



FLORIDA MUNICIPAL LOAN COUNCIL



2016

Comprehensive Annual Financial Report

For the Year Ended September 30, 2016

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FLORIDA MUNICIPAL LOAN COUNCIL



2016

Comprehensive Annual Financial Report

For the Year Ended September 30, 2016

Prepared by the Florida League of Cities, Inc.

Florida Municipal Loan Council

301 S. Bronough Street, Suite 300, Tallahassee, Florida 32301
(850) 222-9684 • www.floridaleagueofcities.com

TALLAHASSEE HEADQUARTERS



Mission Statement

“Providing innovative and comprehensive financial solutions to Florida local governments.”

ORLANDO HEADQUARTERS



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Introductory Section



301 South Bronough Street • Suite 300 • P.O. Box 1757 • Tallahassee, FL 32302-1757 • (850) 222-9684 • Fax (850) 222-3806 • www.floridaleagueofcities.com

Letter of Transmittal for the Florida Municipal Loan Council

March 24, 2017

To the Board of Directors of the Florida Municipal Loan Council:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Florida Municipal Loan Council (“the Council”) for the year ended September 30, 2016.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Florida League of Cities, Inc., as the Administrator for the Council.

The Administrator is responsible for maintaining adequate internal controls designed to provide reasonable assurance that transactions are executed in accordance with the Council’s authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Due to the inherent limitations in internal control, no system of controls can provide absolute assurance that misstatements, whether as a result of error or fraud, will not occur or that all control issues and instances of fraud, if any, have been detected. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. The Administrator believes the internal control structure provides reasonable assurance regarding the safekeeping of assets and reliability of all financial records.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Council. All disclosures necessary to enable the reader to gain an understanding to the Council’s financial activities have been included.

The basic financial statements contained in this report have been audited by Shorstein & Shorstein, P.A. Their audit was conducted in accordance with auditing standards generally accepted in the United States of America. The goal of the independent audit was to provide reasonable assurance about whether the Council’s basic financial statements for the year ended September 30, 2016, are free of material misstatement. The independent accounting firm, Shorstein & Shorstein, P.A. has issued an unmodified (“clean”) opinion on the Council’s financial statements for the year ended September 30, 2016. The independent auditor’s report is presented as the first component of the **Financial Section** of the report.

Management provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Council’s MD&A can be found after the independent auditors’ report.

President **Susan Haynie**, Mayor, Boca Raton

First Vice President **Gil Ziffer**, Commissioner, Tallahassee • Second Vice President **Leo E. Longworth**, Commissioner, Bartow

Executive Director **Michael Sittig** • General Counsel **Harry Morrison, Jr.**

PROFILE OF THE COUNCIL

The Council was established pursuant to Section 163.01, Florida Statutes, to facilitate cooperative and cost-effective financing for municipalities and counties in the state. The Council was created on December 1, 1998, under Chapter 163, Florida Statutes, pursuant to an Interlocal Agreement initially by and among the City of Stuart, Florida, the City of DeLand, Florida, and the City of Rockledge, Florida.

The purpose of the Council is to enable participating governmental entities to finance or refinance projects permitted by the Interlocal Act on a cooperative and cost-effective basis, to benefit from economies of scale associated with large scale financings, and to maximize the benefits derived from the availability of moneys provided by the state for funding projects. The Council is authorized to exercise the privileges, benefits, powers and terms of the Interlocal Act in connection with the authorization, issuance and sale of bonds.

Membership in the program may include the state, its agencies, counties, municipalities, special districts and school districts of Florida as well as other entities approved by the Board of Directors. Members benefit from the Council's ability to achieve economies of scale and name recognition due to frequent bond offerings in the public market.

The Council operates as an Enterprise Fund under the Governmental Accounting Standards Board (GASB) rules. Pursuant to the trust indentures, members' earnings are credited to and all expenses are reimbursed by the members. FMLC General Operations cover those items necessary for the trust operations not specifically related to a bond issue and include the Board of Directors' meeting expense and travel, audit, insurance and other general operating functions. The Council considers all its activities as operating activities.

The Council is authorized to issue up to \$1.25 billion of debt for the fixed rate program which includes the direct loan program, up to \$200 million for the Commercial Paper program, up to \$2 billion for the Gas Bond program and up to \$180 million for the Design Build Finance/Build Finance Financing Program.

On April 28, 1999, the first series of bonds were issued with the Florida Municipal Loan Council Revenue Bonds,

Series 1999. The first issue included seven cities totaling more than \$67 million in fixed-rate loans. Since inception, the Council has closed 25 bond issues or tranches.

BORROWER SOLUTIONS

The Council offers short-term and long-term financing options for local governments of all sizes to finance capital projects, renovations, and land purchases or to refinance existing debt. Pooling loans into one larger issue and creating economies of scale, in many cases, lowers the costs of issuance and provides greater market access. A variety of loan solutions are available including fixed-rate bonds and private placement bonds (direct loans). The loan amounts vary with terms of repayment up to a 40-year maximum period.

In addition, local governments that issue tax-exempt bonds are required to follow federal tax requirements at the time of issuance and for as long as the bonds remain outstanding. Under the program, post-issuance duties including investment of bond proceeds, continuing disclosure, and arbitrage rebate requirements, are managed for the borrower. Post-issuance monitoring is vital to maintain compliance with federal tax requirements and to preserve the tax-exempt status of the bonds.

The Council has primarily issued fixed-rate bonds on behalf of small and medium sized borrowers with many members becoming repeat borrowers. The Council works with the following teams of professionals and advisors:

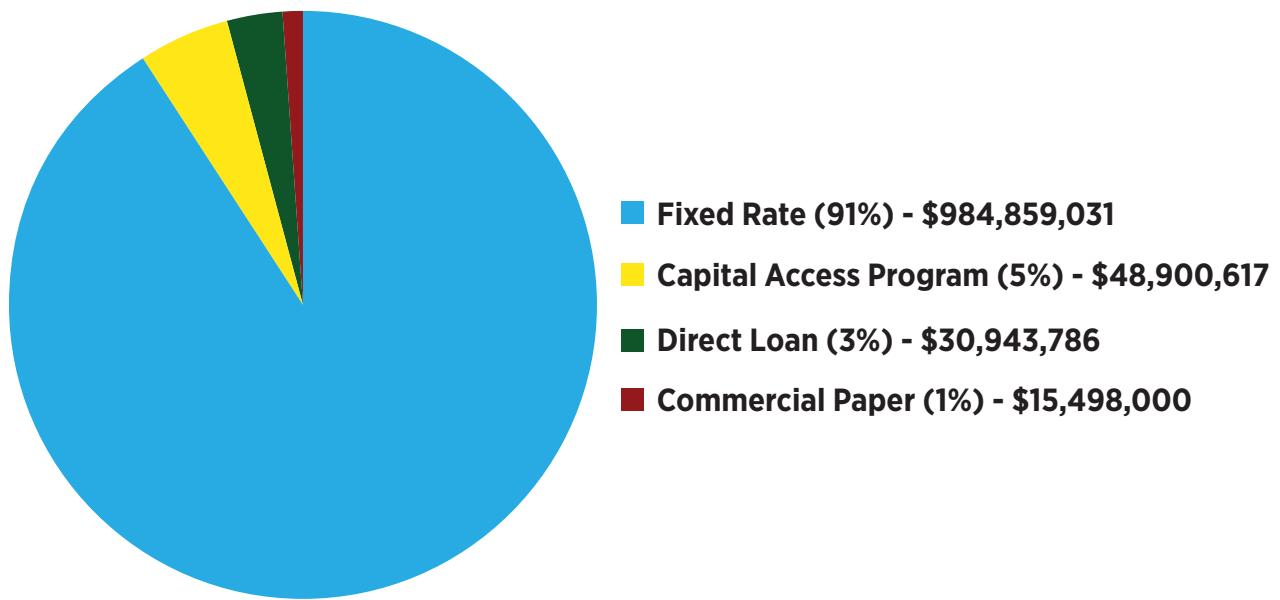
Fixed-Rate Bond Program

- ▶ Florida Municipal Loan Council, Issuer
- ▶ Florida League of Cities, Inc., Administrator
- ▶ Bryant, Miller & Olive P.A., Bond Counsel
- ▶ Public Resources Advisory Group, Financial Advisor
- ▶ Waters and Company, LLC, Arbitrage Rebate Consultant
- ▶ The Bank of New York Mellon Trust Company, N. A., Trustee
- ▶ Wells Fargo Securities, Underwriter



