contained in the Code, to the extent necessary to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes. Specifically, without intending to limit in any way the generality of the foregoing, the State Board 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 of Bond Finance;

(2) to set aside, or cause to be set aside, sufficient moneys in the Rebate Account with respect to such Series from the amounts in the Public Education Fund, 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 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 and required payments of the Rebate Amount with respect to that Series of Bonds, for at least six (6) years after the retirement of that Series or such other period as shall be necessary to comply with the Code;

(5) to refrain from using proceeds from any Series in a manner that would cause the Bonds of such Series 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 any Series to become arbitrage bonds under Section 148 of the Code or any action that would otherwise cause interest on any Bonds to become includable in gross income for federal income tax purposes.

The State Board understands that the foregoing covenants impose continuing obligations on it that will exist as long as the requirements of the Code are applicable to the Bonds.

Notwithstanding any other provision of this Master Resolution, the obligation to pay over the Rebate Amount to the United States and to comply with all other requirements of this Section 6.05 shall survive the defeasance or payment in full of the Bonds or any Series.

(b) The State Board 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 State Board, an amount equal to the Rebate Amount. 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 6.05, and as directed by the State Board and the Division of Bond Finance. Funds on deposit in any Rebate Account in excess of the applicable Rebate Amount may be withdrawn and paid over to the State Board for deposit into the Public Education Fund. In complying with the foregoing, the State Board and Division of Bond Finance may rely upon any instructions or opinions from nationally recognized 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.

The Rebate Fund shall be held separate and apart from all other funds and accounts of the State Board and shall be subject to a lien in favor of the Registered Owners, 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 of Bond Finance and the State Board shall not be required to continue to comply with the requirements of this Section in the event that the Division of Bond Finance and State Board receive an opinion of nationally recognized 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 State Board's responsibilities and duties pursuant to subsection 6.05(a)(1), (2), (3) or (4) of this Section may be assumed in whole or in part by the Division of Bond Finance or any entity as provided by law, administrative rule, or resolution of the Division of Bond Finance.

SECTION 6.06. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Master Resolution, to the extent that they are inconsistent with this Master Resolution, be and the same are hereby repealed, revoked and rescinded.

SECTION 6.07. EFFECTIVE DATE. This Master Resolution shall take effect immediately upon its adoption.

ADOPTED on July 21, 1992.

[This page intentionally left blank]

APPENDIX D

STATE OF FLORIDA

FULL FAITH AND CREDIT
STATE BOARD OF EDUCATION
PUBLIC EDUCATION CAPITAL OUTLAY BONDS

FIFTIETH SUPPLEMENTAL AUTHORIZING RESOLUTION

PROVIDING FOR THE

ISSUANCE OF

PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS

2011 SERIES (TO BE DETERMINED)

JANUARY 18, 2011

A RESOLUTION SUPPLEMENTING AND AMENDING A RESOLUTION ENTITLED "A RESOLUTION AUTHORIZING THE ISSUANCE OF STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY BONDS, FOR THE PURPOSE OF FINANCING AND REFINANCING THE COST OF CAPITAL OUTLAY PROJECTS FOR THE STATE SYSTEM OF PUBLIC EDUCATION IN FLORIDA, PURSUANT TO SUBSECTION (A)(2) OF SECTION 9 OF ARTICLE XII OF THE CONSTITUTION OF FLORIDA, AS AMENDED; PROVIDING THE TERMS AND CONDITIONS UPON WHICH SUCH BONDS MAY BE ISSUED; AND PROVIDING AN EFFECTIVE DATE", AND AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $700,000,000 PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2011 SERIES (TO BE DETERMINED) FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF THE OUTSTANDING STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY BONDS AND REFUNDING BONDS, 2001 SERIES A, 2001 SERIES B, AND 2001 SERIES E; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE STATE BOARD OF EDUCATION OF FLORIDA:

ARTICLE I
AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. AUTHORITY FOR THIS RESOLUTION. This Fiftieth Supplemental Authorizing Resolution is adopted pursuant to the provisions of the Act.

Section 1.02. DEFINITIONS. (a) All of the definitions contained in Section 1.02 of the Master Resolution shall be deemed applicable to this Fiftieth Supplemental Authorizing Resolution, except to the extent that the same are inconsistent or in conflict with the definitions set forth below.

(b) The following terms shall have the following meanings in this Fiftieth Supplemental Authorizing Resolution:

"Escrow Deposit Agreement" shall mean the agreement provided for in Section 4.02(a) of this Resolution.

"Federal Obligations" shall mean direct obligations of the United States of America, Resolution Funding Corporation ("REFCORP") interest strips, or direct non-prepayable obligations the principal and interest on which are unconditionally guaranteed as to full and timely payment by the United States of America, none of which permit redemption prior to maturity at the option of the obligor. Federal Obligations shall not mean unit investment trusts and mutual funds.

"Fiftieth Supplemental Authorizing Resolution" shall mean this Fiftieth Supplemental Authorizing Resolution.

"Master Resolution" shall mean the Master Resolution adopted by the State Board on July 21, 1992, authorizing the issuance of Public Education Capital Outlay Bonds.

"Parity Bonds" shall mean all Bonds which are currently Outstanding and any other Bonds which may be issued under the Master Resolution prior to the issuance of the Refunding Bonds.

"Refunded Bonds" shall mean all or a portion of the Outstanding State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2001 Series A, 2001 Series B, and 2001 Series E, which will be refunded by the Refunding Bonds.

"Refunding Bonds" shall mean the not exceeding $700,000,000 Public Education Capital Outlay Refunding Bonds, 2011 Series [to be determined], issued pursuant to this Fiftieth Supplemental Authorizing Resolution.

"Retirement Fund" shall mean the State of Florida, Full Faith and Credit, State Board of Education, 2011 Series [to be determined] Public Education Capital Outlay Refunding Bonds Retirement Fund created pursuant to Section 4.01(c) hereof.

"Retirement (or Refunding) of the Refunded Bonds" or words of similar import, shall mean the payment of the principal of the Refunded Bonds, redemption premiums, if any, the interest payable on the Refunded Bonds through the date of redemption thereof, and the fees and expenses in connection with retirement of the Refunded Bonds.

