

**FLORIDA SURPLUS ASSET FUND TRUST**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2015 AND 2014**

**FLORIDA SURPLUS ASSET FUND TRUST  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

<b>INDEPENDENT AUDITORS' REPORT.....</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>	<b>3</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF NET POSITION .....</b>	<b>8</b>
<b>STATEMENTS OF OPERATIONS.....</b>	<b>9</b>
<b>STATEMENTS OF CHANGES IN NET POSITION.....</b>	<b>10</b>
<b>NOTES TO FINANCIAL STATEMENTS.....</b>	<b>11</b>
<b>FL SAFE BOARD OF TRUSTEES .....</b>	<b>23</b>

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Florida Surplus Asset Fund Trust  
Orlando, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the FL SAFE Fund and Term Series of the Florida Surplus Asset Fund Trust (FL SAFE), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise FL SAFE'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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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, the financial statements referred to above present fairly, in all material respects, the financial position of FL SAFE Fund and Term Series as of December 31, 2015 and 2014, and the respective results of operations and the changes in net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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 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.



**CliftonLarsonAllen LLP**

Denver, Colorado  
April 28, 2016

**FLORIDA SURPLUS ASSET FUND TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015 AND 2014**

Florida Surplus Asset Fund Trust (FL SAFE) is a local government investment pool (LGIP) trust fund which began operations on February 5, 2008. FL SAFE is organized under Florida Statutes §163-01, *et seq.* As such a LGIP trust, FL SAFE pools and invests the funds of its Florida local government participants within the Investment Policy, established by the FL SAFE Board, and limitations set forth in the Indenture of Trust, as amended, and Florida Statutes §218-415, *et seq.* See [flsafe.org](http://flsafe.org) for further information.

FL SAFE includes a liquid money market portfolio (FL SAFE Fund) and one or more Term Series portfolios. FL SAFE trustees also have arranged for a Fixed Income Investment Program (FIIP) to be offered to the participants in FL SAFE, and additional investment support services. These financial statements and related notes encompass the FL SAFE Fund and Term Series.

FL SAFE is overseen by a Board of Trustees comprised of Florida local government officials, who are themselves participants in FL SAFE as the investment officer or designee for their own local government. Investment securities are held in a trust custody account at BMO Harris N.A. CliftonLarsonAllen LLP serves as the independent auditor. Florida Management and Administration Services, LLC (FMAS), Orlando, Florida has served as Administrator since May 2011. Prudent Man Advisors, Inc., an investment adviser registered with the U.S. Securities and Exchange Commission, serves as investment adviser, PMA Financial Network, Inc. serves as operational manager and PMA Securities, Inc. serves as the distributor since November 1, 2011.

The primary objectives of FL SAFE are to provide safety, liquidity, transparency and yield for Florida government entities. Eligible participants include all Florida governments, including but not limited to, school districts, higher education institutions, counties, municipalities and special districts. In addition, the FL SAFE Fund is rated AAAM by the Standard & Poor's Corporation (S&P). S&P has requirements that further govern the composition of investments, the average maturity of the investments and the types of investments. The FL SAFE Fund reports to S&P on a weekly basis and is subject to an annual rating review.

## **FINANCIAL HIGHLIGHTS**

### **FL SAFE Fund**

- The FL SAFE Fund's net position totaled \$125.16 million as of December 31, 2015, down from \$126.15 million on December 31, 2014. The decrease is attributed to participant redemptions in excess of subscriptions for the year.
- The composition of investments for the FL SAFE Fund shifted from commercial paper to corporate notes. As of December 31, 2015, approximately 5.3% of FL SAFE Fund's assets were invested in floating and fixed rate U.S. government agency securities, 0.8% in bankers acceptances, 18.1% in certificates of deposit, 5.2% in commercial paper, 24.4% in corporate notes, 32.9% in collateralized bank deposits, 2.9% in municipal bonds, and 10.5% in uncollateralized bank deposits.
- Net investment income for the FL SAFE Fund increased in 2015 totaling \$0.27 million compared to 2014, totaling \$0.16 million. The average net yield of an investment in the FL SAFE Fund was 0.11% for 2015 and .10% for 2014.

### **Term Series**

- There were fourteen Term Series with a net position totaling \$162.48 million that were opened during the year that remained outstanding as of December 31, 2015. There were nine Term Series with a net position totaling \$46.70 million that were opened during the year that remained outstanding as of December 31, 2014.

**FLORIDA SURPLUS ASSET FUND TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015 AND 2014**

- As of December 31, 2015, all of the Term Series' assets were invested in certificates of deposit.
- Net investment income for Term Series increased in 2015 when compared to 2014, totaling \$.15 and \$.04 million, respectively.

**FL SAFE Fund Asset Summary**

The changes in the FL SAFE Fund's net position are the result of investment earnings, combined with purchases and redemptions of shares by participants. Assets as of the years ended December 31, 2015 and December 31, 2014 were down 1% and 11%, respectively, from the prior year. The FL SAFE Fund primarily invests in U.S. agency securities, highly rated commercial paper, bank deposits, certificates of deposit, corporate notes and bankers acceptances.

The FL SAFE Fund maintained a per share value of \$1.00 per share throughout 2015, 2014 and 2013. Shown below is a summary of the net position of the FL SAFE Fund.

**Table 1  
Net Position FL SAFE Fund  
(in Millions)**

	2015	2014	2013
<b>ASSETS</b>			
Investments			
US government agency securities	\$ 6.63	\$ 10.00	\$ 18.00
Banks acceptances	0.96	0.31	2.34
Certificates of deposit	22.64	17.21	16.41
Commercial paper	6.49	19.98	11.00
Corporate notes	30.51	6.66	4.29
Municipal bonds	3.63	-	-
Total investments	70.86	54.16	52.04
Cash	54.27	72.17	89.31
Other assets			
Accrued interest	0.28	0.06	0.05
Prepaid expenses	0.01	0.01	0.01
Total assets	<u>\$ 125.42</u>	<u>\$ 126.40</u>	<u>\$ 141.41</u>
<b>LIABILITIES</b>			
Accrued expenses	\$ 0.06	\$ 0.05	\$ 0.04
Deposit by investment advisor	0.20	0.20	0.20
Total liabilities	<u>0.26</u>	<u>0.25</u>	<u>0.24</u>
Net position applicable to shares outstanding	<u>\$ 125.16</u>	<u>\$ 126.15</u>	<u>\$ 141.17</u>
Net asset value per share	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>

**FLORIDA SURPLUS ASSET FUND TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015 AND 2014**

**Term Series Asset Summary**

The Term Series net position is the result of investment earnings, combined with purchases of shares by participants. Term Series primarily invests in certificates of deposit.