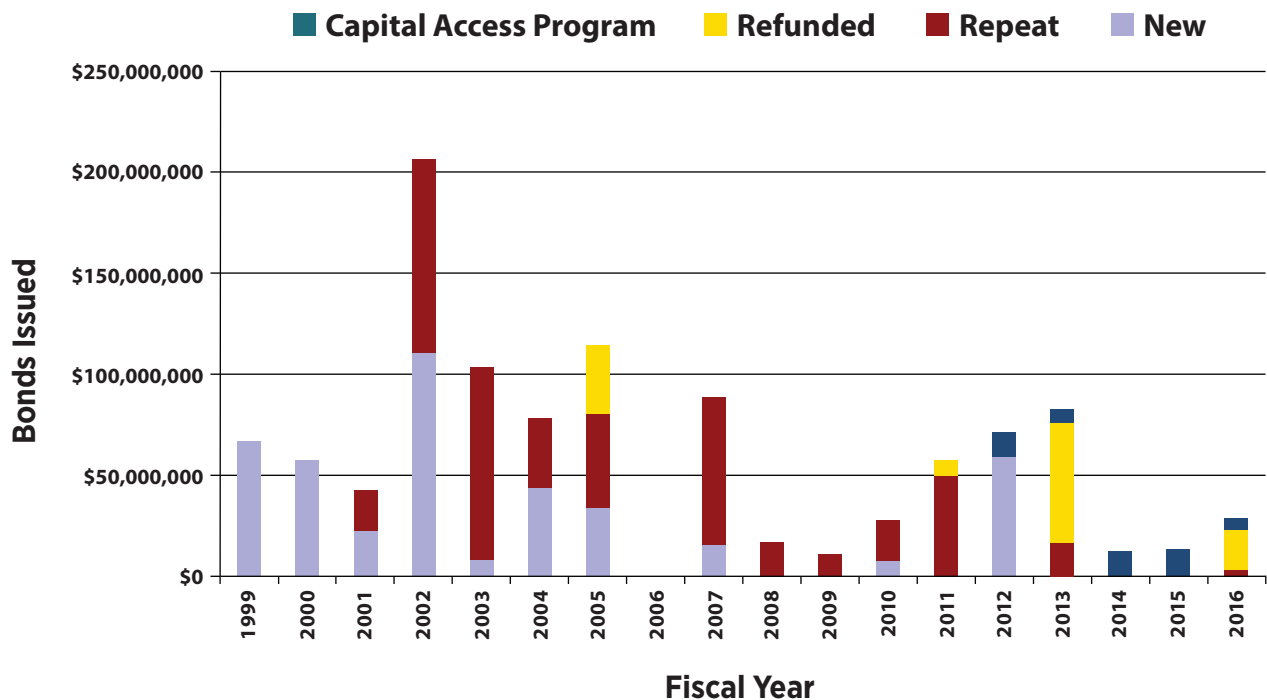
Florida Municipal Loan Council

Total Issued: \$1.08 Billion, as of September 30, 2016

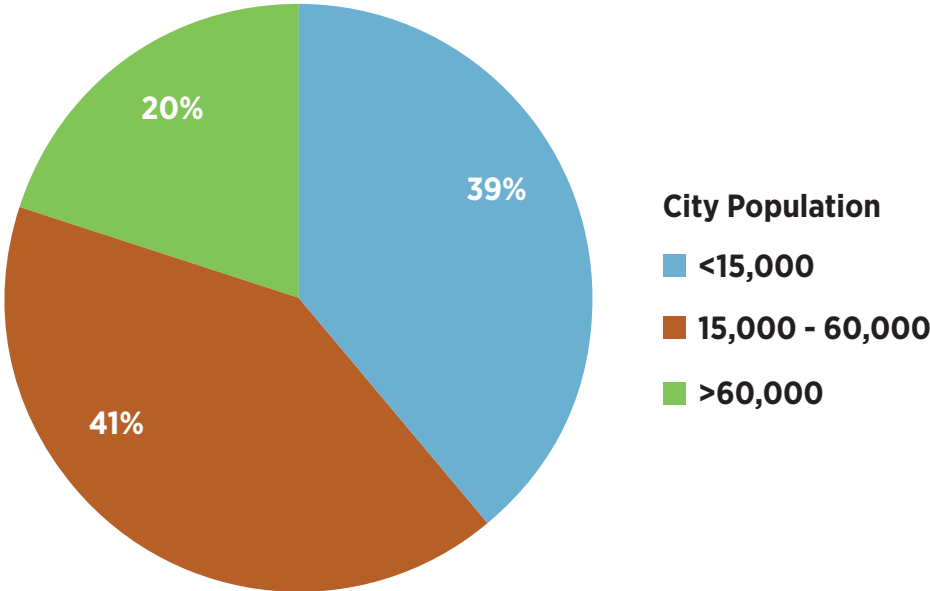


Florida Municipal Loan Council

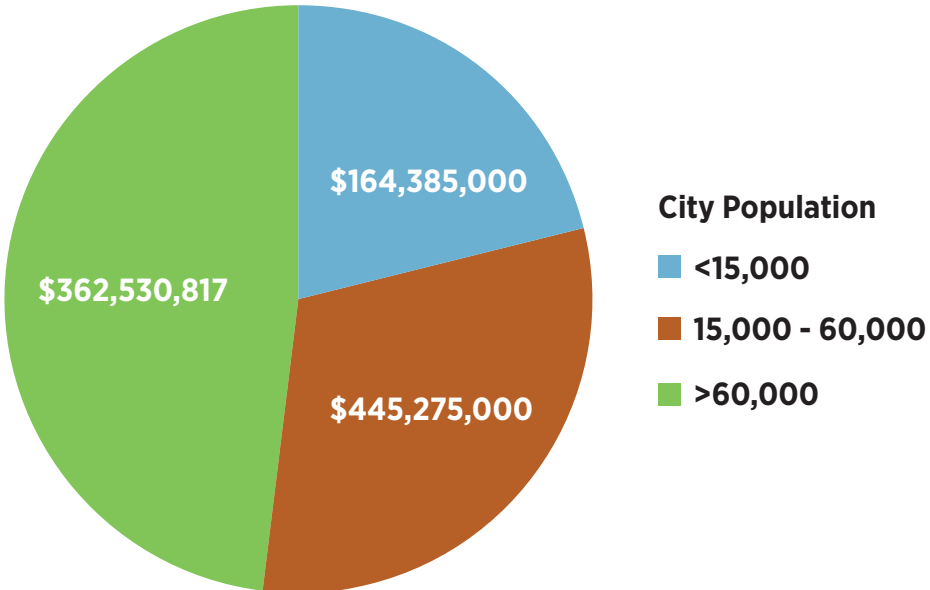
Type of Borrower, FY 1999-2016



Florida Municipal Loan Council
Number of Loans by Population*
As of September 30, 2016



Florida Municipal Loan Council
Amounts Borrowed by Population*
As of September 30, 2016



*The Council has issued more than \$1 billion in bonds to make 126 loans and also facilitated 15 additional bank loans totaling \$49 million through the Capital Access Program. These charts do not include loans closed through the Capital Access Program or the Series 2012 revenue bonds.

OVERSIGHT

The Council is governed by a Board of Directors (the “Board”) consisting of not more than seven elected public officials, each of whom shall be appointed by the President of the Florida League of Cities, Inc. There is no limitation upon the term of office of a director, and directors serve until the expiration of their term in elected office, their resignation or their removal.

The Council has entered into agreements with various professionals to provide support to the program. The Council does not employ personnel, rather the management and administration services are provided by the Florida League of Cities, Inc., as Administrator. The Florida League of Cities, Inc. is a nonprofit organization established in 1922 to serve the interests of Florida cities and has grown to include nearly all of Florida’s 412 municipalities as members.

The Administrator is charged with supervising and coordinating the activities of the trustee, financial advisor, auditor, bond counsel, or other service provider rendering services to the Council. The Administrator is also responsible for directing the investment of the project loan funds, maintaining accounting records and financial reports and approving applications for membership.

The Administrator also maintains an investor relations page, accessible via the Florida League of Cities website, www.floridaleagueofcities.com. This page offers investors access to municipal disclosures for all municipal bond issuers participating in the Florida Municipal Loan Council. These disclosures include annual reports, operating data, and other significant information including official statements.

Financial advisory services are provided by Public Resources Advisory Group and involve bond market updates and monitoring of each public bond sale. A summary of each bond sale is provided and presented to the Board. Additionally, Waters & Company assists in arbitrage rebate compliance.

FISCAL YEAR 2016

Bank loans continue to provide attractive financing rates, especially for bank-qualified issuers. However, banks continue to become more selective regarding the credits that they are willing to lend as well as the length of time for which they will lend. In the present market, most banks limit their fixed rate loans to a 10-year term.

The low interest rate environment continues to provide borrowers with refinancing opportunities of existing debt as well as more favorable conditions for financing new capital projects. However, bond issuance demand for new money projects continues to be impacted by the cost of borrowing and budget tightening at the local government level.

In fiscal year 2016, the Council closed its 25th series of fixed-rate bonds, Series 2016, issuing \$24.52 million of bonds to nine Florida Cities. The Council also facilitated 2 bank loans totaling \$5.6 million on behalf of borrowers. Additionally, the Council extinguished \$94 million in bonds or 28% of outstanding loans.

REQUESTS FOR INFORMATION

The preparation of this report was made possible by the dedicated staff of the financial services, accounting and publication departments of the Florida League of Cities, Inc., as well as all additional individuals who assisted with this effort including the staff of Shorstein and Shorstein, P.A. Appreciation is also expressed to the members of the Board of Directors for their leadership and service in matters pertaining to the Council’s operations.

This financial report is designed to provide a general overview of the Council’s activities during fiscal year 2016. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrator for the Florida Municipal Loan Council, 301 South Bronough Street, Suite 300, Tallahassee, FL 32301.

Respectfully submitted,



Michael Sittig
Executive Director
Florida League of Cities, Inc.,
Administrator



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Florida Municipal Loan Council

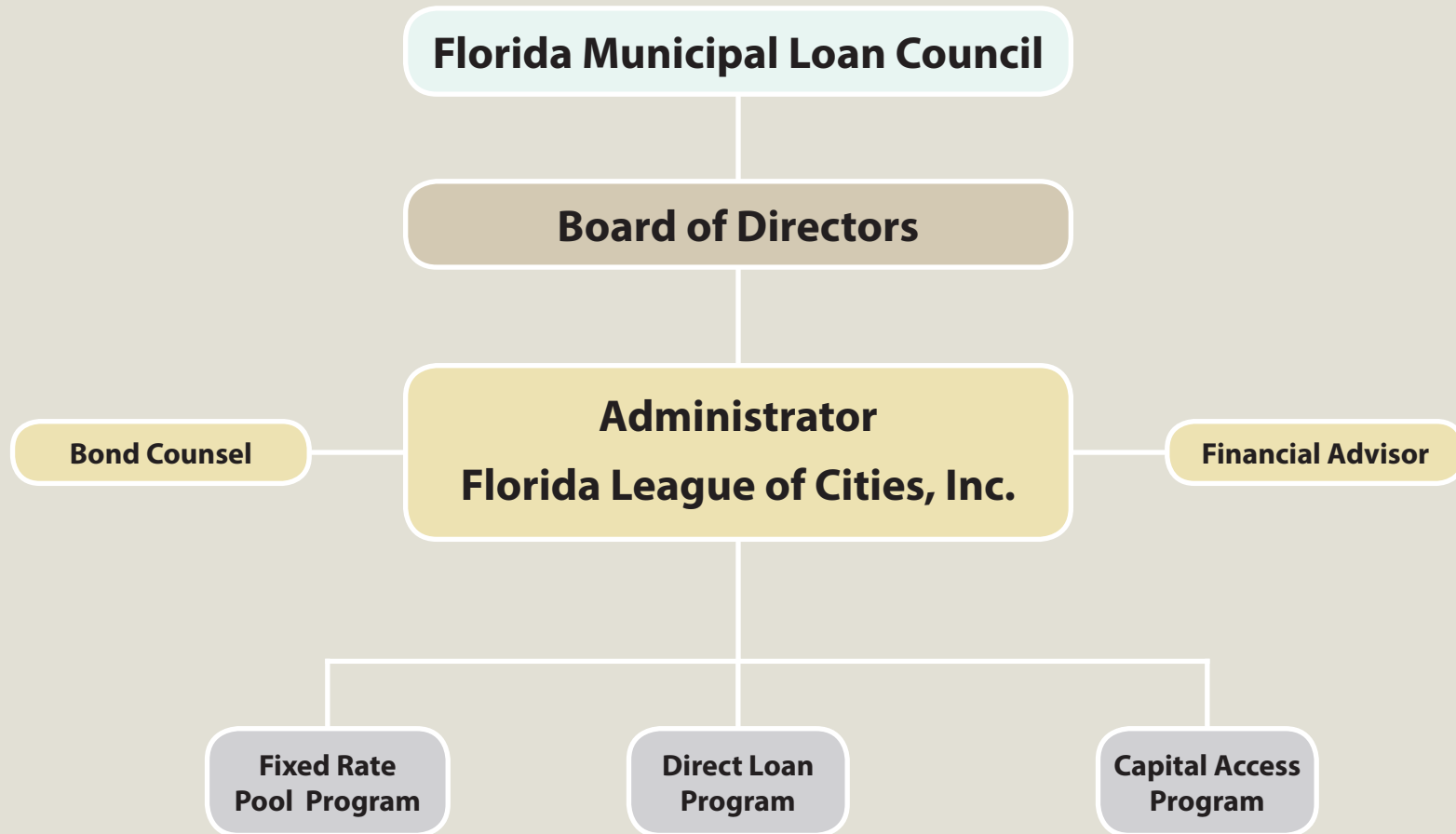
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emmer". The signature is written in a cursive, flowing style.