Section 1.03. FINDINGS. It is hereby found, determined and declared by the State Board as follows:

(a) That it is desirable and in the best interests of the citizens of Florida and of the State Board to refund the Refunded Bonds, thereby obtaining a lower net average interest cost rate.

(b) That the Refunded Bonds, or any portion thereof, may be refunded in accordance with Article XII, Section 9(a)(2) of the State Constitution and Section 215.61, Florida Statutes.

(c) That the amount of Refunding Bonds authorized to be issued by this Fiftieth Supplemental Authorizing Resolution, together with the Parity Bonds and the Prior Lien Obligations remaining Outstanding after the refunding contemplated hereby, does not exceed ninety per centum (90%) of the amount of such Refunding Bonds which the State Board has found and determined, and does by the adoption of this Fiftieth Supplemental Authorizing Resolution find and determine, can be serviced as to both principal and interest from the Gross Receipts Taxes accruing to the State System under the provisions of the Public Education Bond Amendment.

(d) That this State Board is legally authorized to issue the Refunding Bonds authorized by this Fiftieth Supplemental Authorizing Resolution pursuant to the terms, restrictions and conditions contained in the Master Resolution.

(e) That the Division of Bond Finance shall serve as the agent of the State Board with respect to the Refunding Bonds, pursuant to the provisions of Section 215.61(4), Florida Statutes.

(f) That this State Board has been advised it is necessary to make certain amendments to the Master Resolution in order to correct obsolete statutory references and to facilitate the issuance of additional types of Bonds that are eligible for federal payment subsidies including "Build America Bonds" issued under and pursuant to the authority provided for in the American Recovery and Reinvestment Act of 2009, enacted on February 17, 2009, and in accordance with the guidance included in the Internal Revenue Service's Notice 2009-26, published on April 3, 2009, as that act and implementing regulations may be extended and expanded from time to time.

(g) That these amendments are effective pursuant to Section 6.01(b) of the Master Resolution and do not materially or adversely affect the interests of the holders of the Outstanding Bonds.

ARTICLE II
AUTHORIZATION OF REFUNDING

There is hereby authorized the refunding of the Refunded Bonds to be accomplished in the manner hereinafter provided.

ARTICLE III
AUTHORIZATION AND TERMS OF REFUNDING BONDS

SECTION 3.01. AUTHORIZATION OF REFUNDING BONDS. Subject and pursuant to the provisions of this Fiftieth Supplemental Authorizing Resolution, bonds of the State Board are hereby authorized to be issued in the aggregate principal amount of not exceeding $700,000,000. Such bonds shall each be designated "State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2011 Series [to be determined]" (such series designation to be determined by the Director of the Division), provided, however, that such bonds may be sold and issued in one or more series, and may be sold in conjunction with new money Public Education Capital Outlay Bonds; if sold and issued in more than one series, the designation of each series of such bonds shall be determined by the Director of the Division. The Refunding Bonds shall be issued under and secured by the Master

Resolution, as supplemented by this Fiftieth Supplemental Authorizing Resolution, and all the terms and provisions contained in the Master Resolution shall be applicable to the Refunding Bonds, except as expressly set forth herein, including the pledge of the Gross Receipts Taxes and the pledge of the Full Faith and Credit of the State of Florida to the payment of the principal, premium if any, and interest on the Refunding Bonds.

Section 3.02. DESCRIPTION OF REFUNDING BONDS. Except as provided by subsequent resolution adopted prior to the sale of any Series thereof, the Refunding Bonds shall be issued only as fully registered bonds without coupons in the denominations of $1,000 or any integral multiple thereof; shall be dated and mature as determined pursuant to a subsequent resolution adopted by the State Board on or prior to the sale of the Refunding Bonds; shall bear interest at not exceeding the maximum lawful rate of interest authorized on the date of sale of the Refunding Bonds, payable semi-annually on June 1 and December 1 of each year; and shall be payable as to both principal and interest, shall be subject to registration, exchange, and transfer, shall be executed and authenticated, shall be subject to prior redemption in the manner, shall be in the form, and shall have such other terms as set forth in Article III of the Master Resolution.

The Refunding Bonds may be made redeemable at the option of the State Board upon such terms and conditions as determined pursuant to a subsequent resolution adopted by the State Board prior to the issuance of the Refunding Bonds.

Section 3.03 DELEGATION OF SALE OF THE REFUNDING BONDS. The Refunding Bonds shall be sold at competitive sale and may be sold at one time or in multiple Series from time to time as hereinafter provided.

In order to take advantage of opportunities as and when they arise in the municipal market, the State Board hereby authorizes the Division of Bond Finance, as agent for the State Board, to determine the financing structure and method of sale of the Refunding Bonds. The Division of Bond Finance, as agent for the State Board, is hereby authorized and directed to determine when, if, where and in what principal amount (if less than the full authorized amount) the Refunding Bonds shall be offered for sale, to determine the method(s) by which bids will be accepted, and to determine the specific fiscal details of the Refunding Bonds (or Series thereof) to be sold.

ARTICLE IV
APPLICATION OF BOND PROCEEDS

SECTION 4.01. APPLICATION OF REFUNDING BOND PROCEEDS. Upon receipt of the proceeds of the Refunding Bonds, the State Board shall transfer and apply such proceeds as follows:

(a) The amount necessary to pay all costs and expenses of the Division of Bond Finance in connection with the preparation, sale and issuance of the Refunding Bonds, including a reasonable charge for the services of the Division of Bond Finance, shall be transferred to the Division of Bond Finance to be deposited in the Bond Proceeds Trust Fund, subject to disbursement of the funds to the Bond Fee Trust Fund and the Arbitrage Compliance Trust Fund pursuant to written instructions at the delivery of the Refunding Bonds unless such amount shall be provided from another legally available source.

(b) The accrued interest on the Refunding Bonds, plus an amount determined in the sole discretion of the State Board and the Division of Bond Finance as being necessary, together with such accrued interest, to provide for the payment of interest on the Refunding Bonds for a period not to exceed 12 months from the date of issuance of the Refunding Bonds shall be transferred to the Board of Administration and deposited in the Sinking Fund created by the Master Resolution.

