The information below has been obtained from sources believed to be reliable but is not guaranteed. Except as otherwise provided herein, the information speaks only as of the Dated Date, which may be prior to the date the information was posted on this website. The Division of Bond Finance undertakes no obligation to update any information contained herein.

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 2016-17

Budget – The Fiscal Year 2016-17 Budget totaled $82.3 billion, an increase of approximately $3.9 billion, or 5%, over the Fiscal Year 2015-16 Budget of $78.4 billion. The General Fund budget totaled $30.2 billion and was funded primarily with estimated General Revenue collections of $29.5 billion and $253 million in trust fund transfers.

Revenues – Actual net General Revenue collections of $29.6 billion for Fiscal Year 2016-17 increased approximately $1.3 billion, or 4.5%, over the prior fiscal year. Growth in Fiscal Year 2016-17 revenues was primarily a result of higher sales tax, corporate income tax, and highway safety license revenues.

Reserves – The General Fund Retrospect statement released on December 8, 2017, finalized the Fiscal Year 2016-17 year-end General Fund balance as $1.5 billion, which includes the effects of 2017 legislation directing $300 million of the $400 million BP Oil Entities settlement payment received by the State from the General Revenue Fund to the Triumph Gulf Coast Trust Fund. The Budget included an approximately $31 million transfer to the Budget Stabilization Fund, which increased the Budget Stabilization Fund balance to approximately $1.4 billion at June 30, 2017. When including the Budget Stabilization Fund, General Fund reserves at fiscal year-end totaled approximately $2.9 billion (9.8% of Fiscal Year 2016-17 General Revenue collections). The Fiscal Year 2016-17 year-end trust fund reserve balances were $2.9 billion, including $655 million in the Lawton Chiles Endowment Fund and approximately $2.2 billion in various unreserved trust fund balances. The inclusion of trust fund reserve balances increased total reserves to approximately $5.8 billion at fiscal year-end (19.6% of Fiscal Year 2016-17 General Revenue collections).

Fiscal Year 2017-18

Budget – The Fiscal Year 2017-18 Budget totaled $85.0 billion, an increase of approximately $2.7 billion, or 3.3%, over the Fiscal Year 2016-17 Budget of $82.3 billion. The General Fund budget totaled approximately $31.5 billion and was funded primarily from General Revenue collections and approximately $458 million in trust fund transfers.

Revenues – Actual net General Revenue collections of $31.2 billion for Fiscal Year 2017-18 represented growth of $1.6 billion, or 5.5%, over the prior fiscal year. The increase in revenue collections was driven primarily by higher sales tax collections, Indian gaming revenues, documentary stamp tax collections, and insurance tax collections.

Reserves – The General Fund Retrospect statement released on November 15, 2018, finalized the Fiscal Year 2017-18 year-end General Fund balance as $1.6 billion. The General Fund balance reflects the release of approximately $227 million in payments associated with banked card games which were previously held in escrow. The release of these monies was based on a Settlement Agreement and Stipulation entered into between the Seminole Tribe of Florida and the State of Florida in July 2017. The General Fund balance also reflects approximately $351 million of budget amendments related to Hurricane Irma expenses and bridge loans. See "Impact of Recent Hurricanes" for more information on estimated costs to the State. The Fiscal Year 2017-18 Budget included a $32 million transfer to the Budget Stabilization Fund, which increased the Budget Stabilization Fund balance to approximately $1.4 billion at June 30, 2018. When including the Budget Stabilization Fund, General Fund reserves at fiscal year-end totaled approximately $3.1 billion (9.8% of Fiscal Year 2017-18 General Revenue collections). The Fiscal Year 2017-18 year-end trust fund reserve balances were $3.3 billion, including $738 million in the Lawton Chiles Endowment Fund and more than $2.6 billion in various unreserved trust fund balances. The inclusion of trust fund reserve balances increases the total reserves to approximately $6.4 billion at fiscal year-end (20.4% of Fiscal Year 2017-18 General Revenue collections).