Executive Director/CEO

Florida Municipal Loan Council Organizational Chart



**Florida Municipal Loan Council
Board of Directors**

As of September 30, 2016



Isaac Salver
Chairman
Councilmember
Town of Bay Harbor Islands



Kevin Ruane
Mayor
City of Sanibel



Susan Starkey
Vice Chairman
Councilmember
City of Davie



Heyward Strong
Mayor Pro Tem
City of Valparaiso



Frank C. Ortis
Mayor
City of Pembroke Pines



George Vallejo
Mayor
City of North Miami Beach

**Florida League of Cities, Inc. (Administrator)
Executive and Financial Management Team**

Michael Sittig
Executive Director
Service since July 12, 1971

Scott Hamilton, CPA
Comptroller, Accounting
Service since September 27, 1982

Jeannie Garner
Deputy Executive Director
Service since June 1, 1994

Teresa Colvin, CPA
Trust Services Comptroller, Accounting
Service since July 6, 1993

Paul Shamoun
Associate Director, Financial Services
Service since August 15, 1995

Juliacarol Love, CPA
Senior Accountant, Accounting
Service since November 1, 2007

Molly Hall
Senior Financial Analyst, Financial Services
Service since February 16, 2011

Giselle Araiza
Accountant 1, Accounting
Service since March 25, 2015

Dana Anderson
Financial Services Specialist, Financial Services
Service since June 1, 2012





Financial Section

FLORIDA MUNICIPAL LOAN COUNCIL
FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

SHORSTEIN & SHORSTEIN, P.A.
CERTIFIED PUBLIC ACCOUNTANTS
8265 BAYBERRY ROAD
JACKSONVILLE, FLORIDA 32256

JACK F. SHORSTEIN, C.P.A., J.D. (1929-2014)
SAMUEL R. SHORSTEIN, C.P.A.
MARK J. SHORSTEIN, C.P.A.
MICHAEL K. PARRISH, C.P.A.
BARBARA J. HOUSTON, C.P.A.
JOAN B. MOELL, C.P.A.
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PHILLIP H. CAMPBELL, C.P.A.
JEWEL A. MCCANCE, C.P.A.
BEVERLY W. PARKER, C.P.A.

March 3, 2017

Independent Auditor's Report

To the Board of Directors of the
Florida Municipal Loan Council:

We have audited the accompanying financial statements of the Florida Municipal Loan Council, which comprise the statements of net position as of September 30, 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

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 conducted our audit 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 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, the financial statements referred to above present fairly, in all material respects, the financial position of the Florida Municipal Loan Council as of September 30, 2016, and the changes in financial position and cash flows thereof for the year 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 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Council's financial statements as a whole. The introductory section, statistical section, investment section and Schedule of Issues Outstanding are presented for the purpose of additional analysis and are not required part of the financial statements.

The Schedule of Issues Outstanding is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory, statistical and investment sections 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.

Shostein & Shostein, P.A.

Florida Municipal Loan Council
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016

Our discussion and analysis of the Florida Municipal Loan Council (the Council) provides an overview of the Council's financial activities for the fiscal year ended September 30, 2016. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the Council's financial statements and notes to financial statements provided herein.

Financial Highlights

Key financial highlights for fiscal year 2016 are as follows:

- On September 29, 2016, the Trust closed its 25th series of fixed-rate bonds, Series 2016, issuing \$24.52 million of bonds for nine Florida cities. Using the combined purchasing power of the FMLC's bond pool program, the Town of Bay Harbor Islands, the City of Belle Isle, the Town of Eatonville, the Town of Lake Park, the City of North Miami, the Town of Oakland, the City of Port Richey, the City of St. Augustine Beach, and the City of Valparaiso were able to refinance existing debt and finance new capital projects. The refinancing portion of the bonds saved the municipalities a total of \$2.385M, or approximately 11.14% of the refunded bonds.
- In connection with the issuance of the Council's Refunding and Improvement Revenue Bonds, Series 2016, the existing surety bond with MBIA Insurance Corporation was amended and reissued on September 29, 2016 by National Public Finance Guarantee, Inc. The current surety bond funds the respective reserve accounts in amounts required to satisfy the respective reserve requirements of these prior bonds and the Series 2016 bonds.
- Through the Competitive Capital Access Program, the Council facilitated 2 bank loans on behalf of the Town of Indian Shores and the Village of Palmetto Bay totaling \$5.6 million.
- Program borrowers refunded or defeased \$94 million in loans representing 28% of total bonds outstanding at the beginning of the fiscal year.
- Total assets and deferred outflows were \$220,857,969 and total liabilities and deferred inflows were \$220,705,407 resulting in a net position of \$152,562. Assets and liabilities declined over the prior fiscal year as a result of scheduled debt service and members refunding loans prior to original maturity.
- Total operating revenues were \$12.8 million, compared to \$15.6 million in the prior fiscal year, a decrease of 18.10% or \$2.8 million. Total operating expenses were \$12.8 million, declining 17.97% or \$2.8 million over the prior fiscal year. Revenues and expenses declined due to a reduction in outstanding bonds over the prior fiscal year. Additionally, investment earnings declined as a result of borrowers drawing down project loan funds and the low interest rate environment.
- During the year ended September 30, 2016, the Trust adopted GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*.

**Florida Municipal Loan Council
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

Basic Financial Statements

The Council operates as an enterprise fund under governmental accounting rules that require the preparation of a series of financial statements. The Statement of Net Position provides information regarding assets and liabilities as of September 30, 2016. The Statement of Revenues, Expenses and Changes in Net Position provides information about our revenues and expenses for the year October 2015 through September 2016. The Statement of Cash Flows provides information about the various cash activities incurred throughout the fiscal year, and is presented using the direct method with a reconciliation of operating cash flows to operating income. The Council uses the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Financial Analysis

	<u>09/30/16</u>	<u>09/30/15</u>	<u>Change</u>	<u>% Change</u>
Assets				
Current Assets	\$ 42,038,429	\$ 85,288,833	\$ (43,250,404)	(50.71) %
Noncurrent Assets	<u>178,441,286</u>	<u>260,179,271</u>	<u>(81,737,985)</u>	(31.42) %
Total Assets	<u>220,479,715</u>	<u>345,468,104</u>	<u>(124,988,389)</u>	(36.18) %
Deferred Outflows of Resources				
Deferred Amount on Refunding	<u>378,254</u>	<u>618,238</u>	<u>(239,984)</u>	(38.82) %
Liabilities				
Current Liabilities	22,591,685	60,830,256	(38,238,571)	(62.86) %
Noncurrent Liabilities	<u>198,019,793</u>	<u>285,035,007</u>	<u>(87,015,214)</u>	(30.53) %
Total Liabilities	<u>220,611,478</u>	<u>345,865,263</u>	<u>(125,253,785)</u>	(36.21) %
Deferred Inflows of Resources				
Deferred Amount on Refunding	<u>93,929</u>	<u>57,264</u>	<u>36,665</u>	64.03 %
Net Position	<u>\$ 152,562</u>	<u>\$ 163,815</u>	<u>\$ (11,253)</u>	(6.87) %

Florida Municipal Loan Council
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016

Financial Analysis (Continued)

	<u>09/30/16</u>	<u>09/30/15</u>	<u>Change</u>	<u>% Change</u>
Operating Revenues				
Loan Interest and Member Reimbursements	\$ 11,901,398	\$ 15,482,873	\$ (3,581,475)	(23.13) %
Investment Earnings	54,430	27,841	26,589	95.50 %
Allocation to Members	<u>846,090</u>	<u>119,523</u>	<u>726,567</u>	607.89 %
Total Operating Revenues	<u>12,801,918</u>	<u>15,630,237</u>	<u>(2,828,319)</u>	(18.10) %
Operating Expenses				
Interest Expense	11,302,824	14,812,298	(3,509,474)	(23.69) %
Administrative Fees	58,611	75,823	(17,212)	(22.70) %
Trustee Fees and Other Fees	84,705	68,358	16,347	23.91 %
Cost of Issuance Expenses	789,956	-	789,956	N/A
Allocation to Members	413,472	485,674	(72,202)	(14.87) %
FMLC General Operating Expenses	<u>163,603</u>	<u>178,832</u>	<u>(15,229)</u>	(8.52) %
Total Operating Expenses	<u>12,813,171</u>	<u>15,620,985</u>	<u>(2,807,814)</u>	(17.97) %
Change in Net Position	(11,253)	9,252	(20,505)	(221.63) %
Net Position Beginning of Year	<u>163,815</u>	<u>154,563</u>	<u>9,252</u>	5.99 %
Net Position End of Year	<u>\$ 152,562</u>	<u>\$ 163,815</u>	<u>\$ (11,253)</u>	(6.87) %

**Florida Municipal Loan Council
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016**

The Council extinguished or defeased \$94,045,000 of outstanding debt for fiscal year ending 2016. The table below lists the members that refunded or extinguished debt during the year.

<u>Borrower</u>	<u>Series</u>	<u>Original Par</u>	<u>Refunded/ Extinguished Principal Amount</u>
City of North Miami	2001A	\$ 5,545,000	\$ 2,260,000
Town of Southwest Ranches	2001A	4,985,000	1,640,000
Town of Oakland	2002A	2,545,000	1,800,000
Town of Lake Park	2003A	4,810,000	3,575,000
Town of Bay Harbor Islands	2003B	9,360,000	3,055,000
City of St. Augustine Beach	2004A-1	2,500,000	1,880,000
City of Hialeah	2005A	29,090,000	23,195,000
Town of Indian Shores	2005A	5,930,000	4,735,000
City of Valparaiso	2005A	1,555,000	510,000
Town of Eatonville	2005B	1,405,000	830,000
City of Haines City	2005B	3,355,000	2,600,000
City of Port Richey	2005C	1,155,000	500,000
Village of Palmetto Bay	2005D	1,495,000	1,205,000
City of Parkland	2005D	2,775,000	1,650,000
City of Port Richey	2005D	4,545,000	2,615,000
City of Belle Isle	2006	1,480,000	985,000
Gadsden County	2006	2,415,000	1,335,000
City of Valparaiso	2006	2,965,000	2,015,000
City of Haines City	2007A	26,200,000	21,005,000
City of Hallandale Beach	2007A	24,615,000	15,265,000
City of St. Augustine Beach	2010AA	1,835,000	1,390,000
Total		<u>\$140,560,000</u>	<u>\$ 94,045,000</u>

Debt Outstanding

The Council is authorized to issue up to \$1.25 billion of debt for the fixed-rate program which includes the direct loan program, up to \$200 million for the Commercial Paper program, up to \$2 billion for the Gas Bond program and up to \$180 million for Design Build Finance/Build Finance Financing Program.