Term Series maintained a per share value of \$1.00 per share throughout 2015, 2014 and 2013. Shown below is a summary of the net position of Term Series.

**Table 1  
Net Position Term Series  
(in Millions)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>			
Certificates of deposit	\$ 162.23	\$ 38.28	\$ 24.14
Cash	-	8.37	11.49
Other assets			
Accrued interest	0.13	0.06	0.03
Prepaid expenses	0.22	0.03	0.01
Total assets	<u>162.58</u>	<u>46.74</u>	<u>35.67</u>
<b>LIABILITIES</b>			
Dividend payable	<u>0.10</u>	<u>0.04</u>	<u>0.02</u>
Total liabilities	<u>0.10</u>	<u>0.04</u>	<u>0.02</u>
Net position applicable to shares outstanding	<u>\$ 162.48</u>	<u>\$ 46.70</u>	<u>\$ 35.65</u>
Net asset value per share	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>

The FL SAFE Fund's ending net position is the result of investment earnings combined with purchases and redemptions of shares by participants. Changes in net position for the year ended December 31, 2015 were mostly the result of participant transactions comprised of \$318.95 million of purchases, \$320.21 million of redemptions and \$0.27 million in net investment income resulting in net position of \$125.16 million. The FL SAFE Fund's net position decreased by \$0.99 million as of December 31, 2015 compared to December 31, 2014. Changes in net position for the year ended December 31, 2014 were mostly the result of participant transactions comprised of \$150.56 million of purchases, \$165.74 million of redemptions and \$0.16 million of net investment income resulting in net position of \$126.15 million. The FL SAFE Fund's net position decreased by \$15.02 million of as December 31, 2014 compared to December 31, 2013.

**FLORIDA SURPLUS ASSET FUND TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015 AND 2014**

**Table 2  
Changes in Net Position FL SAFE Fund  
(in Millions)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Increase in net position attributed to operations - net income	\$ 0.27	\$ 0.16	\$ 0.16
Share transactions			
Net proceeds from sale of shares	318.95	150.56	105.20
Cost of shares redeemed	<u>(320.21)</u>	<u>(165.74)</u>	<u>(114.23)</u>
Net decrease in net position derived from share transactions	<u>(1.26)</u>	<u>(15.18)</u>	<u>(9.03)</u>
Net decrease in net position	(0.99)	(15.02)	(8.87)
Net position at beginning of year	<u>126.15</u>	<u>141.17</u>	<u>150.04</u>
<b>Net position at end of year</b>	<u><u>\$ 125.16</u></u>	<u><u>\$ 126.15</u></u>	<u><u>\$ 141.17</u></u>

Term Series' ending net position is the result of investment earnings combined with purchases of shares by participants.

**Table 2  
Changes in Net Position Term Series  
(in Millions)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Increase in net position attributed to Operations - net income	<u>\$ 0.15</u>	<u>\$ 0.04</u>	<u>\$ 0.02</u>
Share transactions			
Net proceeds from sale of shares	163.98	72.98	35.65
Cost of shares redeemed	<u>(48.35)</u>	<u>(61.97)</u>	<u>(0.02)</u>
Net increase in net position derived from share transactions	<u>115.63</u>	<u>11.01</u>	<u>35.63</u>
Net increase in net position	115.78	11.05	35.65
Net position at beginning of year	<u>46.70</u>	<u>35.65</u>	<u>-</u>
<b>Net position at end of year</b>	<u><u>\$ 162.48</u></u>	<u><u>\$ 46.70</u></u>	<u><u>\$ 35.65</u></u>



**FLORIDA SURPLUS ASSET FUND TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015 AND 2014**

**Currently Known Facts, Decisions or Conditions**

Changes in interest rates, changes in the number of participating governments and investment decisions of those Florida government entities are the primary drivers of FL SAFE's net position and changes in net positions.

**Requests for Information**

This financial report is designed to provide a general overview of FL SAFE's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Jeffrey T. Larson, President, Florida Management and Administrative Services, Administrator, FL SAFE, 10151 University Blvd., #227, Orlando, Florida 32817, Jlarson@floridamanagementservices.com or 407-496-1597.

**FLORIDA SURPLUS ASSET FUND TRUST**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2015 AND 2014**

	2015		2014	
	<u>FL SAFE Fund</u>	<u>Term Series</u>	<u>FL SAFE Fund</u>	<u>Term Series</u>
<b>ASSETS</b>				
Investments in Securities				
US Government Agency Securities	\$ 6,627,060	\$ -	\$ 10,001,114	\$ -
Bankers Acceptances	957,172	-	300,547	-
Certificates of Deposit	22,639,783	162,228,703	17,209,325	38,284,574
Commercial Paper	6,490,419	-	19,983,969	-
Corporate Notes	30,511,615	-	6,660,566	-
Municipal Bonds	3,630,919	-	-	-
Total Investments in Securities	<u>70,856,968</u>	<u>162,228,703</u>	<u>54,155,521</u>	<u>38,284,574</u>
Cash and Cash Equivalents	54,272,802	-	72,171,198	8,370,824
Other Assets				
Accrued Interest	278,565	133,587	58,635	55,278
Prepaid Expenses	16,188	217,092	10,379	29,506
Total Assets	<u>125,424,523</u>	<u>162,579,382</u>	<u>126,395,733</u>	<u>46,740,182</u>
<b>LIABILITIES</b>				
Accrued Expenses	60,046	-	49,371	-
Dividend Payable	-	95,882	-	40,182
Deposit by Investment Advisors	200,000	-	200,000	-
Total Liabilities	<u>260,046</u>	<u>95,882</u>	<u>249,371</u>	<u>40,182</u>
Net Position Applicable to Shares Outstanding	<u>\$ 125,164,477</u>	<u>\$ 162,483,500</u>	<u>\$ 126,146,362</u>	<u>\$ 46,700,000</u>
<b>SHARES OUTSTANDING</b>	125,245,897	162,483,500	126,357,088	46,700,000
<b>NET ASSET VALUE PER SHARE</b>	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>

See accompanying Notes to Financial Statements.