Fiscal Year 2018-19

Budget – The Fiscal Year 2018-19 Budget totals $89.3 billion, which represents an increase of $4.3 billion, or 5.1%, over the Fiscal Year 2017-18 Budget of $85.0 billion. The General Fund budget totals approximately $32.8 billion and will be funded primarily from General Revenue collections and approximately $400 million in trust fund transfers.

Revenues – Actual net General Revenue collections of $33.4 billion for Fiscal Year 2018-19 were approximately $2.2 billion, or 7.0%, higher than the prior fiscal year. Approximately $686 million of the year-over-year growth in net General Revenue collections was a result of increased Corporate Income Tax collections. Following the passage of federal tax reform in late 2017, the Florida Legislature passed a law which will result in a refund of $543.2 million of the increased Fiscal Year 2018-19 Corporate Income Tax collections. The refunds will be paid out in Fiscal Year 2019-20 and will reduce the net Corporate Income Tax collections and net General Revenue collections in that year. Fiscal Year 2018-19 General Revenue collections, net of the Corporate Income Tax refunds that will be paid out in Fiscal Year 2019-20, totaled $32.9 billion, representing an increase of $1.7 billion, or 5.3%, over the prior fiscal year. The effect of the Corporate Income Tax refunds, and an additional effect of a temporary reduction in the Corporate Income Tax rate, are included in the projected General Revenue collections and reserve balances for Fiscal Year 2019-20 discussed below.

Reserves – Based on the August 14, 2019 General Fund Outlook Statement, the Fiscal Year 2018-19 year-end General Fund balance is projected to be $2.2 billion, approximately $627.8 million higher than the projected General Fund balance from the July 12, 2019 Post-Session General Fund Outlook Statement. The increase was primarily the result of higher than projected revenue collections, however, as discussed above, $543.2 million of the increased revenue collections represent excess Corporate Income Tax collections that will be refunded to taxpayers in Fiscal Year 2019-20. The Fiscal Year 2018-19 Budget included a $67 million transfer to the Budget Stabilization Fund, which increased the Budget Stabilization Fund balance to approximately $1.5 billion at June 30, 2019. When including the Budget Stabilization Fund, General Fund reserves at fiscal year-end are total approximately $3.7 billion (11.0% of Fiscal Year 2018-19 General Revenue collections). The Fiscal Year 2018-19 year-end trust fund reserve balances are estimated at $2.8 billion, including approximately $817 million in the Lawton Chiles Endowment Fund and about $2.0 billion in various unreserved trust fund balances. The inclusion of trust fund reserve balances increases the estimated total reserves to approximately $6.5 billion (19.5% of Fiscal Year 2018-19 General Revenue collections) at fiscal year-end. Estimates are based on information available at the time they are made and are subject to revision as additional information becomes available.

Fiscal Year 2019-20

Budget – The 2019 legislative session ended May 4, 2019, with the State Legislature adopting the General Appropriations Act for Fiscal Year 2019-20 (the "2019-20 Budget"). The Governor signed the General Appropriations Act on June 21, 2019. After the Governor's $131.3 million in line-item vetoes, the 2019-20 Budget totals $90.98 billion, which is $1.7 billion, or 1.9%, more than the Fiscal Year 2018-19 Budget of $89.3 billion. The General Fund budget totals approximately $33.93 billion and will be funded primarily from General Revenue collections and $336.5 million in trust fund transfers.

Revenues – The August 2019 Revenue Estimating Conference ("REC") forecast for net General Revenue collections in Fiscal Year 2019-20 totaled $32.9 billion, which would represent a $470.5 million, or 1.4%, decrease over net General Revenue collections in Fiscal Year 2018-19. The estimated decrease in net General Revenue collections in Fiscal Year 2019-20 is primarily attributable to two factors: Seminole Gaming Compact revenues and Corporate Income Tax collections. As of May 2019, the Seminole Tribe of Florida has ceased making payments to the State under the terms of the Seminole Gaming Compact. Payments from the Seminole Tribe of Florida totaled $247.7 million in Fiscal Year 2018-19, and no Seminole Gaming Compact revenues are included in the current General Revenue estimates for Fiscal Year 2019-20. Additionally, Corporate Income Tax refunds and a Corporate Income Tax rate reduction are estimated to reduce net Corporate Income Tax collections by $972.4 million in Fiscal Year 2019-20. Sales Tax collections in Fiscal Year 2019-20, which represent approximately 77% of General Revenue collections, are estimated to grow by $751.7 million, or 3.0%, partially offsetting the decrease in Seminole Gaming Compact revenues and net Corporate Income Tax collections. Excluding the impacts of the Corporate Income Tax refunds in both fiscal years, net General Revenue collection estimates would total $33.5 billion in Fiscal Year 2019-20, representing an increase of $600 million, or 1.9%, over Fiscal Year 2018-19 net General Revenue collections.