For all series issued prior to 2008 and Series 2016, payments of the principal and interest on the bonds when due are insured by a municipal bond insurance policy issued by National Public Finance Guarantee, Inc., formerly known as MBIA Insurance Corporation.

Series 2010 ABCD, Series 2011D, Series 2012A (2018-2033 maturities), and Series 2012 B-1 (2019-2032 maturities) are insured by a municipal bond insurance policy issued by Assured Guaranty Municipal Corporation.

There is no insurance or reserve fund associated with the private placement bonds, Series 2011 B-1 and 2011 B-2, Series 2012 and Series 2012 B-2. Additional information on the Council's debt can be found in Note 5 to the financial statements.

Florida Municipal Loan Council
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016

Debt Outstanding (Continued)

At September 30, 2016, the Council had 13 fixed-rate bond issues or tranches and 3 direct loans with total debt outstanding of \$213,606,985 as follows:

	2016	2015	% Change
Revenue Bonds, Series 2000A	\$ 9,664,274	\$ 10,412,076	(7.18) %
Revenue Bonds, Series 2000B	2,497,602	2,358,844	5.88 %
Revenue Bonds, Series 2001A	-	4,215,000	(100.00) %
Revenue Bonds, Series 2002A	-	1,870,000	(100.00) %
Revenue Bonds, Series 2003A	-	3,705,000	(100.00) %
Revenue Bonds, Series 2003B	490,000	3,695,000	(86.74) %
Revenue Bonds, Series 2004A-1	-	1,945,000	(100.00) %
Revenue Bonds, Series 2005A	-	28,555,000	(100.00) %
Revenue Bonds, Series 2005B	2,640,000	6,605,000	(60.03) %
Revenue Bonds, Series 2005C	-	615,000	(100.00) %
Revenue Bonds, Series 2005D	-	6,070,000	(100.00) %
Revenue Bonds, Series 2006	7,065,000	12,350,000	(42.79) %
Revenue Bonds, Series 2007A	2,265,000	40,360,000	(94.39) %
Revenue Bonds, Series 2008A (Direct Loan)	12,839,813	13,534,419	(5.13) %
Revenue Bonds, Series 2009 St Aug Bch (Direct Loan)	605,296	636,971	(4.97) %
Revenue Bonds, Series 2010 ABCD	24,710,000	25,360,000	(2.56) %
Revenue Bonds, Series 2010AA (Direct Loan)	-	1,470,000	(100.00) %
Revenue Bonds, Series 2010BB (Direct Loan)	925,000	980,000	(5.61) %
Revenue Bonds, Series 2011 B-1 & B-2	3,465,000	4,040,000	(14.23) %
Revenue Bonds, Series 2011D	46,175,000	47,025,000	(1.81) %
Revenue Bonds, Series 2012	8,600,000	50,150,000	(82.85) %
Revenue Bonds, Series 2012A	37,265,000	38,725,000	(3.77) %
Revenue Bonds, Series 2012 B-1 & B-2	29,880,000	31,600,000	(5.44) %
Revenue Bonds, Series 2016	24,520,000	-	N/A
Total Debt Outstanding	213,606,985	336,277,310	
Bond Premium/Discount (Net)	3,264,709	3,951,538	
Bonds Payable	\$216,871,694	\$340,228,848	

Florida Municipal Loan Council
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2016

Economic Factors

The Council was established pursuant to section 163.01, Florida Statutes, to facilitate cooperative and cost-effective financing for municipalities and counties in the state. As a result, the Council's financial activity is dependent upon the capital financing needs of its member governments and as well as the existing financial market conditions.

As reported by PRAG, the Council's Financial Advisor, further improvements in the economy may prove sufficient for the Federal Reserve Board to perform another increase in the target interest rate soon, which would be the second increase in the federal funds rate in almost a decade, and the first since December 2015. The global economy, low inflation, energy prices, and strength of the U.S. dollar warrant attention; however, improved labor markets continue to signal a strengthening U.S. economy. The unemployment rate in the US was stable through 2016, beginning the year at 4.9% and staying flat at a current rate of 5.0% – well within the range of the Federal Reserve Board's long-term objective.

Florida municipal issuers continued to exhibit strength ranking 4th in issuance as levels surpassed \$15.1 billion by September 2016, following California, Texas, and New York. This is despite headline risk in the municipal space from financial difficulties of Chicago and Puerto Rico. Nationally, municipal issuance volume followed a similar trajectory as total issuance achieved its highest level since 2010.

The benchmark 10-year Treasury yield ended September at 1.2%, after starting at 2.0%. Stable yields and low volatility tend to be positive for issuers as spreads tend to tighten. Spreads between AAA-MMD and 10-year Treasury remained relatively low throughout 2016 with the average MMD as a percentage of UST around 91%. Subsequent to the first interest rate increase in December 2015 the yield curve began to flatten with a slight rise to end September indicating a possible upcoming hike.

Bank loans currently provide attractive financing rates, especially for bank-qualified issuers. However, banks continue to become more selective regarding the credits that they are willing to lend as well as the length of time for which they will lend. In the present market, most banks limit their fixed-rate loans to a 10-year term.

The low interest rate environment continues to provide borrowers with refinancing opportunities of existing debt as well as more favorable conditions for financing new capital projects. However, bond issuance demand for new money projects continues to be impacted by the cost of borrowing and budget tightening at the local government level.

Request for Information

This financial report is designed to provide a general overview of the Council's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Administrator, Florida Municipal Loan Council, 301 South Bronough Street, Suite 300, Tallahassee, Florida 32301.

Florida Municipal Loan Council
***STATEMENTS OF NET POSITION**
September 30, 2016

<u>ASSETS</u>	Series 2000A	Series 2000B	Series 2003B	Series 2005B	Series 2006	Series 2007A
<u>Current Assets</u>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Assets:						
Cash and Cash Equivalents	3,230	-	14	794	796,501	1,170,303
Investments	-	395,392	-	-	-	-
Loans Receivable	1,517,727	314	164,517	440,439	643,092	1,156,177
Accounts Receivable - Administrator Fees	-	-	-	-	-	-
Prepaid Expenses	-	104	208	208	-	-
Total Current Assets	<u>1,520,957</u>	<u>395,810</u>	<u>164,739</u>	<u>441,441</u>	<u>1,439,593</u>	<u>2,326,480</u>
<u>Noncurrent Assets</u>						
Loans Receivable	8,145,137	2,102,213	336,020	2,225,625	5,807,985	-
Total Assets	<u>9,666,094</u>	<u>2,498,023</u>	<u>500,759</u>	<u>2,667,066</u>	<u>7,247,578</u>	<u>2,326,480</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Deferred Amount on Refunding	-	-	-	53,449	-	-
<u>LIABILITIES</u>						
<u>Current Liabilities</u>						
Bonds Payable	1,519,137	-	156,019	390,122	630,149	1,105,000
Accrued Interest Expense	-	-	8,575	55,000	158,869	56,625
Accrued Administrator Fees	1,820	421	1,165	1,441	5,572	4,855
Accrued Expenses	-	-	-	-	-	-
Due to Members	-	-	-	-	-	-
Total Current Liabilities	<u>1,520,957</u>	<u>421</u>	<u>165,759</u>	<u>446,563</u>	<u>794,590</u>	<u>1,166,480</u>
<u>Noncurrent Liabilities</u>						
Bonds Payable	8,145,137	2,497,602	335,000	2,273,952	6,452,988	1,160,000
Total Liabilities	<u>9,666,094</u>	<u>2,498,023</u>	<u>500,759</u>	<u>2,720,515</u>	<u>7,247,578</u>	<u>2,326,480</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Amount on Refunding	-	-	-	-	-	-
<u>NET POSITION</u>						
Net Position - Unrestricted	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

*The accompanying notes are an integral part of these financial statements.

Florida Municipal Loan Council
***STATEMENTS OF NET POSITION**
September 30, 2016

<u>ASSETS</u>	Series 2008A	Series 2009 St. Aug Bch	Series 2010 ABCD	Series 2010BB	Series 2011 B-1 & B-2	Series 2011D
<u>Current Assets</u>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Assets:						
Cash and Cash Equivalents	-	-	2,966,927	-	657,820	2,142,634
Investments	-	-	170,791	-	-	-
Loans Receivable	1,808,562	41,578	694,998	73,730	602,500	983,747
Accounts Receivable - Administrator Fees	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
Total Current Assets	<u>1,808,562</u>	<u>41,578</u>	<u>3,832,716</u>	<u>73,730</u>	<u>1,260,320</u>	<u>3,126,381</u>
<u>Noncurrent Assets</u>						
Loans Receivable	11,348,140	571,920	21,331,395	856,854	2,248,510	43,945,414
Total Assets	<u>13,156,702</u>	<u>613,498</u>	<u>25,164,111</u>	<u>930,584</u>	<u>3,508,830</u>	<u>47,071,795</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Deferred Amount on Refunding	-	-	-	13,147	1,311	-
<u>LIABILITIES</u>						
<u>Current Liabilities</u>						
Bonds Payable	727,083	33,376	668,539	55,000	586,447	935,520
Accrued Interest Expense	313,944	8,126	522,134	18,500	63,588	1,172,194
Accrued Administrator Fees	2,945	76	11,923	231	1,733	14,190
Accrued Expenses	-	-	-	-	-	-
Due to Members	-	-	-	-	-	-
Total Current Liabilities	<u>1,043,972</u>	<u>41,578</u>	<u>1,202,596</u>	<u>73,731</u>	<u>651,768</u>	<u>2,121,904</u>
<u>Noncurrent Liabilities</u>						
Bonds Payable	12,112,730	571,920	23,961,515	870,000	2,858,373	44,949,891
Total Liabilities	<u>13,156,702</u>	<u>613,498</u>	<u>25,164,111</u>	<u>943,731</u>	<u>3,510,141</u>	<u>47,071,795</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Amount on Refunding	-	-	-	-	-	-
<u>NET POSITION</u>						
Net Position - Unrestricted	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

*The accompanying notes are an integral part of these financial statements.