(c) All remaining proceeds shall be transferred to the Board of Administration for deposit into a trust fund, hereby created, to be known as the "State of Florida, Full Faith and Credit, State Board of Education, 2011 Series [to be determined] Public Education Capital Outlay Refunding Bonds Retirement Fund" (hereinafter referred to as the "Retirement Fund"). Such amount, together with the income on the investment thereof and other available monies(if necessary), shall be sufficient to pay when due the entire principal of the Refunded Bonds, together with interest accrued and to accrue thereon to their respective maturity dates or, if called for redemption prior to maturity, such prior redemption dates and redemption premiums, if any, and the expenses and fees listed in the Escrow Deposit Agreement as hereinafter provided in Section 4.02(a) below. The Director of the Division of Bond Finance is authorized to determine the redemption date of the Refunded Bonds, provide for the publication of any notice of redemption and take any other actions necessary or desirable to refund and redeem the Refunded Bonds.

SECTION 4.02. RETIREMENT FUND. The moneys deposited by the Board of Administration in the Retirement Fund shall be administered and applied as follows:

(a) The Retirement Fund shall be held in irrevocable trust by the Board of Administration and, except as provided in subsection (b) of this Section 4.02, 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 Retirement Fund shall be made for said purposes pursuant to an Escrow Deposit Agreement to be entered into between the State Board and the Board of Administration, in the form normally utilized by the State Board.

(b) Moneys on deposit in the Retirement Fund shall be used to purchase Federal Obligations in accordance with the schedules given in the Escrow Deposit Agreement. The maturing Federal Obligations, the earnings thereon, and the cash on deposit in the Retirement Fund shall be sufficient to accomplish the refunding described above in Section 4.01(c). In the alternative, in the discretion of the Director of the Division of Bond Finance, moneys on deposit in the retirement fund shall be invested in the State Treasury, or in such other legally authorized investments, until such time as such funds are needed to effect the redemption of the Refunded Bonds.

Section 4.03. REGISTERED OWNERS NOT AFFECTED BY APPLICATION OF REFUNDING BOND PROCEEDS. The proceeds derived from the sale of the Refunding Bonds shall be applied and disbursed pursuant to the provisions of the Act and this Fiftieth Supplemental Authorizing Resolution. The Registered Owners of Refunding Bonds shall not have any responsibility whatsoever for the application or use of any of the proceeds derived from the sale of the Refunding Bonds, and the rights and remedies of the Registered Owners of Refunding Bonds and their right to payment, pursuant to the Public Education Bond Amendment and this Fiftieth Supplemental Authorizing Resolution, shall not be affected or impaired by the application or use of such proceeds. Upon the issuance of the Refunding Bonds authorized by this Fiftieth Supplemental Authorizing Resolution, all the covenants and agreements between the State Board and the Registered Owners of Refunding Bonds contained in this Fiftieth Supplemental Authorizing Resolution shall be valid and binding covenants and agreements between the State Board and the Registered Owners of Refunding Bonds without regard to the application of the proceeds of the Refunding Bonds.

ARTICLE V
APPLICATION OF PROVISIONS OF MASTER RESOLUTION AND SECURITY FOR THE REFUNDING BONDS

The Refunding Bonds herein authorized shall for all purposes (except as herein expressly changed) be considered to be Additional Parity Bonds issued under the authority of the Master Resolution and shall be entitled to all the protection and security provided therein for the Parity Bonds.

The covenants and pledges contained in the Master Resolution (to the extent the same are not inconsistent with the provisions hereof) shall be applicable to the Refunding Bonds herein authorized in like manner as applicable to the Parity Bonds, and the Funds and Accounts established in the Master Resolution shall be continued and maintained as long as any of the Refunding Bonds and interest thereon issued hereunder are outstanding and unpaid. The principal of and interest on the Refunding Bonds herein authorized shall be payable from the Sinking Fund heretofore established by the Master Resolution on a parity with the Parity Bonds, and payment shall be made into such Sinking Fund from the Public Education Fund in amounts fully sufficient to pay the principal of and interest on the Refunding Bonds herein authorized as such principal and interest become due.

ARTICLE VI
AMENDMENT OF MASTER RESOLUTION AND MISCELLANEOUS

Section 6.01. AMENDMENT OF THE MASTER RESOLUTION. The Master Resolution is hereby amended as follows. Language to be added is indicated by underlining and language to be deleted is indicated by ~~strike-throughs~~.

(A) Section 4.04 of the Master Resolution is hereby amended as follows:

SECTION 4.04. INVESTMENT OF SINKING FUND MONEYS. All moneys maintained at any time in the Sinking Fund under the provisions of Section 4.03(a) hereof, may be invested and reinvested by the State Board of Administration in direct obligations of the United States of America or in other investments authorized in Section 17.57 ~~18.10~~, Florida Statutes, as such statute shall be amended from time to time;...

(B) Section 4.05 of the Master Resolution is hereby amended as follows:

SECTION 4.05. INVESTMENT OF PUBLIC EDUCATION FUND MONEYS. All moneys maintained at any time in the Public Education Fund may be invested and reinvested by the State Board of by the State Board of Administration in direct obligations of the United States of America or in other securities authorized in Section 17.57 ~~18.20~~, Florida Statutes;...

(C) Section 5.01 of the Master Resolution is hereby amended by adding thereto a new paragraph (e) to read in its entirety as follows:

SECTION 5.01. ISSUANCE OF ADDITIONAL PARITY BONDS.

(e) to the extent that the State Board has issued or is then issuing Bonds under this Master Resolution that qualify for federal subsidy payments with respect to all or a portion of the interest or other payments due or to become due with respect to such Bonds, including "Build America Bonds" issued under and pursuant to the authority provided for in the American Recovery and Reinvestment Act of 2009, enacted on February 17, 2009, and in accordance with the guidance included in the Internal Revenue Service's Notice 2009-26, published on April 3, 2009, as that act and implementing regulations may be extended and expanded from time to time, then the State Board may take into account the amount of such federal subsidy payments in determining the amount of Debt Service Requirements on Bonds hereunder by crediting the amount of federal subsidy payments reasonably expected to be received in each Fiscal Year against the Debt Service Requirements on the Bonds in such Fiscal Year. The State Board may also provide for the direct deposit of such federal subsidy payments into the Sinking Fund for the Bonds and the use of such federal subsidy payments to pay debt service on the Bonds. The foregoing credit provisions shall have no effect on and shall not be construed to reduce or diminish the security for any Outstanding Bonds, it being the express and stated intent of the State Board that all Bonds issued hereunder shall be secured as provided herein without regard to eligibility for subsidy payments under any federal program.