Reserves – Based on the August 14, 2019 General Fund Outlook Statement, the Fiscal Year 2019-20 year-end General Fund balance is projected to be $1.5 billion, approximately $398.2 million higher than the projected General Fund balance from the July 12, 2019 Post-Session General Fund Outlook Statement. The 2019-20 Budget includes a $91.2 million transfer to the Budget Stabilization Fund, which will increase the balance to $1.57 billion. When including the Budget Stabilization Fund, total General Fund reserves at fiscal year-end are expected to equal approximately $3.0 billion (9.2% of projected General Revenue). The Fiscal Year 2019-20 year-end trust fund reserves are currently estimated at $2.5 billion, including an estimated $877 million in the Lawton Chiles Endowment Fund and $1.6 billion in various unreserved trust fund balances. The inclusion of the trust fund reserve balances increases the estimated total reserves to approximately $5.5 billion (16.7% of projected General Revenue) at fiscal year-end. Fiscal Year 2019-20 reserve estimates do not include anticipated Federal Emergency Management ("FEMA") reimbursements related to hurricane expenses. The State currently anticipates receiving up to $159.6 million of FEMA reimbursements during Fiscal Year 2019-20 which, if received, would increase the estimated year-end combined General Fund reserves to $3.2 billion (9.7% of projected General Revenue) and total reserves to $5.7 billion (17.2% of projected General Revenue). Estimates are based on information available at the time they are made and are subject to revision as additional information becomes available.

Impact of Recent Hurricanes

The State has experienced two serious hurricanes in recent years, with Hurricane Irma making landfall in Florida in September 2017 and Hurricane Michael hitting the State in October 2018. States of emergency were declared in advance of both hurricanes, which provided the Governor with broad spending authority to meet the State's financial needs resulting from the storms.

As of August 13, 2019, the State estimates that it will spend a total of $2.81 billion in response to Hurricanes Irma and Michael; however, approximately $1.75 billion, or 62%, of the State's spending is expected to be reimbursed by the Federal Emergency Management Agency ("FEMA"). Approximately $1.90 billion of the State's costs will be paid by State agencies. The State continues to monitor all storm-related spending by State agencies, and these expenses will be submitted to FEMA for reimbursement. The State anticipates that it will receive reimbursements from FEMA for 75%, 90%, or 100% of these costs, with the reimbursement levels dependent on the category, timing, and overall amount of expenses for each storm. The State currently projects that $1.75 billion of the costs incurred by State agencies will be reimbursed by FEMA, resulting in an estimated net cost to State agencies of approximately $149.5 million. The State is also obligated to pay a portion of the costs of certain categories of individual assistance and transitional sheltering assistance provided by FEMA to Florida citizens, with those expenses currently totaling approximately $130.2 million. The State also anticipates $18.0 million of costs related to the Disaster Supplemental Nutrition Assistance Program in affected counties. Additionally, the State will be responsible for paying a portion of the hurricane-related expenses of affected counties, with the State's share of county costs for both storms currently estimated at $769.4 million. The county cost are expected to be paid out over several budget years. These cost estimates will continue to develop and the exact timing of the expenditures and FEMA reimbursements is currently unknown.