**FLORIDA SURPLUS ASSET FUND TRUST  
STATEMENTS OF OPERATIONS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>		<b>2014</b>	
	<b>FL SAFE Fund</b>	<b>Term Series</b>	<b>FL SAFE Fund</b>	<b>Term Series</b>
<b>CONTRIBUTIONS &amp; INVESTMENT INCOME</b>				
Investment Income	\$ 490,313	\$ 213,173	\$ 393,321	\$ 55,278
Contributions	28,902	-	8,121	-
Gain on Investments	72,246	-	2,222	-
<b>Total Income</b>	<b>591,461</b>	<b>213,173</b>	<b>403,664</b>	<b>55,278</b>
<b>Expenses</b>				
Audit Fees	28,044	-	27,879	-
Advisory and Operational Fees	161,974	62,140	89,804	15,096
Administrator Fees	89,392	-	90,000	-
Cash Management Expense	4,300	-	1,283	-
Insurance Expense	18,554	-	19,710	-
Legal Fees	1,368	-	4,432	-
Ratings Expense	8,197	-	8,841	-
Miscellaneous Expenses	550	-	-	-
<b>Total Fees and Expenses</b>	<b>312,379</b>	<b>62,140</b>	<b>241,949</b>	<b>15,096</b>
<b>NET INCREASE IN NET POSITION RESULTING FROM OPERATIONS - NET INCOME</b>	<b>\$ 279,082</b>	<b>\$ 151,033</b>	<b>\$ 161,715</b>	<b>\$ 40,182</b>

See accompanying Notes to Financial Statements.

**FLORIDA SURPLUS ASSET FUND TRUST  
STATEMENTS OF CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>		<b>2014</b>	
	<b>FL SAFE Fund</b>	<b>Term Series</b>	<b>FL SAFE Fund</b>	<b>Term Series</b>
<b>Increase in Net Position Attributed to</b>				
Operations - Net Income	\$ 279,082	\$ 151,033	\$ 161,715	\$ 40,182
Share Transactions				
Net Proceeds from Sales of Shares	318,946,096	163,983,500	150,557,984	72,975,122
Cost of Shares Redeemed	(320,207,063)	(48,351,033)	(165,744,818)	(61,965,304)
Net Increase (Decrease) in Net Position Derived from Share Transactions	(1,260,967)	115,632,467	(15,186,834)	11,009,818
Net Increase (Decrease) in Net Position	(981,885)	115,783,500	(15,025,119)	11,050,000
<b>NET POSITION, BEGINNING OF YEAR</b>	126,146,362	46,700,000	141,171,481	35,650,000
<b>NET POSITION, END OF YEAR</b>	<u>\$ 125,164,477</u>	<u>\$ 162,483,500</u>	<u>\$ 126,146,362</u>	<u>\$ 46,700,000</u>

See accompanying Notes to Financial Statements.

**FLORIDA SURPLUS ASSET FUND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Florida Surplus Asset Fund Trust (FL SAFE) is a local government investment pool (LGIP) trust fund which began operations on February 5, 2008. FL SAFE is organized under Florida Statutes §163-01, *et seq.* As such a LGIP trust, FL SAFE pools and invests the funds of its Florida local government participants within the Investment Policy, established by the FL SAFE Board, and limitations set forth in FL SAFE's Indenture of Trust and Florida Statutes §218-415, *et seq.*

FL SAFE includes a liquid money market portfolio (FL SAFE Fund) and one or more Term Series portfolios.

Following is a summary of significant accounting policies consistently applied by FL SAFE in the preparation of its financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America (US GAAP).

**Measurement Focus**

FL SAFE prepares its financial statements as a special-purpose government entity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

In accordance with GASB Standards on *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, FL SAFE is an external investment pool and reports its investments at amortized cost. In accordance with GASB *Standards on Deposit and Investment Risk Disclosures*, FL SAFE discloses certain information regarding credit risk, concentration of credit risk, interest rate risk and custodial credit risk of its deposits and investments. As provided for in GASB standards, the financial statements of FL SAFE are presented as a fiduciary fund type-investment trust fund. The accompanying financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting which is required by GASB.

**Custodian**

BMO Harris Bank N.A. is the custodian for the FL SAFE Fund. The custodian is responsible for the safekeeping of all securities.

**Valuation of Investments**

For the purpose of calculating the FL SAFE Fund's net position value per share, portfolio securities are valued at amortized cost, which approximates market value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. The market values of the securities held by the FL SAFE Fund are determined on at least a weekly basis using prices supplied from an independent pricing service. These values are then compared to the amortized cost of the securities. In the event that the difference between the aggregate market price and aggregate amortized cost of the portfolio securities exceeds .25%, FL SAFE's Operations Manager will notify the FL SAFE Administrator, who will consider, in consultation with FL SAFE's Board, what action, if any, should be initiated.

**FLORIDA SURPLUS ASSET FUND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment Income**

Investment income is recognized on an accrual basis. Distributions from net investment income are declared daily and paid monthly.

**Income Taxes**

FL SAFE was organized to provide pooling of public funds for local governmental entities in Florida, which are exempt from federal and state income taxation. Accordingly, no provision for income or other taxes is required in the accompanying financial statements.

**Use of Estimates**

In preparing financial statements in conformity with US GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 CASH DEPOSITS AND INVESTMENTS**

**Investment Risk Factors**

There are many factors that can affect the value of investments, including custodial credit risk, concentration of credit risk and interest rate risk. FL SAFE via its Board of Trustees has established an Investment Policy to provide the basis for the management of a prudent investment program appropriate to maintain a net asset value per share (NAV) of \$1.00 and a AAAM rating by Standard and Poors.

**Deposits**

At December 31, 2015, the FL SAFE Fund had \$31,069,657 in deposit accounts that were fully collateralized by U.S. government agency and municipal securities and \$10,020,074 in a deposit account fully collateralized by an irrevocable letter of credit from the FHLB San Francisco. In addition, the FL SAFE Fund had \$13,183,071 in uncollateralized deposits at highly rated banks. At December 31, 2014, the FL SAFE Fund had \$42,898,341 in deposit accounts that were fully collateralized by U.S. Treasury notes and U.S. government agency securities. In addition, the FL SAFE Fund had \$29,272,857 in uncollateralized deposits at highly rated banks. Uncollateralized deposits are only utilized within the allowable limits of the Standard & Poor's rating guidelines for the maintenance of the AAAM rating, and per the Board authorized Investment Policy. At December 31, 2014, Term series had \$8,370,824 in uncollateralized deposits at a highly rated bank.