Section 6.02. CONTINUING DISCLOSURE. (a) In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the State Board hereby agrees to provide or cause to be provided such information as may be required, from time to time, under such rule.

(b) The Commissioner or Deputy Commissioner of Education, 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 comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission.

Section 6.03. SEVERABILITY OF PROVISIONS. If any one or more of the covenants, agreements or provisions of this Fiftieth Supplemental Authorizing Resolution shall be held contrary to any express provision 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, 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 of any of the other covenants, agreements or provisions of this Fiftieth Supplemental Authorizing Resolution or of the Refunding Bonds.

Section 6.04. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Fiftieth Supplemental Authorizing Resolution, to the extent that they are inconsistent with this Fiftieth Supplemental Authorizing Resolution, are hereby repealed, revoked, and rescinded.

Section 6.05. TIME OF TAKING EFFECT. This Fiftieth Supplemental Authorizing Resolution shall take effect immediately upon its adoption.

ADOPTED ON January 18, 2011.

APPENDIX E

STATE OF FLORIDA

FULL FAITH AND CREDIT
STATE BOARD OF EDUCATION
PUBLIC EDUCATION CAPITAL OUTLAY BONDS

FIFTY-SEVENTH SUPPLEMENTAL AUTHORIZING RESOLUTION

PROVIDING FOR THE

ISSUANCE OF

PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS

2014 SERIES (TO BE DETERMINED)

April 10, 2014

A RESOLUTION SUPPLEMENTING A RESOLUTION ENTITLED "A RESOLUTION AUTHORIZING THE ISSUANCE OF STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY BONDS, FOR THE PURPOSE OF FINANCING AND REFINANCING THE COST OF CAPITAL OUTLAY PROJECTS FOR THE STATE SYSTEM OF PUBLIC EDUCATION IN FLORIDA, PURSUANT TO SUBSECTION (A)(2) OF SECTION 9 OF ARTICLE XII OF THE CONSTITUTION OF FLORIDA, AS AMENDED; PROVIDING THE TERMS AND CONDITIONS UPON WHICH SUCH BONDS MAY BE ISSUED; AND PROVIDING AN EFFECTIVE DATE", AND AUTHORIZING THE ISSUANCE OF NOT EXCEEDING $450,000,000 PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2014 SERIES (TO BE DETERMINED) FOR THE PURPOSE OF REFUNDING ALL OR A PORTION OF THE OUTSTANDING STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY BONDS, 2002 SERIES E, 2003 SERIES D, 2004 SERIES C, AND 2005 SERIES E; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE STATE BOARD OF EDUCATION OF FLORIDA:

ARTICLE I
AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. AUTHORITY FOR THIS RESOLUTION. This Fifty-seventh Supplemental Authorizing Resolution is adopted pursuant to the provisions of the Act.

Section 1.02. DEFINITIONS. (a) All of the definitions contained in Section 1.02 of the Master Resolution shall be deemed applicable to this Fifty-seventh Supplemental Authorizing Resolution, except to the extent that the same are inconsistent or in conflict with the definitions set forth below.

(b) The following terms shall have the following meanings in this Fifty-seventh Supplemental Authorizing Resolution:

"Escrow Deposit Agreement" shall mean the agreement provided for in Section 4.02(a) of this Resolution.

"Federal Obligations" shall mean direct obligations of the United States of America, Resolution Funding Corporation ("REFCORP") interest strips, or direct non-prepayable obligations the principal and interest on which are unconditionally guaranteed as to full and timely payment by the United States of America, none of which permit redemption prior to maturity at the option of the obligor. Federal Obligations shall not mean unit investment trusts and mutual funds.

"Fifty-seventh Supplemental Authorizing Resolution" shall mean this Fifty-seventh Supplemental Authorizing Resolution.

"Master Resolution" shall mean the Master Resolution adopted by the State Board on July 21, 1992, authorizing the issuance of Public Education Capital Outlay Bonds.

"Parity Bonds" shall mean all Bonds which are currently Outstanding and any other Bonds which may be issued under the Master Resolution prior to the issuance of the Refunding Bonds.

"Refunded Bonds" shall mean all or a portion of the Outstanding State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2002 Series E, 2003 Series D, 2004 Series C, and 2005 Series E, which will be refunded by the Refunding Bonds.

"Refunding Bonds" shall mean the not exceeding $450,000,000 Public Education Capital Outlay Refunding Bonds, 2014 Series (to be determined), issued pursuant to this Fifty-seventh Supplemental Authorizing Resolution.

"Retirement Fund" shall mean the State of Florida, Full Faith and Credit, State Board of Education, 2014 Series (to be determined) Public Education Capital Outlay Refunding Bonds Retirement Fund created pursuant to Section 4.01(c) hereof.

"Retirement (or Refunding) of the Refunded Bonds" or words of similar import, shall mean the payment of the principal of the Refunded Bonds, redemption premiums, if any, the interest payable on the Refunded Bonds through the date of redemption thereof, and the fees and expenses in connection with retirement of the Refunded Bonds.

Section 1.03. FINDINGS. It is hereby found, determined and declared by the State Board as follows:

(a) That it is desirable and in the best interests of the citizens of Florida and of the State Board to refund the Refunded Bonds, thereby obtaining a lower net average interest cost rate.

(b) That the Refunded Bonds, or any portion thereof, may be refunded in accordance with Article XII, Section 9(a)(2) of the State Constitution and Section 215.61, Florida Statutes.

(c) That the amount of Refunding Bonds authorized to be issued by this Fifty-seventh Supplemental Authorizing Resolution, together with the Parity Bonds and the Prior Lien Obligations remaining Outstanding after the refunding contemplated hereby, does not exceed ninety per centum (90%) of the amount of such Refunding Bonds which the State Board has found and determined, and does by the adoption of this Fifty-seventh Supplemental Authorizing Resolution find and determine, can be serviced as to both principal and interest from the Gross Receipts Taxes accruing to the State System under the provisions of the Public Education Bond Amendment.

(d) That this State Board is legally authorized to issue the Refunding Bonds authorized by this Fifty-seventh Supplemental Authorizing Resolution pursuant to the terms, restrictions and conditions contained in the Master Resolution.