The total net anticipated cost to the State of Hurricanes Irma and Michael is $1.07 billion ($538.4 million for Hurricane Irma and $528.8 million for Hurricane Michael) with $979.3 million expected to be funded from the State's General Revenue Fund and $87.9 million to be paid from various State trust funds. The Fiscal Year 2018-19 projected year-end General Fund balance of $2.20 billion from the August 14, 2019 General Fund Outlook Statement, includes $783.4 million in net General Revenue costs related to Hurricanes Irma and Michael ($987.2 million of expenditures net of $203.8 million of FEMA reimbursements received through that date). The State projects that it will incur additional net General Revenue costs of $58.5 million ($735.4 million of expenditures net of $676.9 million of FEMA reimbursements) by the end of Fiscal Year 2019-20, with an additional net General Revenue cost of $137.4 million ($486.6 million in expenditures net of $349.2 million of FEMA reimbursements) expected to be incurred over the following several fiscal years.

Additionally, the State has approved the use $75.5 million from available General Revenue to provide bridge loans to small businesses, citrus growers, and agricultural producers of field cops (expected to be repaid to the State over the next one to two fiscal years). The State has also approved $76 million of spending for a small business revolving loan program and community development block grant, with the costs of those programs being paid from State trust funds.

The State has sufficient reserves to fund these disaster recovery efforts and has sufficient liquidity to cover expenses in advance of FEMA reimbursements. The costs resulting from Hurricanes Irma and Michael are not expected to have a material effect on the State's budget or financial position.

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

Litigation Challenging Use of Revenues Restricted by Florida Constitution

In November 2014, the voters of Florida approved an amendment to the Florida Constitution (the "Amendment") which requires that 33% of documentary stamp taxes collected on real estate transactions be set aside in the Land Acquisition Trust Fund (the "LATF") for a period of twenty years beginning July 1, 2015 and be used to acquire and manage lands for conservation and related purposes. The Florida Wildlife Federation, Inc., et al., and the Florida Defenders of the Environment, Inc., et al. (the "Plaintiffs") subsequently sued the State in the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida (the "Circuit Court"), alleging that the Florida Legislature did not comply with the provisions of the Amendment when they adopted the Fiscal Year 2015-16 and 2016-17 budgets. Specifically, Plaintiffs allege that the appropriations from the LATF were used to fund expenditures not allowable under the Amendment. The judge ruled for the Plaintiffs, holding that (1) the State unconstitutionally commingled LATF moneys with General Revenue and other moneys, (2) moneys appropriated from the LATF must be used only for purposes authorized by the Amendment, and (3) the State may spend LATF moneys only on acquiring conservation land and improving, managing and restoring conservation land acquired after the effective date of the Amendment. The State has appealed the Circuit Court decision to the Florida First District Court of Appeal and the Circuit Court decision is stayed pending the outcome of the State's appeal.

The Circuit Court decision, if upheld on appeal, would limit the use of 33% of documentary stamp taxes to (1) acquiring conservation lands and (2) improving, managing, and restoring conservation lands purchased after the effective date of the Amendment. Also, the appropriations that were declared unconstitutional could no longer be funded with the 33% of documentary stamp taxes restricted by the Amendment, which could significantly impact the State's General Revenue budget in future years. The budgetary impact of the Circuit Court decision cannot be determined as it is dependent on the outcome of this litigation, future legislative decisions and budgetary actions.

Documentary stamp tax collections were $2.5 billion in Fiscal Year 2017-18, and the 33% constitutionally dedicated to land conservation purposes was approximately $833 million. Debt service on bonds issued for acquiring conservation land and specifically allowed by the Amendment was approximately $170 million in Fiscal Year 2017-18, leaving a balance of $663 million restricted to appropriations allowable under the Amendment. This is the estimated maximum budgetary impact for unconstitutional appropriations for Fiscal Year 2017-18 if the State loses the appeal and all challenged appropriations from the LATF, except debt service payments, are determined to be unconstitutional. This estimate is intended to illustrate the magnitude of the potential budgetary impact, not to project the potential budgetary impact for future years. The exact dollar amount of the budgetary impact depends on a number of factors including the amount of documentary stamp tax collections and future budgetary decisions. No assurance can be given as to the potential budgetary impact or the ultimate outcome of this litigation. The Fiscal Year 2018-19 General Revenue budget for the State is $32.8 billion. The case is currently pending before the First District Court of Appeal.

Dated August 19, 2019.