All arrangements that include non-interest bearing deposit accounts also include a component that earns interest or earns credits which offset fees. When considered in total, these arrangements have the impact of increasing the net income of the FLSAFE Fund.

**FLORIDA SURPLUS ASSET FUND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 2 CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

**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 FL SAFE Fund 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 custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction. Investment securities for the FL SAFE Fund are held at BMO Harris N.A. for safekeeping; as such, the Board believes there is minimal custodial credit risk for its investments. Investment Securities for Term Series are held at custodial banks held in the FL SAFE's name.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The FL SAFE Fund investment policy calls for diversifying the investment portfolio according to the Standard & Poor's AAAM rating guidelines, so the impact of potential losses from any one type of security or from any one individual issuer will be contained.

The schedules of investments on the following page show the concentration of each investment held by FL SAFE.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. FL SAFE attempts to mitigate its interest rate risk by limiting the maturities of its investments.

The maturities of all investments held by FL SAFE are shown in the investment schedules below by specific identification.

**Investments in Securities**

Pursuant to its Investment Policy, the FL SAFE Fund may invest in U.S. government treasury securities, U.S. government agency securities, commercial paper, repurchase agreements collateralized with securities valued in excess of the repurchase agreement amount, certificates of deposit and other evidences of deposit with approved financial institutions, obligations of state and local governments and public authorities rated in the two highest rating tiers by a nationally recognized rating agency, and money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities. With the exception of U.S. government agency securities, the maximum maturity allowed for any investment is 397 days.

**FLORIDA SURPLUS ASSET FUND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 2 CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

FL SAFE Fund investments at December 31, 2015 were as follows:

Face Amount	Security	Due Date	Percent of Total	Yield	Short- term Rating	Value- Amortized Cost	Market Value
<b>US Government Agencies</b>							
1,640,000	FFCB - Federal Farm Credit Bank	5/25/16	2.32%	0.34%	A-1+	\$ 1,640,798	\$ 1,640,225
3,485,000	FNMA - Federal National Mortgage Assoc	8/26/16	4.92%	0.21%	A-1+	3,486,262	3,483,742
1,500,000	FHLB - Federal Home Loan Bank	11/25/16	2.12%	0.55%	A-1+	1,500,000	1,497,977
<b>Bankers Acceptances</b>							
729,681	US Bank NA	2/22/16	1.03%	0.30%	A-1+	729,365	729,425
227,923	US Bank NA	2/29/16	0.32%	0.31%	A-1+	227,807	227,828
<b>Certificates of Deposit</b>							
1,500,000	Bank of China (ICS)	1/4/16	2.12%	0.30%	A-1+	1,500,000	1,500,000
248,700	CFG Community Bank	2/4/16	0.35%	0.50%	A-1+	248,700	248,700
248,600	Drake Bank	2/4/16	0.35%	0.55%	A-1+	248,600	248,600
248,700	Enerbank USA	2/4/16	0.35%	0.51%	A-1+	248,700	248,700
248,500	Financial Federal Bank	2/4/16	0.35%	0.60%	A-1+	248,500	248,500
248,700	Millbury National Bank	2/4/16	0.35%	0.50%	A-1+	248,700	248,700
248,700	Premier Bank	2/4/16	0.35%	0.51%	A-1+	248,700	248,700
248,500	Sonabank NA	2/4/16	0.35%	0.60%	A-1+	248,500	248,500
248,600	T Bank, NA	2/4/16	0.35%	0.55%	A-1+	248,600	248,600
249,500	Luana Savings Bank	2/8/16	0.35%	0.40%	A-1+	249,500	249,500
249,300	Orrstown Bank	2/8/16	0.35%	0.51%	A-1+	249,300	249,300
249,500	Western Alliance Bank/Torrey Pines Bank	2/8/16	0.35%	0.40%	A-1+	249,500	249,500
249,100	Bank 7	2/12/16	0.35%	0.45%	A-1+	249,100	249,100
150,000	BLC Community Bank	2/12/16	0.21%	0.39%	A-1+	150,000	150,000
249,200	Home Federal Bank	2/12/16	0.35%	0.41%	A-1+	249,200	249,200
249,000	Pacific Western Bank	2/12/16	0.35%	0.40%	A-1+	249,000	249,000
248,800	Royal Business Bank	2/12/16	0.35%	0.45%	A-1+	248,800	248,800
249,000	Bank of India	2/17/16	0.35%	0.45%	A-1+	248,984	248,952
249,100	Talmer Bank and Trust	3/21/16	0.35%	0.45%	A-1+	249,100	249,100
249,000	Tomatobank, NA	3/21/16	0.35%	0.41%	A-1+	249,000	249,000
2,000,000	DNB Bank ASA	3/24/16	2.82%	0.54%	A-1	1,999,354	2,000,269
249,000	Bank of China	5/5/16	0.35%	0.50%	A-1+	248,943	248,882
249,000	Sallie Mae Bank	5/5/16	0.35%	0.50%	A-1+	248,915	248,882
1,000,000	Rabobank Nederland NV NY	5/6/16	1.41%	0.72%	A-1	1,000,652	1,000,429
248,600	Access National Bank	5/17/16	0.35%	0.55%	A-1+	248,600	248,600
248,900	Bank of Virginia	5/17/16	0.35%	0.41%	A-1+	248,900	248,900
248,800	East Boston Savings Bank Boston, MA	5/17/16	0.35%	0.45%	A-1+	248,800	248,800
248,500	Fieldpoint Private Bank & Trust	5/17/16	0.35%	0.60%	A-1+	248,500	248,500
248,900	First National Bank - AR	5/17/16	0.35%	0.43%	A-1+	248,900	248,900
221,351	Industrial & Commercial Bank of China	5/17/16	0.31%	0.70%	A-1+	221,351	221,351
248,600	Metropolitan Commercial Bank	5/17/16	0.35%	0.54%	A-1+	248,600	248,600
248,900	Middlefield Banking Company	5/17/16	0.35%	0.44%	A-1+	248,900	248,900
248,700	ONB Bank and Trust Company	5/17/16	0.35%	0.50%	A-1+	248,700	248,700
248,700	State Bank of India (CA)	5/17/16	0.35%	0.51%	A-1+	248,700	248,700
248,800	Summit Bank - OR	5/17/16	0.35%	0.44%	A-1+	248,800	248,800
1,500,000	Bank of Nova Scotia Houston, TX	6/10/16	2.12%	0.51%	A-1	1,500,056	1,498,928