(e) That the Division of Bond Finance shall serve as the agent of the State Board with respect to the Refunding Bonds, pursuant to the provisions of Section 215.61(4), Florida Statutes.

ARTICLE II
AUTHORIZATION OF REFUNDING

There is hereby authorized the refunding of the Refunded Bonds to be accomplished in the manner hereinafter provided.

ARTICLE III
AUTHORIZATION AND TERMS OF REFUNDING BONDS

Section 3.01. AUTHORIZATION OF REFUNDING BONDS. Subject and pursuant to the provisions of this Fifty-seventh Supplemental Authorizing Resolution, bonds of the State Board are hereby authorized to be issued in the aggregate principal amount of not exceeding $450,000,000. Such bonds shall each be designated "State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2014 Series (to be determined)" (such series designation to be determined by the Director of the Division), provided, however, that such bonds may be sold and issued in one or more series, and may be sold in conjunction with new money or other refunding Public Education Capital Outlay Bonds; if sold and issued in more than one series, the designation of each series of such bonds shall be determined by the Director of the Division. The Refunding Bonds shall be issued under and secured by the Master Resolution, as supplemented by this Fifty-seventh Supplemental Authorizing Resolution, and all the terms and provisions contained in the Master Resolution shall be applicable to the Refunding Bonds, except as expressly set forth herein, including the pledge of the Gross Receipts Taxes and the pledge of the Full Faith and Credit of the State of Florida to the payment of the principal, premium if any, and interest on the Refunding Bonds.

Section 3.02. DESCRIPTION OF REFUNDING BONDS. Except as provided by subsequent resolution adopted prior to the sale of any Series thereof, the Refunding Bonds shall be issued only as fully registered bonds without coupons in the denominations of $1,000 or any integral multiple thereof; shall be dated and mature as determined pursuant to a subsequent resolution adopted by the State Board on or prior to the sale of the Refunding Bonds; shall bear interest at not exceeding the maximum lawful rate of interest authorized on the date of sale of the Refunding Bonds, payable semi-annually on June 1 and December 1 of each year; and shall be payable as to both principal and interest, shall be subject to registration, exchange, and transfer, shall be executed and authenticated, shall be subject to prior redemption in the manner, shall be in the form, and shall have such other terms as set forth in Article III of the Master Resolution.

The Refunding Bonds may be made redeemable at the option of the State Board upon such terms and conditions as determined pursuant to a subsequent resolution adopted by the State Board prior to the issuance of the Refunding Bonds.

Section 3.03 DELEGATION OF SALE OF THE REFUNDING BONDS. The Refunding Bonds shall be sold at competitive sale and may be sold at one time or in multiple Series from time to time as hereinafter provided.

In order to take advantage of opportunities as and when they arise in the municipal market, the State Board hereby authorizes the Division of Bond Finance, as agent for the State Board, to determine the financing structure and method of sale of the Refunding Bonds. The Division of Bond Finance, as agent for the State Board, is hereby authorized and directed to determine when, if, where and in what principal amount (if less than the full authorized amount) the Refunding Bonds shall be offered for sale, to determine the method(s) by which bids will be accepted, and to determine the specific fiscal details of the Refunding Bonds (or Series thereof) to be sold.

ARTICLE IV
APPLICATION OF BOND PROCEEDS

Section 4.01. APPLICATION OF REFUNDING BOND PROCEEDS. Upon receipt of the proceeds of the Refunding Bonds, the State Board shall transfer and apply such proceeds as follows:

(a) The amount necessary to pay all costs and expenses of the Division of Bond Finance in connection with the preparation, sale and issuance of the Refunding Bonds, including a reasonable charge for the services of the Division of Bond Finance, shall be transferred to the Division of Bond Finance to be deposited in the Bond Proceeds Trust Fund, subject to disbursement of the funds to the Bond Fee Trust Fund and the Arbitrage Compliance Trust Fund pursuant to written instructions at the delivery of the Refunding Bonds unless such amount shall be provided from another legally available source.

(b) The accrued interest on the Refunding Bonds, plus an amount determined in the sole discretion of the State Board and the Division of Bond Finance as being necessary, together with such accrued interest, to provide for the payment of interest on the Refunding Bonds for a period not to exceed 12 months from the date of issuance of the Refunding Bonds shall be transferred to the Board of Administration and deposited in the Sinking Fund created by the Master Resolution.

(c) All remaining proceeds shall be transferred to the Board of Administration for deposit into a trust fund, hereby created, to be known as the "State of Florida, Full Faith and Credit, State Board of Education, 2014 Series (to be determined) Public Education Capital Outlay Refunding Bonds Retirement Fund" (hereinafter referred to as the "Retirement Fund") or deposited with the Bond Registrar/Paying Agent. Such amount, together with the income on the investment thereof and other available monies (if necessary), shall be sufficient to pay when due the entire principal of the Refunded Bonds, together with interest accrued and to accrue thereon to their respective maturity dates or, if called for redemption prior to maturity, such prior redemption dates and redemption premiums, if any, and the expenses and fees listed in the Escrow Deposit Agreement as hereinafter provided in Section 4.02(a) below. The Director of the Division of Bond Finance is authorized to determine the redemption date of the Refunded Bonds, provide for the publication of any notice of redemption and take any other actions necessary or desirable to refund and redeem the Refunded Bonds.

Section 4.02. RETIREMENT FUND. The moneys deposited by the Board of Administration in the Retirement Fund shall be administered and applied as follows:

(a) The Retirement Fund shall be held in irrevocable trust by the Board of Administration and, except as provided in subsection (b) of this Section 4.02, 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 Retirement Fund shall be made for said purposes pursuant to an Escrow Deposit Agreement to be entered into between the State Board and the Board of Administration, in the form normally utilized by the State Board.

(b) Moneys on deposit in the Retirement Fund shall be used to purchase Federal Obligations in accordance with the schedules given in the Escrow Deposit Agreement. The maturing Federal Obligations, the earnings thereon, and the cash on deposit in the Retirement Fund shall be sufficient to accomplish the refunding described above in Section 4.01(c). In the alternative, in the discretion of the Director of the Division of Bond Finance, moneys on deposit in the retirement fund shall be invested in the State Treasury, or in such other legally authorized investments, or held uninvested, until such time as such funds are needed to effect the redemption of the Refunded Bonds.