Florida Municipal Loan Council
***STATEMENTS OF NET POSITION**
September 30, 2016

<u>ASSETS</u>	Series 2012	Series 2012A	Series 2012 B-1 & B-2	Series 2016	General Operations	Non-Major Funds	Total
<u>Current Assets</u>							
Cash	\$ -	\$ -	\$ -	\$ -	\$ 58,247	\$ -	\$ 58,247
Restricted Assets:							
Cash and Cash Equivalents	1,222,046	270	2,094,362	3,112,751	-	8,246	14,175,898
Investments	-	701,075	5,353,845	-	-	-	6,621,103
Loans Receivable	7,405,530	2,187,761	1,662,499	1,697,751	-	3,979	21,084,901
Accounts Receivable - Administrator Fees	-	-	-	-	59,552	-	59,552
Prepaid Expenses	-	208	-	-	38,000	-	38,728
Total Current Assets	<u>8,627,576</u>	<u>2,889,314</u>	<u>9,110,706</u>	<u>4,810,502</u>	<u>155,799</u>	<u>12,225</u>	<u>42,038,429</u>
<u>Noncurrent Assets</u>							
Loans Receivable	-	37,242,746	21,652,006	20,627,321	-	-	178,441,286
Total Assets	<u>8,627,576</u>	<u>40,132,060</u>	<u>30,762,712</u>	<u>25,437,823</u>	<u>155,799</u>	<u>12,225</u>	<u>220,479,715</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
Deferred Amount on Refunding	-	-	310,347	-	-	-	378,254
<u>LIABILITIES</u>							
<u>Current Liabilities</u>							
Bonds Payable	8,600,000	1,748,568	1,696,941	-	-	-	18,851,901
Accrued Interest Expense	20,963	657,672	480,709	-	-	-	3,536,899
Accrued Administrator Fees	1,563	10,567	11,119	-	-	6,438	76,059
Accrued Expenses	5,050	-	-	112,752	3,237	3,250	124,289
Due to Members	-	-	-	-	-	2,537	2,537
Total Current Liabilities	<u>8,627,576</u>	<u>2,416,807</u>	<u>2,188,769</u>	<u>112,752</u>	<u>3,237</u>	<u>12,225</u>	<u>22,591,685</u>
<u>Noncurrent Liabilities</u>							
Bonds Payable	-	37,663,709	28,884,290	25,282,686	-	-	198,019,793
Total Liabilities	<u>8,627,576</u>	<u>40,080,516</u>	<u>31,073,059</u>	<u>25,395,438</u>	<u>3,237</u>	<u>12,225</u>	<u>220,611,478</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred Amount on Refunding	-	51,544	-	42,385	-	-	93,929
<u>NET POSITION</u>							
Net Position - Unrestricted	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 152,562	\$ -0-	\$ 152,562

*The accompanying notes are an integral part of these financial statements.

Florida Municipal Loan Council
***STATEMENTS OF REVENUES, EXPENSES AND**
CHANGES IN NET POSITION
For the Year Ended September 30, 2016

	Series 2000A	Series 2000B	Series 2003B	Series 2005B	Series 2006	Series 2007A
<u>OPERATING REVENUES</u>						
Loan Interest and Member Reimbursements	\$ 599,344	\$ 140,250	\$ 183,249	\$ 294,853	\$ 513,688	\$ 1,626,053
Investment Earnings	161	2,530	18	33	54	142
Allocation to Members	-	-	-	19,621	-	-
Total Operating Revenues	599,505	142,780	183,267	314,507	513,742	1,626,195
<u>OPERATING EXPENSES</u>						
Interest Expense	597,084	138,758	172,133	303,237	486,729	1,586,623
Program Administration Fee - FLC	1,171	303	1,066	1,804	3,382	7,999
Other Expenses	1,250	1,189	2,412	9,466	8,649	13,967
Cost of Issuance Expenses	-	-	-	-	-	-
Allocation to Members	-	2,530	7,656	-	14,982	17,606
FMLC General Operating Expenses	-	-	-	-	-	-
Total Operating Expenses	599,505	142,780	183,267	314,507	513,742	1,626,195
Change in Net Position	-0-	-0-	-0-	-0-	-0-	-0-
Net Position, Beginning of Year	-0-	-0-	-0-	-0-	-0-	-0-
Net Position, End of Year	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

*The accompanying notes are an integral part of these financial statements.

Florida Municipal Loan Council
***STATEMENTS OF REVENUES, EXPENSES AND**
CHANGES IN NET POSITION
For the Year Ended September 30, 2016

	Series 2008A	Series 2009 St. Aug Bch	Series 2010 ABCD	Series 2010BB	Series 2011 B-1 & B-2	Series 2011D
<u>OPERATING REVENUES</u>						
Loan Interest and Member Reimbursements	\$ 629,655	\$ 33,874	\$ 1,056,324	\$ 38,243	\$ 130,698	\$ 2,354,135
Investment Earnings	-	-	4,745	-	16	17
Allocation to Members	-	-	2,037	2,013	5,520	19,913
Total Operating Revenues	629,655	33,874	1,063,106	40,256	136,234	2,374,065
<u>OPERATING EXPENSES</u>						
Interest Expense	627,888	33,780	1,050,952	40,113	132,695	2,364,301
Program Administration Fee - FLC	1,767	94	7,154	143	1,039	8,514
Other Expenses	-	-	5,000	-	2,500	1,250
Cost of Issuance Expenses	-	-	-	-	-	-
Allocation to Members	-	-	-	-	-	-
FMLC General Operating Expenses	-	-	-	-	-	-
Total Operating Expenses	629,655	33,874	1,063,106	40,256	136,234	2,374,065
<u>Change in Net Position</u>	-0-	-0-	-0-	-0-	-0-	-0-
<u>Net Position, Beginning of Year</u>	-0-	-0-	-0-	-0-	-0-	-0-
<u>Net Position, End of Year</u>	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

*The accompanying notes are an integral part of these financial statements.

Florida Municipal Loan Council
***STATEMENTS OF REVENUES, EXPENSES AND**
CHANGES IN NET POSITION
For the Year Ended September 30, 2016

	Series 2012	Series 2012A	Series 2012 B-1 & B-2	Series 2016	General Operations	Non-Major Funds	Total
<u>OPERATING REVENUES</u>							
Loan Interest and Member Reimbursements	\$ 522,393	\$ 1,621,053	\$ 970,489	\$ -	\$ 152,350	\$ 1,034,747	\$ 11,901,398
Investment Earnings	7,430	4,779	34,360	-	-	145	54,430
Allocation to Members	-	-	-	789,956	-	7,030	846,090
Total Operating Revenues	529,823	1,625,832	1,004,849	789,956	152,350	1,041,922	12,801,918
<u>OPERATING EXPENSES</u>							
Interest Expense	509,234	1,368,471	902,012	-	-	988,814	11,302,824
Program Administration Fee - FLC	3,750	7,782	6,671	-	-	5,972	58,611
Other Expenses	9,644	1,085	2,500	-	-	25,793	84,705
Cost of Issuance Expenses	-	-	-	789,956	-	-	789,956
Allocation to Members	7,195	248,494	93,666	-	-	21,343	413,472
FMLC General Operating Expenses	-	-	-	-	163,603	-	163,603
Total Operating Expenses	529,823	1,625,832	1,004,849	789,956	163,603	1,041,922	12,813,171
Change in Net Position	-0-	-0-	-0-	-0-	(11,253)	-0-	(11,253)
Net Position, Beginning of Year	-0-	-0-	-0-	-0-	163,815	-0-	163,815
Net Position, End of Year	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 152,562	\$ -0-	\$ 152,562

*The accompanying notes are an integral part of these financial statements.

Florida Municipal Loan Council
***STATEMENTS OF CASH FLOWS**
For the Year Ended September 30, 2016

	Series 2000A	Series 2000B	Series 2003B	Series 2005B	Series 2006	Series 2007A
<u>Cash Flows from Operating Activities:</u>						
Loans Made to Members	\$ -	\$ -	\$ -	\$ -	\$ (87,273)	\$ -
Member Loan Repayments	1,344,886	-	150,000	535,000	625,000	1,105,000
Loan Interest and Member Reimbursements	4,674	2,315	188,198	330,558	430,549	1,049,493
Expenses Paid	(5,514)	(2,359)	(6,319)	(18,984)	(21,124)	(52,843)
Cash Provided (Used) by Operating Activities	<u>1,344,046</u>	<u>(44)</u>	<u>331,879</u>	<u>846,574</u>	<u>947,152</u>	<u>2,101,650</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>						
Proceeds from Bonds Issued	-	-	-	-	-	-
Redemption of Bonds	(1,344,886)	-	(150,000)	(535,000)	(950,000)	(1,825,000)
Interest Paid	-	-	(182,413)	(314,200)	(530,257)	(1,948,050)
Cash Provided (Used) by Non-Capital Financing Activities	<u>(1,344,886)</u>	<u>-</u>	<u>(332,413)</u>	<u>(849,200)</u>	<u>(1,480,257)</u>	<u>(3,773,050)</u>
<u>Cash Flows from Investing Activities:</u>						
Investments Sold	-	-	-	-	-	-
Interest and Dividends Collected	161	-	18	33	54	142
Cash Provided (Used) by Investing Activities	<u>161</u>	<u>-</u>	<u>18</u>	<u>33</u>	<u>54</u>	<u>142</u>
<u>Net Change in Cash and Cash Equivalents</u>	<u>(679)</u>	<u>(44)</u>	<u>(516)</u>	<u>(2,593)</u>	<u>(533,051)</u>	<u>(1,671,258)</u>
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>3,909</u>	<u>44</u>	<u>530</u>	<u>3,387</u>	<u>1,329,552</u>	<u>2,841,561</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 3,230</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ 794</u>	<u>\$ 796,501</u>	<u>\$ 1,170,303</u>
<u>Cash Flows from Operating Activities:</u>						
<u>Change in Net Position</u>	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>Reconciliation of Change in Net Position to Cash</u>						
<u>Provided (Used) by Operating Activities:</u>						
Amortization of Discount (Premium)	-	-	(7,655)	(14,484)	(14,830)	(17,606)
Amortization of Refunding	-	-	-	34,104	-	-
Accretion of Interest on Capital Appreciation Bonds	597,084	138,758	-	-	-	-
Issuance Costs Netted from Proceeds	-	-	-	-	-	-
Interest Paid	-	-	182,413	314,200	530,257	1,948,050
Investment Income	(161)	(2,530)	(18)	(33)	(54)	(142)
Deferred Amount on Refunding	-	-	-	-	-	-
(Increase) Decrease in Receivables - Net	747,485	(136,112)	211,035	596,666	551,116	1,123,772
(Increase) Decrease in Prepaid Expenses	-	(104)	(208)	(208)	-	-
Increase (Decrease) in Payables - Net	(362)	(56)	(53,688)	(83,671)	(119,337)	(952,424)
Cash Provided (Used) by Operating Activities	<u>\$ 1,344,046</u>	<u>\$ (44)</u>	<u>\$ 331,879</u>	<u>\$ 846,574</u>	<u>\$ 947,152</u>	<u>\$ 2,101,650</u>

*The accompanying notes are an integral part of these financial statements.