**FLORIDA SURPLUS ASSET FUND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 2 CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

Face Amount	Security	Due Date	Percent of Total	Yield	Short- term Rating	Value- Amortized Cost	Market Value
<b>Certificates of Deposit (Continued)</b>							
247,600	Modern Bank, National	6/22/16	0.35%	0.60%	A-1+	247,600	247,600
248,000	BMW Bank of North America	6/24/16	0.35%	0.45%	A-1+	247,881	247,882
248,000	Bank of Baroda	6/29/16	0.35%	0.45%	A-1+	247,818	247,883
248,000	Berkshire Bank	6/30/16	0.35%	0.50%	A-1+	247,878	247,880
249,000	Enterprise Bank	6/30/16	0.35%	0.50%	A-1+	248,938	248,882
248,000	Everbank	6/30/16	0.35%	0.55%	A-1+	247,939	247,880
248,000	S&T Bank	6/30/16	0.35%	0.55%	A-1+	247,939	247,880
247,800	Onewest Bank	7/27/16	0.35%	0.86%	A-1+	247,800	247,800
248,480	Private Bank - MI	7/27/16	0.35%	0.60%	A-1+	248,480	248,480
248,400	Stearns Bank NA	7/27/16	0.35%	0.64%	A-1+	248,400	248,400
247,400	United Community Bank	7/27/16	0.35%	0.64%	A-1+	247,400	247,400
248,400	United Texas Bank	7/27/16	0.35%	0.64%	A-1+	248,400	248,400
248,000	TCF National Bank	8/5/16	0.35%	0.55%	A-1+	247,927	247,772
248,000	Santander Bank NA	8/12/16	0.35%	0.65%	A-1+	247,924	247,762
2,000,000	Royal Bank of Canada NY	8/31/16	2.82%	0.68%	A-1+	1,998,922	1,999,740
1,331,000	Nordea Bank Finland NY	11/14/16	1.88%	0.50%	A-1+	1,331,207	1,330,420
2,000,000	Wells Fargo Bank NA	11/16/16	2.82%	0.61%	A-1+	2,000,175	1,999,092
<b>Commercial Paper</b>							
1,500,000	ING (US) Funding LLC	2/1/16	2.12%	0.44%	A-1	1,499,431	1,499,393
1,000,000	ING (US) Funding LLC	3/3/16	1.41%	0.40%	A-1	999,311	999,078
2,000,000	ING (US) Funding LLC	4/15/16	2.82%	0.64%	A-1	1,996,267	1,996,308
2,000,000	Toyota Motor Credit Corp.	6/2/16	2.82%	0.54%	A-1+	1,995,410	1,994,772
<b>Corporate Notes</b>							
1,000,000	General Elec Capital Corp	1/8/16	1.41%	0.67%	A-1+	1,000,108	1,000,016
3,015,000	Toyota Motor Credit Corp.	1/11/16	4.26%	0.38%	A-1+	3,016,984	3,015,868
2,837,000	Bank of New York Mellon	1/15/16	4.01%	0.42%	A-1	2,839,244	2,838,464
1,500,000	PNC Bank, N.A.	1/28/16	2.12%	0.49%	A-1	1,500,301	1,499,974
3,000,000	PNC Bank, N.A.	1/28/16	4.23%	0.51%	A-1	3,000,528	2,999,949
1,500,000	Home Depot Inc.	3/1/16	2.13%	0.50%	A-1	1,512,017	1,510,548
3,000,000	Credit Suisse USA Inc	3/2/16	4.27%	0.74%	A-1	3,023,100	3,020,472
1,000,000	Bank of New York Mellon	3/4/16	1.41%	0.42%	A-1	1,000,383	999,823
1,277,000	Wells Fargo Bank NA	3/15/16	1.80%	0.69%	A-1+	1,276,972	1,276,677
2,370,000	Rabobank Nederland NV NY	3/18/16	3.35%	0.32%	A-1	2,372,226	2,369,668
1,940,000	US Bank NA	4/22/16	2.74%	0.45%	A-1+	1,940,056	1,940,109
1,000,000	Wells Fargo & Company	6/15/16	1.43%	0.71%	A-1	1,013,353	1,012,499
2,000,000	Bank of Nova Scotia	7/15/16	2.83%	0.52%	A-1	2,004,276	2,002,092
2,000,000	Bank of Nova Scotia	7/15/16	2.83%	0.83%	A-1	2,002,346	2,002,092
1,000,000	Royal Bank of Canada	9/9/16	1.42%	0.66%	A-1+	1,005,408	1,002,099
2,000,000	Toronto Dominion Bank NY	9/9/16	2.83%	0.52%	A-1+	2,004,313	2,001,842
<b>Municipal Bonds</b>							
375,000	New York State Dormitory Authority	2/15/16	0.53%	0.45%	A-1+	375,253	375,341
2,000,000	Niagara Falls NY City School District	6/23/16	2.83%	0.65%	A-1	2,004,482	2,004,040
750,000	County of Orange CA	6/30/16	1.06%	0.48%	A-1+	751,184	750,330
500,000	Indiana Bond Bank	7/15/16	0.71%	0.78%	A-1+	500,000	500,260
<b>Total Investments</b>						<b>\$ 70,856,968</b>	<b>\$ 70,828,657</b>

**FLORIDA SURPLUS ASSET FUND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 2 CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

Term Series Investments at December 31, 2015 were as follows:

Face Amount	Security	Due Date	Percent of Total	Yield	Short- term Rating	Carrying Value- Amortized Cost	Market Value
<b>Term Series 20160121AA07</b>							
<b>Certificate of Deposit</b>							
1,796,940	BankUnited, NA	01/21/16	1.11%	0.50%	A-1+	\$ 1,796,940	\$ 1,796,940
<b>Term Series 20160321AA07</b>							
<b>Certificate of Deposit</b>							
38,160,345	Pentagon Federal Credit Union	03/21/16	23.52%	0.55%	A-1+	38,160,345	38,160,345
<b>Term Series 20160328AA07</b>							
<b>Certificate of Deposit</b>							
12,538,847	Pentagon Federal Credit Union	03/28/16	7.73%	0.48%	A-1+	12,538,847	12,538,847
<b>Term Series 20160523AA07</b>							
<b>Certificate of Deposit</b>							
7,994,031	Pentagon Federal Credit Union	05/23/16	4.93%	0.45%	A-1+	7,994,031	7,994,031
<b>Term Series 20160608AA07</b>							
<b>Certificate of Deposit</b>							
1,247,269	BankUnited, NA	06/08/16	0.77%	0.55%	A-1+	1,247,269	1,247,269
<b>Term Series 20160624AA07</b>							
<b>Certificate of Deposit</b>							
35,378,038	Pentagon Federal Credit Union	06/27/16	21.81%	0.70%	A-1+	35,378,038	35,378,038
<b>Term Series 20160919AA07</b>							
<b>Certificate of Deposit</b>							
27,561,170	Pentagon Federal Credit Union	09/19/16	16.99%	0.75%	A-1+	27,561,170	27,561,170
<b>Term Series 20160928AA07</b>							
<b>Certificate of Deposit</b>							
19,351,619	Pentagon Federal Credit Union	09/28/16	11.93%	0.85%	A-1+	19,351,619	19,351,619
<b>Term Series 20161122AA07</b>							
<b>Certificate of Deposit</b>							
1,995,019	Pentagon Federal Credit Union	11/22/16	1.23%	0.85%	A-1+	1,995,019	1,995,019
<b>Term Series 20161215AA07</b>							
<b>Certificate of Deposit</b>							
1,495,565	BankUnited, NA	12/15/16	0.92%	0.65%	A-1+	1,495,565	1,495,565
<b>Term Series 20161221AA07</b>							
<b>Certificate of Deposit</b>							
3,192,027	Pentagon Federal Credit Union	12/21/16	1.97%	0.90%	A-1+	3,192,027	3,192,027
<b>Term Series 20170928AA07</b>							
<b>Certificate of Deposit</b>							
4,575,697	Pentagon Federal Credit Union	09/28/17	2.82%	1.06%	A-1+	4,575,697	4,575,697
<b>Term Series 20180928AA07</b>							
<b>Certificate of Deposit</b>							
1,983,479	Pentagon Federal Credit Union	09/28/18	1.22%	1.36%	A-1+	1,983,479	1,983,479
<b>Term Series 20181123AA07</b>							
<b>Certificate of Deposit</b>							
4,958,657	Pentagon Federal Credit Union	11/23/18	3.06%	1.36%	A-1+	4,958,657	4,958,657
<b>Total Investments</b>						<u>\$ 162,228,703</u>	<u>\$ 162,228,703</u>

**FLORIDA SURPLUS ASSET FUND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 2 CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

FL SAFE Fund investments at December 31, 2014 were as follows:

Face Amount	Security	Due Date	Percent of Total	Yield	Short- term Rating	Carrying Value- Amortized Cost	Market Value
<b>US Government Agencies</b>							
7,000,000	FFCB	01/26/15	12.93%	0.26%	A-1+	\$ 7,000,534	\$ 7,000,476
3,000,000	FFCB	04/27/15	5.54%	0.17%	A-1+	3,000,580	3,000,999
<b>Bankers Acceptances</b>							
300,638	US Bank	02/09/15	0.55%	0.28%	A-1+	300,547	300,576
<b>Certificates of Deposit</b>							
249,600	Associated Bank	01/26/15	0.46%	0.26%	A-1+	249,600	249,600
249,509	Farmers State Bank - Waterloo, IA	01/26/15	0.46%	0.35%	A-1+	249,509	249,509
5,000,000	Bank of Nova Scotia Houston, TX	04/06/15	9.23%	0.24%	A-1	5,000,000	5,000,797
249,400	Bank of the West	04/24/15	0.46%	0.30%	A-1+	249,400	249,400
249,000	Berkshire Bank	04/30/15	0.46%	0.32%	A-1+	248,946	248,844
249,000	Bank of Baroda	05/01/15	0.46%	0.50%	A-1+	248,956	248,999
249,000	Bank of India	05/20/15	0.46%	0.45%	A-1+	248,810	248,806
247,600	Far East National Bank	05/20/15	0.46%	0.60%	A-1+	247,600	247,600
248,400	IDB Bank NY	05/20/15	0.46%	0.44%	A-1+	248,400	248,400
4,000,000	Sumitomo Mitsui Bank NY	06/30/15	7.39%	0.30%	A-1	4,000,000	3,999,398
249,200	Landmark Community Bank	07/06/15	0.46%	0.40%	A-1+	249,200	249,200
249,200	Mainstreet Bank	07/06/15	0.46%	0.40%	A-1+	249,200	249,200
249,000	Santander Bank NA	07/22/15	0.46%	0.57%	A-1+	248,908	248,999
83,950	Banco Popular North America	07/28/15	0.16%	0.42%	A-1+	83,950	83,950
82,000	Banco Popular North America	07/28/15	0.15%	0.42%	A-1+	82,000	82,000
83,000	Banco Popular North America	07/28/15	0.15%	0.42%	A-1+	83,000	83,000
248,849	Bank of China	07/28/15	0.46%	0.46%	A-1+	248,849	248,849
248,949	Bank of the Ozarks	07/28/15	0.46%	0.41%	A-1+	248,949	248,949
248,800	Bremer Bank NA	07/28/15	0.46%	0.45%	A-1+	248,800	248,800
248,867	Farmers & Merchants Union	07/28/15	0.46%	0.44%	A-1+	248,867	248,867
248,200	Onewest Bank	07/28/15	0.46%	0.72%	A-1+	248,200	248,200
249,049	Orrstown Bank	07/28/15	0.46%	0.35%	A-1+	249,049	249,049
248,849	Pacific Enterprise Bank-Irvine, CA	07/28/15	0.46%	0.45%	A-1+	248,849	248,849
248,900	Private Bank - MI	07/28/15	0.46%	0.41%	A-1+	248,900	248,900
248,719	Stearns Bank NA	07/28/15	0.46%	0.49%	A-1+	248,719	248,719
249,100	The First, NA	07/28/15	0.46%	0.35%	A-1+	249,100	249,100
248,967	United Texas Bank	07/28/15	0.46%	0.40%	A-1+	248,967	248,967
248,800	Western Alliance Bank/Torrey Pines Bank	07/28/15	0.46%	0.45%	A-1+	248,800	248,800
249,000	DMB Community Bank	08/04/15	0.46%	0.35%	A-1+	248,926	248,709
248,000	First Niagara Bank NY	09/11/15	0.46%	0.50%	A-1+	247,914	247,864
248,000	Safra National Bank	09/15/15	0.46%	0.55%	A-1+	247,913	247,939
248,000	BANKUNITED, NA	09/17/15	0.46%	0.50%	A-1+	247,912	247,850
248,000	Discover Bank (N)	09/17/15	0.46%	0.60%	A-1+	247,824	247,936
248,700	Affiliated Bank	10/07/15	0.46%	0.49%	A-1+	248,700	248,700
249,000	Texas Capital Bank	10/07/15	0.46%	0.40%	A-1+	249,000	249,000
249,000	Comenity Capital Bank	10/14/15	0.46%	0.51%	A-1+	248,902	248,880
249,000	Goldman Sachs Bank USA	10/15/15	0.46%	0.55%	A-1+	248,706	248,685