Section 4.03. REGISTERED OWNERS NOT AFFECTED BY APPLICATION OF REFUNDING BOND PROCEEDS. The proceeds derived from the sale of the Refunding Bonds shall be applied and disbursed pursuant to the provisions of the Act and this Fifty-seventh Supplemental Authorizing Resolution. The Registered Owners of Refunding

Bonds shall not have any responsibility whatsoever for the application or use of any of the proceeds derived from the sale of the Refunding Bonds, and the rights and remedies of the Registered Owners of Refunding Bonds and their right to payment, pursuant to the Public Education Bond Amendment and this Fifty-seventh Supplemental Authorizing Resolution, shall not be affected or impaired by the application or use of such proceeds. Upon the issuance of the Refunding Bonds authorized by this Fifty-seventh Supplemental Authorizing Resolution, all the covenants and agreements between the State Board and the Registered Owners of Refunding Bonds contained in this Fifty-seventh Supplemental Authorizing Resolution shall be valid and binding covenants and agreements between the State Board and the Registered Owners of Refunding Bonds without regard to the application of the proceeds of the Refunding Bonds.

ARTICLE V
APPLICATION OF PROVISIONS OF MASTER RESOLUTION AND SECURITY FOR THE REFUNDING BONDS

The Refunding Bonds herein authorized shall for all purposes (except as herein expressly changed) be considered to be Additional Parity Bonds issued under the authority of the Master Resolution and shall be entitled to all the protection and security provided therein for the Parity Bonds.

The covenants and pledges contained in the Master Resolution (to the extent the same are not inconsistent with the provisions hereof) shall be applicable to the Refunding Bonds herein authorized in like manner as applicable to the Parity Bonds, and the Funds and Accounts established in the Master Resolution shall be continued and maintained as long as any of the Refunding Bonds and interest thereon issued hereunder are outstanding and unpaid. The principal of and interest on the Refunding Bonds herein authorized shall be payable from the Sinking Fund heretofore established by the Master Resolution on a parity with the Parity Bonds, and payment shall be made into such Sinking Fund from the Public Education Fund in amounts fully sufficient to pay the principal of and interest on the Refunding Bonds herein authorized as such principal and interest become due.

ARTICLE VI
MISCELLANEOUS

Section 6.01. CONTINUING DISCLOSURE. (a) In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the State Board hereby agrees to provide or cause to be provided such information as may be required, from time to time, under such rule.

(b) The Commissioner or Deputy Commissioner of Education, 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 comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission.

Section 6.02. SEVERABILITY OF PROVISIONS. If any one or more of the covenants, agreements or provisions of this Fifty-seventh Supplemental Authorizing Resolution shall be held contrary to any express provision 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, 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 of any of the other covenants, agreements or provisions of this Fifty-seventh Supplemental Authorizing Resolution or of the Refunding Bonds.

Section 6.03. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Fifty-seventh Supplemental Authorizing Resolution, to the extent that they are inconsistent with this Fifty-seventh Supplemental Authorizing Resolution, are hereby repealed, revoked, and rescinded.

Section 6.04. TIME OF TAKING EFFECT. This Fifty-seventh Supplemental Authorizing Resolution shall take effect immediately upon its adoption.

ADOPTED ON APRIL 10, 2014.

[This page intentionally left blank]

APPENDIX F

CERTAIN DEFINITIONS

"2014B Bonds" means the $117,300,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2014 Series B, issued pursuant to the Fifty-seventh Supplemental Authorizing Resolution.

"Additional Bonds" means any obligations hereafter issued pursuant to the terms and conditions of the Master Resolution and payable from the Gross Receipts Taxes on a parity with the Bonds originally issued under the Master Resolution.

"Amortization Installment" means an amount so designated which is established for the redemption of Term Bonds; provided that each such Amortization Installment shall be deemed due in an amount and upon a date determined pursuant to the applicable Supplemental Authorizing Resolution and the aggregate of such Amortization Installments shall equal the aggregate principal amount of the Term Bonds.

"Arbitrage Compliance Trust Fund" means the trust fund created to administer the collection of fees charged in connection with the arbitrage compliance program.

"Board of Administration" means the State Board of Administration of Florida as created by the Florida Constitution and shall also include any statutory body succeeding to the duties and powers given the State Board of Administration by law.

"Board of Education" means the State Board of Education of Florida, as constituted pursuant to Section 2 of Article IX of the Constitution of Florida.

"Bond Fee Trust Fund" means the Bond Fee Trust fund created by Section 215.65, Florida Statutes.

"Bond Registrar/Paying Agent" means U.S. Bank Trust National Association, New York, New York, or any successor thereto.

"Bonds" means the Public Education Capital Outlay Bonds issued pursuant to the Master Resolution.

"Capital Outlay Projects" or "Projects" means the Capital Outlay Project or Projects for the State System to be financed in whole or in part by the Bonds issued pursuant to the Master Resolution, as set forth in each Supplemental Authorizing Resolution.

"Code" means the Internal Revenue Code of 1986, the Treasury Regulations (whether proposed, temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, references to a Section of the Code means that Section of the Code, including such applicable Treasury Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

"Debt Service Requirements" means the amounts of principal (including Amortization Installments) and interest maturing and becoming due on the Bonds.

"Division of Bond Finance" or "Division" means the Division of Bond Finance of the State Board of Administration.

"Fiscal Year" means the period beginning with and including July 1st of each year and ending with and including the next June 30th.

"Fiftieth Supplemental Authorizing Resolution" means the Fiftieth Supplemental Authorizing Resolution adopted by the State Board of Education on January 18, 2011, amending the Master Resolution.

"Fifty-seventh Supplemental Authorizing Resolution" means the Fifty-seventh Supplemental Authorizing Resolution adopted by the State Board of Education on April 10, 2014, authorizing the issuance of Public Education Capital Outlay Refunding Bonds.

"Gross Receipts Taxes" means all the taxes collected from every person, including municipalities, receiving payments for electricity for light, heat or power, for natural or manufactured gas for light, heat or power, for telecommunication services and for sending of telegrams and telegraph messages, as provided and levied in Chapter 203, Florida Statutes, as in existence as of the date of the adoption of the Master Resolution or as such chapter is amended from time to time.