Florida Municipal Loan Council
***STATEMENTS OF CASH FLOWS**
For the Year Ended September 30, 2016

	Series 2008A	Series 2009 St. Aug Bch	Series 2010 ABCD	Series 2010BB	Series 2011 B-1 & B-2	Series 2011D
<u>Cash Flows from Operating Activities:</u>						
Loans Made to Members	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Member Loan Repayments	-	-	675,000	-	590,000	955,000
Loan Interest and Member Reimbursements	-	-	1,072,285	-	132,591	2,373,569
Expenses Paid	-	-	(29,561)	-	(6,452)	(29,993)
Cash Provided (Used) by Operating Activities	-	-	1,717,724	-	716,139	3,298,576
<u>Cash Flows from Non-Capital Financing Activities:</u>						
Proceeds from Bonds Issued	-	-	-	-	-	-
Redemption of Bonds	-	-	(650,000)	-	(575,000)	(850,000)
Interest Paid	-	-	(1,051,931)	-	(134,362)	(2,357,138)
Cash Provided (Used) by Non-Capital Financing Activities	-	-	(1,701,931)	-	(709,362)	(3,207,138)
<u>Cash Flows from Investing Activities:</u>						
Investments Sold	-	-	-	-	-	-
Interest and Dividends Collected	-	-	3,652	-	16	17
Cash Provided (Used) by Investing Activities	-	-	3,652	-	16	17
<u>Net Change in Cash and Cash Equivalents</u>	-	-	19,445	-	6,793	91,455
<u>Cash and Cash Equivalents, Beginning of Year</u>	-	-	2,947,482	-	651,027	2,051,179
<u>Cash and Cash Equivalents, End of Year</u>	\$ -	\$ -	\$ 2,966,927	\$ -	\$ 657,820	\$ 2,142,634
<u>Cash Flows from Operating Activities:</u>						
<u>Change in Net Position</u>	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>Reconciliation of Change in Net Position to Cash</u>						
<u> Provided (Used) by Operating Activities:</u>						
Amortization of Discount (Premium)	-	-	6,684	-	4,235	19,913
Amortization of Refunding	-	-	-	-	1,285	-
Accretion of Interest on Capital Appreciation Bonds	-	-	-	-	-	-
Issuance Costs Netted from Proceeds	-	-	-	-	-	-
Interest Paid	-	-	1,051,931	-	134,362	2,357,138
Investment Income	-	-	(4,745)	-	(16)	(17)
Deferred Amount on Refunding	-	-	-	-	-	-
(Increase) Decrease in Receivables - Net	-	-	672,232	-	583,947	934,654
(Increase) Decrease in Prepaid Expenses	-	-	-	-	-	-
Increase (Decrease) in Payables - Net	-	-	(8,378)	-	(7,674)	(13,112)
Cash Provided (Used) by Operating Activities	\$ -	\$ -	\$ 1,717,724	\$ -	\$ 716,139	\$ 3,298,576

*The accompanying notes are an integral part of these financial statements.

Florida Municipal Loan Council
***STATEMENTS OF CASH FLOWS**
For the Year Ended September 30, 2016

	Series 2012	Series 2012A	Series 2012 B-1 & B-2	Series 2016	General Operations	Non-Major Funds	Total
<u>Cash Flows from Operating Activities:</u>							
Loans Made to Members	\$ (9,327,346)	\$ -	\$ -	\$ (21,492,730)	\$ -	\$ -	\$ (30,907,349)
Member Loan Repayments	41,550,000	1,460,000	1,600,000	-	-	810,000	51,399,886
Loan Interest and Member Reimbursements	989,715	1,664,374	985,736	-	244,262	717,061	10,185,380
Expenses Paid	<u>(17,094)</u>	<u>(27,703)</u>	<u>(25,578)</u>	<u>(305,983)</u>	<u>(272,693)</u>	<u>(50,739)</u>	<u>(872,939)</u>
Cash Provided (Used) by Operating Activities	33,195,275	3,096,671	2,560,158	(21,798,713)	(28,431)	1,476,322	29,804,978
<u>Cash Flows from Non-Capital Financing Activities:</u>							
Proceeds from Bonds Issued	-	-	-	24,911,464	-	-	24,911,464
Redemption of Bonds	(41,550,000)	(1,460,000)	(1,720,000)	-	-	(1,410,000)	(53,019,886)
Interest Paid	<u>(600,124)</u>	<u>(1,636,812)</u>	<u>(987,220)</u>	<u>-</u>	<u>-</u>	<u>(824,469)</u>	<u>(10,566,976)</u>
Cash Provided (Used) by Non-Capital Financing Activities	(42,150,124)	(3,096,812)	(2,707,220)	24,911,464	-	(2,234,469)	(38,675,398)
<u>Cash Flows from Investing Activities:</u>							
Investments Sold	-	-	-	-	-	-	-
Interest and Dividends Collected	<u>7,430</u>	<u>293</u>	<u>101</u>	<u>-</u>	<u>-</u>	<u>145</u>	<u>12,062</u>
Cash Provided (Used) by Investing Activities	7,430	293	101	-	-	145	12,062
<u>Net Change in Cash and Cash Equivalents</u>	<u>(8,947,419)</u>	<u>152</u>	<u>(146,961)</u>	<u>3,112,751</u>	<u>(28,431)</u>	<u>(758,002)</u>	<u>(8,858,358)</u>
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>10,169,465</u>	<u>118</u>	<u>2,241,323</u>	<u>-</u>	<u>86,678</u>	<u>766,248</u>	<u>23,092,503</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 1,222,046</u>	<u>\$ 270</u>	<u>\$ 2,094,362</u>	<u>\$ 3,112,751</u>	<u>\$ 58,247</u>	<u>\$ 8,246</u>	<u>\$ 14,234,145</u>
<u>Cash Flows from Operating Activities:</u>							
<u>Change in Net Position</u>	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ (11,253)	\$ -0-	\$ (11,253)
<u>Reconciliation of Change in Net Position to Cash</u>							
<u>Provided (Used) by Operating Activities:</u>							
Amortization of Discount (Premium)	-	(238,288)	(102,765)	-	-	(22,290)	(387,086)
Amortization of Refunding	-	(5,720)	43,357	-	-	4,973	77,999
Accretion of Interest on Capital Appreciation Bonds	-	-	-	-	-	-	735,842
Issuance Costs Netted from Proceeds	-	-	-	371,222	-	-	371,222
Interest Paid	600,124	1,636,812	987,220	-	-	824,469	10,566,976
Investment Income	(7,430)	(4,779)	(34,360)	-	-	(145)	(54,430)
Deferred Amount on Refunding	-	-	-	42,385	-	-	42,385
(Increase) Decrease in Receivables - Net	32,688,421	1,733,657	1,693,346	(22,325,072)	26,620	1,279,423	20,381,190
(Increase) Decrease in Prepaid Expenses	-	(208)	-	-	(38,000)	-	(38,728)
Increase (Decrease) in Payables - Net	<u>(85,840)</u>	<u>(24,803)</u>	<u>(26,640)</u>	<u>112,752</u>	<u>(5,798)</u>	<u>(610,108)</u>	<u>(1,879,139)</u>
Cash Provided (Used) by Operating Activities	<u>\$ 33,195,275</u>	<u>\$ 3,096,671</u>	<u>\$ 2,560,158</u>	<u>\$ (21,798,713)</u>	<u>\$ (28,431)</u>	<u>\$ 1,476,322</u>	<u>\$ 29,804,978</u>

*The accompanying notes are an integral part of these financial statements.

Florida Municipal Loan Council
***STATEMENT OF CASH FLOWS**
SUPPLEMENTAL SCHEDULE OF NONCASH TRANSACTIONS
For the Year Ended September 30, 2016

Series 2000B - The increase in the fair value of the investments was \$2,530.

Series 2001A - The Council refunded debt issued in 2001. The \$3,993,643 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$3,900,000 of outstanding revenue bond principal and \$93,643 of interest.

Series 2002A - The Council refunded debt issued in 2002. The \$1,846,050 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$1,800,000 of outstanding revenue bond principal and \$46,050 of interest.

Series 2003A - The Council refunded debt issued in 2003. The \$3,663,663 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$3,575,000 of outstanding revenue bond principal and \$88,663 of interest.

Series 2003B - The Council refunded debt issued in 2003. The \$3,118,646 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$3,055,000 of outstanding revenue bond principal and \$63,646 of interest.

Series 2004A-1 - The Council refunded debt issued in 2004. The \$1,911,533 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$1,880,000 of outstanding revenue bond principal and \$31,533 of interest.

Series 2005A - The Council refunded debt issued in 2005. The \$28,984,200 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$28,440,000 of outstanding revenue bond principal and \$544,200 of interest.

Series 2005B - The Council refunded debt issued in 2005. The \$3,493,419 proceeds were deposited immediately into an irrevocable trust and with future earnings on investments of \$664 will fund the repayment of \$3,430,000 of outstanding revenue bond principal and \$64,083 of interest.

Series 2005C - The Council refunded debt issued in 2005. The \$512,465 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$500,000 of outstanding revenue bond principal and \$12,465 of interest.

Series 2005D - The Council refunded debt issued in 2005. The \$5,583,489 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$5,470,000 of outstanding revenue bond principal and \$113,489 of interest.

Series 2006 - The Council refunded debt issued in 2007. The \$4,439,271 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$4,335,000 of outstanding revenue bond principal and \$104,271 of interest.

Series 2007A - The Council refunded debt issued in 2007. The \$38,683,872 proceeds were deposited immediately into an irrevocable trust and with future earnings on investments of \$229,141 will fund the repayment of \$36,270,000 of outstanding revenue bond principal and \$2,643,013 of interest.

Series 2008A - Loans receivable and bonds payable of \$694,607 were reduced by a direct payment from the member to the lender. Interest of \$644,872 was paid by the member directly to the lender. The member paid administrative fees of \$6,049 directly to the administrator.

*The accompanying notes are an integral part of these financial statements.

Florida Municipal Loan Council
***STATEMENT OF CASH FLOWS**
SUPPLEMENTAL SCHEDULE OF NONCASH TRANSACTIONS
For the Year Ended September 30, 2016

Series 2009 St. Augustine Bch - Loans receivable and bonds payable of \$31,675 were reduced by a direct payment from the member to the lender. Interest of \$34,205 was paid by the member directly to the lender. The member paid administrative fees of \$485 directly to the administrator.

Series 2010 ABCD - The increase in the fair value of the investments was \$1,093.

Series 2010AA - Loans receivable and bonds payable of \$80,000 were reduced by a direct payment from the member to the lender. Interest of \$60,918 was paid by the member directly to the lender. The member paid administrative fees of \$735 directly to the administrator.

Series 2010BB - Loans receivable and bonds payable of \$55,000 were reduced by a direct payment from the member to the lender. Interest of \$39,201 was paid by the member directly to the lender. The member paid administrative fees of \$748 directly to the administrator.

Series 2012A - The increase in the fair value of the investments was \$4,486.

Series 2012 B-1 & B-2 - The increase in the fair value of the investments was \$34,259.