**FLORIDA SURPLUS ASSET FUND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 2 CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

Face Amount	Security	Due Date	Percent of Total	Yield	Rating	Carrying Value- Amortized Cost	Market Value
<b>Commercial Paper</b>							
5,000,000	BNP Paribas Finance Inc.	02/06/15	9.23%	0.40%	A-1	4,998,001	4,999,156
2,000,000	MUFG Union Bank NA	03/10/15	3.69%	0.22%	A-1	1,999,169	1,999,325
5,000,000	US Bank NA	05/15/15	9.23%	0.16%	A-1+	4,997,022	4,995,594
5,000,000	Toyota Motor Credit Corp.	06/09/15	9.22%	0.24%	A-1+	4,994,700	4,995,489
3,000,000	JP Morgan Securities LLC	06/29/15	5.53%	0.33%	A-1	2,995,077	2,996,550
<b>Corporate Notes</b>							
3,650,000	Caterpillar Fin Serv Corp	02/19/15	6.74%	0.30%	A-1	3,650,688	3,650,423
3,000,000	Canadian Imperial Bank of Commerce	10/01/15	5.56%	0.46%	A-1	3,009,878	3,008,826
<b>Total Investments</b>						<b>\$ 54,155,521</b>	<b>\$ 54,156,728</b>

Term Series Investments at December 31, 2014 were as follows:

Face Amount	Security	Due Date	Percent of Total	Yield	Short-Term Rating	Carrying Value- Amortized Cost	Market Value
<b>Term Series 20150204AA07</b>							
<b>Certificate of Deposit</b>							
2,247,975	BankUnited, NA	02/04/15	5.87%	0.40%	A-1+	\$ 2,247,975	\$ 2,247,975
<b>Term Series 20150218AA07</b>							
<b>Certificate of Deposit</b>							
8,370,838	BankUnited, NA	02/18/15	21.86%	0.70%	A-1+	8,370,838	8,370,838
<b>Term Series 20150422AA07</b>							
<b>Certificate of Deposit</b>							
3,996,000	BankUnited, NA	04/22/15	10.44%	0.41%	A-1+	3,996,000	3,996,000
<b>Term Series 20150616AA07</b>							
<b>Certificate of Deposit</b>							
8,695,662	BankUnited, NA	06/16/15	22.71%	0.35%	A-1+	8,695,662	8,695,662
<b>Term Series 20150630AA07</b>							
<b>Certificate of Deposit</b>							
249,775	BankUnited, NA	06/30/15	0.65%	0.40%	A-1+	249,775	249,775
<b>Term Series 20150820AA07</b>							
<b>Certificate of Deposit</b>							
6,291,180	BankUnited, NA	08/20/15	16.43%	0.45%	A-1+	6,291,180	6,291,180
<b>Term Series 20151216AA07</b>							
<b>Certificate of Deposit</b>							
5,690,310	BankUnited, NA	12/16/15	14.86%	0.50%	A-1+	5,690,310	5,690,310
<b>Term Series 20160608AA07</b>							
<b>Certificate of Deposit</b>							
1,247,269	BankUnited, NA	06/08/16	3.26%	0.55%	A-1+	1,247,269	1,247,269
<b>Term Series 20161215AA07</b>							
<b>Certificate of Deposit</b>							
1,495,565	BankUnited, NA	12/15/16	3.91%	0.65%	A-1+	1,495,565	1,495,565
<b>Total Investments</b>						<b>\$ 38,284,574</b>	<b>\$ 38,284,574</b>

**FLORIDA SURPLUS ASSET FUND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 3 INVESTMENT ADVISORY AND ADMINISTRATIVE FEES**

Florida Management and Administration Services LLC. (FMAS) provides administration services to FL SAFE. Fees for such services are accrued daily and paid monthly in the amount of a base administrative fee of \$7,500 per month. Additional fees may be paid if the daily average net position of the FL SAFE Fund is above \$200 million. These amounts will be calculated at a rate of 0.05% of the average daily net position over \$200 million up to \$500 million, 0.04% of the average daily net position up to \$1 billion, 0.03% of the average daily net position up to \$5 billion, and 0.02% of the average daily net position in excess of \$5 billion. Fees paid to FMAS in 2015 totaled \$89,392 and \$90,000 for 2014.

Prudent Man Advisors, Inc., PMA Financial Network, Inc. and PMA Securities, Inc. (collectively PMA) provide investment advisory, operational management and distribution services to FL SAFE. Fees for the investment advisory services for the FL SAFE Fund are calculated daily and paid monthly, at a rate of 0.07% of the average daily net asset up to \$500 million, and 0.0525% of the average daily net position over \$500 million. Fees for the operational services and distributor services are calculated at 0.13% on the first \$500 million of assets and 0.0975% for assets in excess of \$500 million. FL SAFE paid PMA \$161,974 for 2015, and \$89,804 for 2014.

Each Term Series individually pays Prudent Man Advisors, Inc. a fee of up to 0.25% annualized on any investments in the Term Series. An additional fee, not to exceed 0.10% annualized, will be charged on any assets of the Term Series that require management and administration of collateral, letters of credit and other third-party guarantees. Such fees are accrued daily. \$62,140 was paid during 2015, and \$15,096 for 2014.