"Interest Payment Dates" means for each Series of Bonds, such dates of each Fiscal Year on which interest on the Bonds of such Series is payable or, with respect to Capital Appreciation Bonds, is compounded.

"Issue," "Issued" or "Issuance," when used with reference to the Bonds, means the authorization, sale and delivery of the Bonds authorized to be issued by the Master Resolution. The Bonds shall not be deemed to be issued until such Bonds have been sold and delivered to the purchasers and payment has been received therefor.

"Master Resolution" means the Master Resolution adopted by the Board of Education on July 21, 1992, as amended on January 18, 2011, authorizing the issuance of Public Education Capital Outlay Bonds.

"Outstanding," when used with reference to the Bonds, means, as of any date of determination, all Bonds theretofore authenticated and delivered except:

(i) Bonds theretofore cancelled by the Bond Registrar/Paying Agent or delivered to the Bond Registrar/Paying Agent for cancellation;

(ii) Bonds which are deemed paid and defeased and no longer Outstanding as provided in the Master Resolution;

(iii) Bonds in lieu of which other Bonds have been issued pursuant to the provisions of the Master Resolution relating to Bonds destroyed, stolen or lost, unless evidence satisfactory to the Bond Registrar/Paying Agent has been received that any such Bond is held by a bona fide purchaser; and

(iv) For purposes of any consent or other action to be taken under the Master Resolution by the Registered Owners of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the Division of Bond Finance or the Board of Education.

"Parity Bonds" means the outstanding State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 1999 Series D through 2014 Series A.

"Principal Payment Date" means for each Series of Bonds, such dates of each Fiscal Year on which the principal (including Amortization Installments) of Outstanding Bonds of each Series is payable.

"Public Education Bond Amendment" means Subsection (a)(2) of Section 9 of Article XII of the Constitution of the State of Florida, as amended effective July 1, 1975, as further amended effective January 8, 1985, and as such Subsection is amended from time to time.

"Public Education Fund" means the Public Education Capital Outlay and Debt Service Trust Fund created and established pursuant to the Public Education Bond Amendment.

"Rating Agency" means a nationally recognized bond rating agency.

"Record Date" means the Regular Record Date or Special Record Date, as applicable.

"Refunded Bonds" means all or a portion of the State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2003 Series D and 2004 Series C.

"Refunding Bonds" means the 2014B Bonds.

"Registered Owner" means the owner of any Bond or Bonds as shown on the registration book kept by the Bond Registrar/Paying Agent.

"Regular Record Date" means, with respect to each Series of Bonds, the 15th day of the calendar month next preceding a Principal or Interest Payment Date or such other date specified for a Series by the applicable Supplemental Authorizing Resolution.

"Series" means all of the Bonds authenticated and delivered on original issuance and pursuant to the Master Resolution or the Supplemental Authorizing Resolution authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds, pursuant to Article II of the Master Resolution, regardless of variations in maturity, interest rate or other provisions.

"Sinking Fund" means the trust fund, created in the Master Resolution, to be held and administered by the State Board of Administration, pursuant to Article IV of the Master Resolution.

"Special Interest Payment Date" means a date established pursuant to Section 3.06 of the Master Resolution for the payment of interest which has become delinquent.

"Special Record Date" means a record date established pursuant to Section 3.06 of the Master Resolution for the payment of interest on any Special Interest Payment Date.

"State" means the State of Florida.

"State Bond Act" means Sections 215.57 through 215.83, Florida Statutes.

"State System" means the State System of Public Education provided for by Section 1 of Article IX of the Florida Constitution of 1968, including but not limited to institutions of higher learning, community or junior colleges, vocational-technical schools, and public schools, as now defined or as may hereafter be defined by law.

"Supplemental Authorizing Resolution" means, as to any Series of Bonds, the resolution or resolutions of the Board of Education authorizing and providing for the sale and issuance of such Series of Bonds and includes any certificate of award, any trust indenture, the bond purchase agreement or other document or instrument that is approved by or required to be executed (prior to the issuance of such Series) by any such resolution.

"Term Bonds" means the Bonds of a Series which shall be stated to mature on one date and for the amortization of which payments are required to be made into the Amortization Account in the Sinking Fund, created in the Master Resolution, as set forth in the Supplemental Authorizing Resolution applicable thereto.

[This page intentionally left blank]

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the State Board of Education of Florida (the "Board of Education") and the Division of Bond Finance of the State Board of Administration of Florida (the "Division") in connection with the issuance of $117,300,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2014 Series B (the "Bonds"). This Disclosure Agreement is being executed and delivered pursuant to Section 6.01 of the resolution adopted by the Board of Education on April 10, 2014 (the "Resolution"), providing for the issuance of the Bonds. The Board of Education 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 Board of Education 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 Board of Education, the Division, the Registered Owners, the Beneficial Owners and the Participating Underwriters.

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Resolution and the Master Resolution adopted by the Board of Education on July 21, 1992, 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 which (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 offering of the Bonds.

SECTION 3. CONTINUING DISCLOSURE. (A) Information To Be Provided. The Board of Education assumes all responsibilities for any continuing disclosure as described below. In order to comply with the Rule, the Board of Education hereby agrees to provide or cause to be provided the information set forth below, or such information as may be required to be provided, from time to time, under the Rule.

(1) Financial Information and Operating Data. For fiscal years ending on June 30, 2014, 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) Gross Receipts Tax Collections;
(b) Investment of Funds;
(c) Debt Service Coverage;
(d) Periodic Gross Receipts Tax Collections;
(e) Sources and Amounts of State Funds;
(f) History of Legislative Appropriations;
(g) Statement of Resources and Liabilities;
(h) Schedule of Outstanding Bonds; and
(i) Litigation.

(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 Board of Education to provide the information required by paragraphs (A) (1) or (A)(2) of this Section will be provided in a timely manner.

(b) The Board of Education 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 Board of Education's obligations hereunder.

(B) Methods 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 Board of Education's obligations hereunder shall continue until such time as the Bonds are no longer Outstanding or until the Board of Education 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 Board of Education chooses to include additional information not specifically required by this Disclosure Agreement, the Board of Education shall have no obligation under this Disclosure Agreement to update such information or include it in any such future submission.