*The accompanying notes are an integral part of these financial statements.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 1 – Organization and Significant Accounting Policies

- A. Organization and Purpose - The Florida Municipal Loan Council (Council) was created on December 1, 1998 under Chapter 163, Florida Statutes, pursuant to an Interlocal Agreement between its members. The purpose of the Council is to enable participating governmental entities to finance or refinance projects permitted by the Interlocal Act on a cooperative and cost-effective basis, to benefit from economies of scale associated with large scale financings and to maximize the benefits derived from the availability of moneys provided by the State for funding projects. The Council is authorized to exercise the privileges, benefits, powers and terms of the Interlocal Act in connection with the authorization, issuance and sale of bonds. On December 17, 1998, the Board of Directors approved a resolution authorizing the issuance of bonds up to an aggregate amount of \$500,000,000. On October 23, 2002, the Board of Directors approved a resolution authorizing the issuance of bonds in an additional aggregate amount up to \$750,000,000.

The Council is authorized to issue commercial paper notes, providing that the aggregate principal amount of the commercial paper outstanding at any one time shall not exceed \$200,000,000. As of September 30, 2016, there is no commercial paper outstanding.

On November 17, 2006, the Board of Directors approved a resolution authorizing the issuance of bonds to finance the cost of supplies of natural gas for agencies within and without the state of Florida, providing that the aggregate amount of the principal outstanding at any one time does not exceed \$2,000,000,000. As of September 30, 2016, no gas bonds have been issued.

On April 3, 2008, the Board of Directors approved a resolution authorizing the issuance of private placement bonds and appointed Banc of America Public Capital Corp as the bank for the private placement program. On December 1, 2008, the Board of Directors approved a resolution appointing Branch Banking & Trust Company as a participating bank for the private placement program and authorized the Program Administrator to designate additional banks to provide financing for each loan. The Program Administrator subsequently appointed Wells Fargo Bank, N.A. (formerly Wachovia Bank, National Association) as a participating bank for the private placement program.

On July 2, 2012, the Board of Directors approved Amendment 2 to the Interlocal Agreement authorizing the issuance of infrastructure revenue bonds. In addition, the Board approved resolutions authorizing the issuance of FMLC Infrastructure Improvement Revenue Bonds, Series 2012, up to an aggregate amount of \$180,000,000.

On May 29, 2013, the Board amended and restated Amendment 2 to the Interlocal Agreement to clarify the authority of the Council under the provisions of Chapter 163, Florida Statutes.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 1 – Organization and Significant Accounting Policies (Continued)

A. Organization and Purpose (Continued)

The Council had the following programs during the year ended September 30, 2016:

Series 2000A - This program was financed with revenue bonds in the amount of \$30,878,847 issued May 3, 2000 with a final maturity of April 1, 2030. On July 12, 2005, the Council issued \$15,610,000 in revenue refunding bonds to advance refund certain 2000A revenue bonds. The 2000A current interest bonds were called April 1, 2010. Capital appreciation bonds with a final maturity of April 1, 2024 are still outstanding. The remaining participant is Deerfield Beach.

Series 2000B - This program was financed with revenue bonds in the amount of \$42,845,184 issued November 15, 2000 with a final maturity of November 1, 2030. In a prior fiscal year, Marco Island, New Smyrna Beach, North Miami Beach, and Oakland Park provided funds to extinguish their share of the bonds, and the Council issued \$1,580,000 in revenue refunding bonds to advance refund certain 2000B revenue bonds. Capital appreciation bonds with a final maturity of November 1, 2026 are still outstanding. The remaining participant is Deerfield Beach.

Series 2001A - This program was financed with revenue bonds in the amount of \$90,210,000 issued November 15, 2001 with a final maturity of November 1, 2031. In a prior fiscal year, Avon Park, Bonita Springs, Bradenton, Hallandale Beach, Largo, Safety Harbor, South Miami, Sunny Isles Beach, and Wellington provided funds to extinguish their share of the bonds, and Southwest Ranches provided funds to extinguish a portion of its share of the bonds. On March 15, 2016, Southwest Ranches provided funds to extinguish the remaining portion of its share of the bonds. On September 29, 2016, the Council issued \$24,520,000 in revenue refunding bonds to advance refund the remaining 2001A revenue bonds.

Series 2002A - This program was financed with revenue bonds in the amount of \$49,775,000 issued May 17, 2002 with a final maturity of May 1, 2032. In a prior fiscal year, DeFuniak Springs, Golf, North Miami Beach, Palm Springs, Pinecrest, South Miami, and Stuart provided funds to extinguish their share of the bonds. On September 29, 2016, the Council issued \$24,520,000 in revenue refunding bonds to advance refund the remaining 2002A revenue bonds.

Series 2003A - This program was financed with revenue bonds in the amount of \$76,460,000 issued May 16, 2003 with a final maturity of May 1, 2033. In a prior fiscal year, the Council issued \$44,895,000 in revenue refunding bonds to advance refund certain 2003A revenue bonds, and Palm Springs provided funds to extinguish its share of the bonds. On September 29, 2016, the Council issued \$24,520,000 in revenue refunding bonds to advance refund the remaining 2003A revenue bonds.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 1 – Organization and Significant Accounting Policies (Continued)

A. Organization and Purpose (Continued)

Series 2003B - This program was financed with revenue bonds in the amount of \$46,805,000 issued December 17, 2003 with a final maturity of December 1, 2033. In a prior fiscal year, the Council issued \$13,955,000 in revenue refunding bonds to advance refund certain 2003B revenue bonds; Bay Harbor Islands provided funds to extinguish a portion of its share of the bonds; and Gadsden County and North Miami Beach provided funds to extinguish their share of the bonds. On September 29, 2016, the Council issued \$24,520,000 in revenue refunding bonds to advance refund certain 2003B revenue bonds. The remaining participant is Apopka.

Series 2004A-1 - This program was financed with revenue bonds in the amount of \$15,585,000 issued July 14, 2004 with a final maturity of July 1, 2034. In a prior fiscal year, Haines City, Oakland Park, and Pinecrest provided funds to extinguish their share of the bonds. On September 29, 2016, the Council issued \$24,520,000 in revenue refunding bonds to advance refund the remaining 2004A-1 revenue bonds.

Series 2005A - This program was financed with revenue bonds in the amount of \$55,630,000 issued February 15, 2005 with a final maturity of February 1, 2035. In a prior fiscal year, Bartow, Hallandale Beach, and Inverness provided funds to extinguish their share of the bonds. On various dates in the current fiscal year, Hialeah and Indian Shores provided funds to extinguish their share of the bonds. Additionally, on September 29, 2016, the Council issued \$24,520,000 in revenue refunding bonds to advance refund the remaining 2005A revenue bonds.

Series 2005B - This program was financed with revenue bonds in the amount of \$18,145,000 issued May 26, 2005 with a final maturity of November 1, 2029. These bonds were issued to advance refund certain bonds of Series 1999B. In a prior fiscal year, Destin provided funds to extinguish its share of the bonds. On July 29, 2016, Haines City provided funds to extinguish its share of the bonds. Additionally, on September 29, 2016, the Council issued \$24,520,000 in revenue refunding bonds to advance refund certain 2005B revenue bonds. The remaining participants are Melbourne Beach and Plant City.

Series 2005C - This program was financed with revenue bonds in the amount of \$15,610,000 issued July 12, 2005 with a final maturity of April 1, 2030. These bonds were issued to advance refund certain bonds of Series 2000A. In a prior fiscal year, Ft. Myers, Lauderdale Lakes, and North Miami Beach provided funds to extinguish their share of the bonds. On September 29, 2016, the Council issued \$24,520,000 in revenue refunding bonds to advance refund the remaining 2005C revenue bonds.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 1 – Organization and Significant Accounting Policies (Continued)

A. Organization and Purpose (Continued)

Series 2005D - This program was financed with revenue bonds in the amount of \$25,200,000 issued September 23, 2005 with a final maturity of October 1, 2035. In a prior fiscal year, Bartow and West Melbourne provided funds to extinguish a portion of their share of the bonds, and Dania Beach and Ft. Walton Beach provided funds to extinguish their share of the bonds. On various dates in the current fiscal year, Palmetto Bay and Parkland provided funds to extinguish their share of the bonds. Additionally, on September 29, 2016, the Council issued \$24,520,000 in revenue refunding bonds to advance refund the remaining 2005D revenue bonds.

Series 2006 - This program was financed with revenue bonds in the amount of \$22,365,000 issued January 9, 2007 with a final maturity of October 1, 2036. On October 17, 2011, South Miami provided funds to extinguish a portion of its share of the bonds. On September 1, 2016, Gadsden County provided funds to extinguish its share of the bonds. Additionally, on September 29, 2016, the Council issued \$24,520,000 in revenue refunding bonds to advance refund certain 2006 revenue bonds. The remaining participants are Deerfield Beach, South Miami, and St. Pete Beach.

Series 2007A - This program was financed with revenue bonds in the amount of \$50,815,000 issued September 6, 2007 with a final maturity of October 1, 2032. On July 20, 2016, Hallandale Beach provided funds to extinguish a portion of its share of the bonds. Additionally, on July 29, 2016, Haines City provided funds to extinguish its share of the bonds. The remaining participant is Hallandale Beach.

Series 2008A - This program was financed with private placement revenue bonds in the amount of \$17,028,786 issued August 22, 2008 with a final maturity of October 1, 2028. The participant is Deerfield Beach.

Series 2009 St. Augustine Beach - This program was financed with private placement revenue bonds in the amount of \$5,350,000 issued July 2, 2009 with a final maturity of July 1, 2029. The participant is St. Augustine Beach.

Series 2010 ABCD - This program was financed with revenue bonds in the amount of \$27,730,000 issued August 25, 2010 with a final maturity of October 1, 2040. The participants are Palatka, Palmetto Bay, Valparaiso and West Melbourne.

Series 2010AA - This program was financed with private placement revenue bonds in the amount of \$1,835,000 issued December 20, 2010 with a final maturity of April 1, 2029. These bonds were issued to advance refund certain bonds of Series 1999A. On September 29, 2016, the Council issued \$24,520,000 in revenue refunding bonds to advance refund the remaining 2010AA revenue bonds.

Series 2010BB - This program was financed with private placement revenue bonds in the amount of \$1,230,000 issued December 20, 2010 with a final maturity of April 1, 2029. These bonds were issued to advance refund certain bonds of Series 1999A. The participant is Eagle Lake.

Series 2011 B-1 & B-2 - This program was financed with revenue bonds in the amount of \$5,825,000 issued March 2, 2011 with a final maturity of October 1, 2030. A portion of these bonds were issued to advance refund certain bonds of Series 1999A. The participant is Pinecrest.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 1 – Organization and Significant Accounting Policies (Continued)

A. Organization and Purpose (Continued)

Series 2011D - This program was financed with revenue bonds in the amount of \$48,235,000 issued May 20, 2011 with a final maturity of October 1, 2041. The participant is Hialeah.