**NOTE 4 ADDITIONAL INFORMATION**

Selected data for each share of the FL SAFE Fund outstanding at December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Investment Income	\$ 0.004492	\$ 0.003136
Amortization of Losses	(0.000810)	(0.001918)
Expenses	<u>(0.002494)</u>	<u>(0.000209)</u>
Net Investment income Distributed	<u>\$ 0.001188</u>	<u>\$ 0.001009</u>

Additional data on the investment portfolio of the FL SAFE Fund as of December 31, 2015 and 2014 is as below:

	<u>2015</u>	<u>2014</u>
Weighted-Average Maturity in Days	46	51

**FLORIDA SURPLUS ASSET FUND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 4 ADDITIONAL INFORMATION (CONTINUED)**

The FL SAFE Fund's net average yield was 0.11% and 0.10% for the years ended December 31, 2015 and 2014, respectively. As such, \$1,000 invested in the FL SAFE Fund on January 1, 2015 or 2014 would have been worth \$1,001 at December 31, 2015 or 2014. See note 6 for net losses amortized to participants.

Selected data for each share of Term Series Fund outstanding at December 31, 2015 and 2014 is as follows:

	2015	2014
Investment Income	\$ 0.001312	\$ 0.001184
Expenses	(0.000382)	(0.000323)
Net Investment income Distributed	\$ 0.000930	\$ 0.000861

**NOTE 5 STAND BY CAPITAL SUPPORT AGREEMENT**

Effective November 1, 2011, FL SAFE entered into a Standby Capital Support Agreement with PMA Financial Network, Inc. under which PMA provided \$200,000 in a deposit account, currently at BMO Harris Bank N.A., under FL SAFE's name. The amounts held in this account are to be used as contributions as necessary to bring the FL SAFE's NAV to \$0.9975 per share. There have been no contributions necessary from the Standby Capital Support Agreement with PMA during 2015 or 2014.

**NOTE 6 RESERVE PRIMARY MONEY MARKET FUND**

FL SAFE Fund held shares in the Reserve Fund which incurred solvency issues in 2008 due to its holding of debt securities issued by Lehman Brothers Holdings, Inc., which filed for bankruptcy protection in 2008. Losses associated with the Reserve Fund were \$39,557 and \$539,701 in 2010 and 2009 for a total loss of \$579,258.

On December 11, 2008, FL SAFE entered into a Standby Capital Agreement with Davidson Fixed Income Management (DFIM), the prior Investment Advisor, under which DFIM agreed to contribute amounts, as necessary, to bring the NAV of the FL SAFE Fund to \$0.9975 per share, subject to a maximum of \$200,000. Under this agreement, DFIM contributed \$102,998 in 2010 and an additional \$97,002 during 2011. FL SAFE received a distribution from the Reserve Primary Fund of \$70,749 on July 6, 2015.

Under the Revenue Recognition Policy adopted by the FL SAFE Board on November 14, 2008, the shortfall from the net loss associated with the Reserve Fund was to be amortized over no more than 8 years as a reduction of participant earnings. Per Board action, this amortization began on January 1, 2011. In January 2016, the Board voted to suspend the accrual under the Revenue Recognition Policy. The remaining shortfall will continue to be reduced by contributions under the Royalty Agreement as described in Note 7 below.

**FLORIDA SURPLUS ASSET FUND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 6 RESERVE PRIMARY MONEY MARKET FUND (CONTINUED)**

A schedule of the shortfall and amortization to participants through December 31, 2015 is as follows:

Total loss associated with the reserve fund as of December 31, 2010	\$ (579,258)
Standby capital agreement contributions from DFIM during 2010	102,998
Standby capital agreement contributions from DFIM during 2011	97,002
Amortization of loss and other Items	<u>298,626</u>
Shortfall as of December 31, 2015 to be amortized over the next three years	<u><u>\$ (80,632)</u></u>

**NOTE 7 ROYALTY AGREEMENT**

Effective November 1, 2011, FL SAFE entered into a Royalty Agreement with PMA Financial Network, Inc. and PMA Securities, Inc. under which PMA may work with the Board and the Administrator to market the PMA Fixed Income Investment Program (FIIP) and other specific PMA FL SAFE value added service and investment programs, including the Term Series, to FL SAFE participants. Royalty fees are paid to FL SAFE of 20% of the total gross revenue earned by PMA from sales to FL SAFE participants. Of the royalty revenue paid to FL SAFE at least 50% shall be used to amortize the loss associated with the Reserve Fund (see Note 6). Upon full amortization of the shortfall, the royalty fee shall be reduced to 15% of the total gross revenue earned by PMA for sale of the programs to FL SAFE participants. Sales made by PMA to FL SAFE participants during 2015 and 2014 resulted in deposits of \$28,902 and \$8,121, respectively, into FL SAFE and were used to amortize the loss. Per Board action in January 2016 and in accordance with the terms of the Standby Capital Support Agreement, \$125,000 of the deposit was returned to PMA Financial Network, Inc.

**NOTE 8 RELATED PARTY TRANSACTIONS**

PMA may execute investment transactions with related parties on a best execution basis. The Board of Trustees has approved the Fund's use of PMA as a potential investment provider. On occasion during the year, the Fund held investments placed through PMA. All fees for placement of these investments were waived by PMA.

**NOTE 9 TERM SERIES**

The Fund had fourteen Term Series that were opened during the year and that had not matured as of December 31, 2015. These Term Series are presented combined on the Financial Statements, including the Statement of Net Position, and Statements of Operations and Changes in Net Position. The Term Series are optional to any FL SAFE participant and are designed for participants who will not need access to their investment prior to the termination date of the Series. Each Term Series is independent from all other Term Series. If one Term Series loses value, no other Term Series is impacted by such loss.

**FLORIDA SURPLUS ASSET FUND TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

**NOTE 10 CURRENT ECONOMIC CONDITIONS**

The current economic environment presents local government investment pool trust funds with challenging circumstances, which in some cases have resulted in large declines in the fair value of investments, declines in net position from increased share redemptions, constraints on liquidity and reduced investment earnings. The financial statements have been prepared using values and information currently available to FL SAFE.

Current economic and financial market conditions could adversely affect activities in future periods. The current instability in the financial markets may reduce the amount of funds Florida local governmental entities have available for investment in FL SAFE, which in turn would have an impact on funds available for investment and total net position.



**Florida Surplus Asset Fund Trust (FL SAFE)**

**FL SAFE Board of Trustees**

**as of December 31, 2015**

**Mark C. Mason, CPA, Chairman  
City of Tamarac, Florida**

**Linda Senne, CPA, CGFM, Vice Chairman  
City of Venice, Florida**

**Jerry Boop, CPA, CGFO, Secretary  
City of Oviedo, Florida**

**William Kleinsorge, CPA, Treasurer  
Sumter County, Florida**

**Elaine Edmunds, CGFO, Board Member  
City of St. Pete Beach, Florida**