Dated this ___ day of _____, 2014.

DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA

By_____
Assistant Secretary

STATE BOARD OF EDUCATION OF FLORIDA

By_____
Deputy Commissioner
Finance and Operations

[This page intentionally left blank]

APPENDIX H

FORM OF BOND COUNSEL OPINION

Upon delivery of the 2014B Bonds, Squire Patton Boggs (US) LLP, Bond Counsel, proposes to render its final opinion with respect to the 2014B Bonds in substantially the following form:

State Board of Education
Tallahassee, Florida

State of Florida
State Board of Administration
Division of Bond Finance
Tallahassee, Florida

We have served as bond counsel to our client the State Board of Education of the State of Florida (the "Board of Education") and not as counsel to any other person in connection with the issuance by the Board of Education of its $117,300,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2014 Series B (the "2014 Series B Bonds"), dated the date of delivery thereof. The 2014 Series B Bonds are issued pursuant to Article XII, Section 9(a)(2) of the Constitution of the State of Florida, as amended (the "Public Education Bond Amendment"), and a resolution adopted by the Board of Education on July 21, 1992, as amended and supplemented (collectively, the "Resolution"), for the purpose of refunding a portion of the outstanding State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2003 Series D and 2004 Series C, which bonds were issued for the purpose of financing or refinancing the cost of Capital Outlay Projects for the State System of Public Education. Capitalized terms used and not otherwise defined herein shall have the same meanings specified in the Resolution.

The Board of Education has issued, since August 1992, multiple series of State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds (collectively, the "Parity Bonds").

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the 2014 Series B Bonds, a conformed copy of the signed but unauthenticated 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 2014 Series B Bonds and the Resolution incorporated in the Transcript are valid, legal, binding and enforceable in accordance with their respective terms. The 2014 Series B Bonds are entitled to the benefits and security of the Resolution for the payment thereof in accordance with the terms of the Resolution.

2. The principal of, premium, if any, and interest on the 2014 Series B Bonds, together with the principal of, premium, if any, and interest on the Parity Bonds and additional bonds issuable under the Resolution on a parity with the 2014 Series B Bonds are payable primarily from the Gross Receipts Taxes levied and collected pursuant to Chapter 203, Florida Statutes, which are required to be deposited in the Public Education Capital Outlay and Debt Service Trust Fund administered by the Board of Education under the provisions of the Public Education Bond Amendment, and are additionally secured by the full faith and credit of the State of Florida.

3. The 2014 Series B 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 2014 Series B 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 2014 Series B Bonds earned by certain corporations may be subject to a corporate alternative minimum tax.

We express no opinion as to any other tax consequences regarding the 2014 Series B Bonds.

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 Board of Education.

In rendering those opinions with respect to the treatment of the interest on the 2014 Series B 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 Board of Education. Failure to comply with certain of those covenants subsequent to issuance of the 2014 Series B Bonds may cause interest on the 2014 Series B 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 2014 Series B Bonds and the enforceability of the 2014 Series B Bonds and the Resolution are subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the Bonds has concluded on this date.

The opinions rendered in this letter are stated only as of this date, and no other opinion shall be implied or inferred as a result of anything contained in or omitted from this letter. Our engagement as bond counsel with respect to the 2014 Series B Bonds has concluded with their issuance on this date.

Respectfully submitted,

APPENDIX I

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 OF BOND FINANCE BELIEVES TO BE RELIABLE; HOWEVER, THE DIVISION OF BOND FINANCE TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

DTC will act as securities depository for the 2014B Bonds. The 2014B 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 2014B 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 highest rating: AAA. 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** and **www.dtc.org**.

Purchases of the 2014B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2014B Bonds on DTC's records. The ownership interest of each actual purchaser of each 2014B 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 2014B 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 2014B Bonds, except in the event that use of the book-entry system is discontinued.

To facilitate subsequent transfers, all 2014B 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 2014B 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 2014B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2014B 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 2014B Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect

to the 2014B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2014B Bond documents. For example, Beneficial Owners of 2014B Bonds may wish to ascertain that the nominee holding the 2014B 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 2014B 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 2014B 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 of Bond Finance 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 2014B 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 2014B 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 of Bond Finance, or the Board of Education, 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 2014B Bonds at any time by giving reasonable notice to the Division of Bond Finance or Bond Registrar/Paying Agent and discharging its responsibilities with respect thereto under applicable law. The Division of Bond Finance may decide to discontinue use of the system of book-entry transfers for the 2014B 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 2014B Bonds will be printed and delivered as provided in the documents authorizing the issuance and sale of the 2014B Bonds.

For every transfer and exchange of beneficial interests in the 2014B 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 2014B Bonds, references herein to the Registered Owners or Holders of the 2014B Bonds shall mean Cede & Co. and not mean the Beneficial Owners of the 2014B Bonds unless the context requires otherwise.

The Division of Bond Finance, the Board of Education 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 2014B 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 2014B 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 2014B Bonds, or the purchase price of, any 2014B 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 2014B Bonds for partial redemption.

So long as the 2014B Bonds are held in book-entry only form, the Division of Bond Finance, the Board of Education 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 2014B Bonds for all purposes whatsoever, including, without limitation:

(i) the payment of the principal of, premium, if any, and interest on the 2014B Bonds;

(ii) giving notices of redemption and other matters with respect to the 2014B Bonds;

(iii) registering transfers with respect to the 2014B Bonds; and

(iv) the selection of the beneficial ownership interests in the 2014B 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 of Bond Finance, the Board of Education and the Bond Registrar/Paying Agent may treat the Registered Owner of any 2014B Bond as the absolute owner for all purposes, whether or not such 2014B Bond is overdue, and will not be bound by any notice to the contrary.

Principal of and premium, if any, on the 2014B Bonds will be payable upon presentation and surrender of the 2014B 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 2014B 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 2014B 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 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 2014B 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 2014B Bond of authorized denomination of the same maturity for the aggregate principal amount which the Registered Owner is entitled to receive.

Neither the Division of Bond Finance 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 2014B Bonds. However, the Division of Bond Finance 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 2014B Bond is delivered.

The Bond Registrar/Paying Agent will not be required to issue, transfer or exchange any 2014B Bonds on the Record Date.

[This page intentionally left blank]