Series 2012 - This program was financed with revenue bonds in the amount of \$59,110,000 issued September 7, 2012 with a final maturity of February 15, 2017. The participant is Infrastructure Development Partners.

Series 2012A - This program was financed with revenue bonds in the amount of \$41,620,000 issued November 1, 2012 with a final maturity of May 1, 2033. A portion of these bonds were issued to advance refund certain bonds of Series 2003A. The participant is Hialeah.

Series 2012 B-1 & B-2 - This program was financed with revenue bonds in the amount of \$34,860,000 issued December 1, 2012 with a final maturity of October 1, 2032. A portion of these bonds were issued to advance refund certain bonds of Series 2000B, 2003A, and 2003B. The participant is Deerfield Beach.

Series 2016 - This program was financed with revenue bonds in the amount of \$24,520,000 issued September 29, 2016 with a final maturity of October 1, 2046. A portion of these bonds were issued to advance refund certain bonds of Series 2001A, 2002A, 2003A, 2003B, 2004A-1, 2005A, 2005B, 2005C, 2005D, 2006, and 2010AA. The participants are Bay Harbor Islands, Belle Isle, Eatonville, Lake Park, North Miami, Oakland, Port Richey, St. Augustine Beach, and Valparaiso.

The bond proceeds of each program were loaned to the participants of that program pursuant to loan agreements with maturities that coincide with the principal and interest payment dates of the bonds. Under the loan agreements, participants are billed for their proportionate share of the program costs.

In order to obtain credit market acceptance for all programs, except Series 2008A, Series 2009 St. Augustine Beach, Series 2010BB (the private placement bonds), Series 2011B, Series 2012, and Series 2012 B-2, the Council obtained a financial guaranty insurance policy for each program that unconditionally and irrevocably guarantees the full and complete payment of principal and interest.

B. The Council is exempt from income taxes under the provisions of Section 115 of the Internal Revenue Code.

C. Reporting Entity and Basis of Accounting - The Council is an independent reporting entity accounted for as an enterprise fund under U.S. generally accepted accounting principles for governments as established by the Governmental Accounting Standards Board (GASB). The Council uses the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The programs reported as separate columns in the Council's financial statements are considered major funds. The programs that fully defeased during the year are aggregated and reported as non-major funds.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 1 – Organization and Significant Accounting Policies (Continued)

- D. Pursuant to the trust indentures, all earnings are credited to and all expenses are reimbursed by the members. The Council considers all its activities as operating activities.
- E. Cash and Cash Equivalents - Cash and cash equivalents include short-term investments with original maturities of three months or less.
- F. Investments – Investments are reported at fair value and transactions are recorded on a trade date basis. Interest income is recognized on the accrual basis. Fair value increases and decreases include both realized gains and losses and the change in unrealized gains and losses during the period.
- G. Deferred Outflows and Inflows of Resources – The Council classifies deferred loss on debt refunding as a deferred outflow of resources and deferred gain on debt refunding as a deferred inflow of resources in a separate section of the statement of net position. A deferred gain or loss results from the difference in the carrying value of refunded debt and its reacquisition price. The gain or loss is deferred and amortized over the shorter of the remaining life of the refunded (old) debt or the refunding (new) debt.

Note 2 – Funds and Accounts Created by the Trust Indentures

- A. Bond Program Funds and Accounts - Pursuant to Article IV of the trust indentures between the Council and The Bank of New York Mellon SA/NV, as Trustee (Trustee), the following funds and accounts were created.
 - 1. Project Loan Funds - The Project Loan Funds are created with deposits of the net bond proceeds for lending to the members. Moneys in the Project Loan Funds are segregated at closing into a separate account for each member. Earnings on the investment of these funds are credited to and held in each account. The proceeds and any earnings thereon are available to fund the projects of the members. Amounts on deposit in the Project Loan Funds are not subject to yield restriction for an initial period of up to three years. It is expected that the members will withdraw these funds within the initial period.
 - 2. Cost of Issuance Funds - The Cost of Issuance Funds are created with deposits at closing to pay certain costs related to the issuance of the bonds. Amounts remaining in these funds after payment of these costs, together with any investment earnings, are transferred to the Revenue Funds in accordance with the trust indentures.
 - 3. Principal Funds - All payments or recoveries of principal of loans or payments of any premium due upon optional redemption of the bonds are deposited to the Principal Funds. Amounts in the Principal Funds are used to pay principal payments on the bonds.
 - 4. Revenue Funds - All loan repayments, other than those amounts required to be deposited to the Principal Funds, plus all investment earnings on amounts in the funds and accounts (except the Rebate Funds and the Project Loan Funds) are deposited to the Revenue Funds. Amounts in the Revenue Funds are used to pay the interest due on the bonds and the fees and expenses of the Council.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 2 – Funds and Accounts Created by the Trust Indentures (Continued)

5. Reserve Funds - The Reserve Funds are established at closing with cash or the purchase of surety bonds in an amount equal to the reserve requirement of the program. Amounts held in each reserve fund are payable to the Trustee on any interest payment or redemption date on which a deficiency exists which cannot be cured by funds in any other fund or account held pursuant to the indentures and available for such purpose. If disbursement is made from a surety bond, the Council will reinstate the maximum limits of the surety bond as soon as moneys are available by repaying the amount disbursed with interest thereon at the rate set forth in the agreement. If a withdrawal is made from a cash reserve fund, the Council will replenish the applicable reserve requirement within twelve months with an amount received from the borrower.

- B. Private Placement Program – The private placement program is a non-trusted program. The loan agreements do not require the establishment of funds and accounts by the Council. Additionally, pursuant to Article V of the loan agreements, the borrowers shall pay all loan repayments on behalf of the Council to the lenders.

- C. Rebate Funds - In order to insure compliance with the rebate provisions of Section 148(f) of the Internal Revenue Code, the Council also provided for the Rebate Funds. The Rebate Funds are only maintained if it becomes necessary to rebate arbitrage earnings to the federal government.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 3 – Cash and Cash Equivalents and Investments

All cash, cash equivalents and investments are held by the Trustee or its agent in the Council's name, except for the FMLC general operations account. At September 30, 2016, cash and cash equivalents include demand deposits of \$58,247, cash held by the Trustee and a money market fund. The fund is rated AAA and has a weighted average maturity (WAM) of 29 days at year-end. All demand deposits with financial institutions were 100% insured by Federal Depository Insurance Corporation. Details of investments held at September 30, 2016 are shown below:

	Series 2000B	Series 2010 ABCD
<u>Investments</u>		
Florida Municipal Investment Trust (FMLvT) 0-2 Yr High Quality Bd Fd	\$ 395,392	\$ 170,791
Total Investments	\$ 395,392	\$ 170,791
	Series 2012A	Series 2012 B-1 & B-2
<u>Investments</u>		
FMLvT 0-2 Yr High Quality Bd Fd	\$ 701,075	\$ 5,353,845
Total Investments	\$ 701,075	\$ 5,353,845

The FMLvT 0-2 Year High Quality Bond Fund is a local government investment pool administered by the Florida League of Cities, Inc. (League). The FMLvT Board of Trustees exercises oversight responsibility over the pool. The fair value of the Council's position in the pool is equal to the fair value of the Council's shares.

The Project Loan Funds are invested in the FMLvT 0-2 Year High Quality Bond Fund and the money market fund. The investments authorized by the trust indentures include direct obligations of the United States of America, evidence of ownership of a proportionate interest in obligations of the federal government, interest bearing demand or time deposits which are fully insured by the Federal Deposit Insurance Corporation or fully collateralized by obligations of the federal government, certain investment agreements or repurchase agreements, the FMLvT 0-2 Year High Quality Bond Fund, the FMLvT 1-3 Year High Quality Bond Fund, money market funds and the State Board of Administration's Local Government Surplus Funds Trust Fund (Florida Prime). In addition, the Series 2012 trust indenture authorizes investments in obligations of agencies of the United States of America. The Council places no limit on the amount that may be invested in any one issuer.

Credit Risk: The Council's investment policy is to apply the prudent-person rule. The investment portfolio shall be designed to attain a market rate of return throughout financial and economic cycles, taking into account the Council's investment risk constraints as discussed in the investment policy. The Council's credit quality policy does not limit its investments in government agency obligations or bond funds. The FMLvT 0-2 Year High Quality Bond Fund is rated AAA.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 3 – Cash and Cash Equivalents and Investments (Continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses from rising interest rates, the Council's investment policy employs portfolio diversification, controlled duration strategies, and maturity durations as the primary methods of controlling risk. The Council's investment policy does not limit the duration of governmental investment trusts. The FMIvT 0-2 Year High Quality Bond Fund has a weighted average maturity of 0.80 years at year-end.

Fair Value Measurement: During the year ended September 30, 2016, the Council adopted GASB Statement 72 (GASB 72), *Fair Value Measurement and Application*, which defines fair values as the price the Council would receive upon selling the investment in an orderly transaction to an independent buyer in the principal market for the investment. GASB 72 also establishes a three-tier hierarchy of inputs to valuation techniques used to measure fair value and requires the Council to categorize its fair value measurements within that hierarchy. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 includes unadjusted quoted prices for identical investments in active markets.

Level 2 includes other significant observable inputs such as quoted prices for similar investments, quoted prices in inactive markets, adjusted quoted prices in active markets and other market-corroborated inputs.

Level 3 includes significant unobservable inputs, which are used only when relevant Level 1 and Level 2 inputs are unavailable.

The FMIvT 0-2 Year High Quality Bond Fund is valued at the net asset value provided by FMIvT, which is based on the values of the underlying assets of the fund. The value of the FMIvT 0-2 Year High Quality Bond Fund is classified as Level 2 and was derived from market-corroborated data. The FMIvT 0-2 Year High Quality Bond Fund invests in U.S. Treasury and agency securities and asset-backed securities. The investment objective of the FMIvT 0-2 Year High Quality Bond Fund is to meet or exceed the return of its benchmark. Withdrawals require a notice of five days and can be made on a semi-monthly basis.

Note 4 – Loans Receivable

The loans receivable are evidenced by loan agreements and are secured by each member's covenant to budget a sufficient amount of non-ad valorem revenues to satisfy the loan repayments as required under the loan agreement, or in the case of general obligation debt, by the full faith and credit of the government. Members of the bond program are billed semi-annually for their proportionate share of expenses, less investment earnings on funds other than the Project Loan Funds. Members of the private placement program pay all loan repayments on behalf of the Council directly to the lender. The loans are subject to repayment, with penalty. Principal repayments on the loans are scheduled to coincide with the scheduled maturities of the bonds.

Note 5 – Bonds Payable

The bonds are limited and special obligations of the Council and are payable solely out of amounts received by the Council under and pursuant to the loan agreements entered into by the Council and each member.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 5 – Bonds Payable (Continued)

Bonds Payable decreased during the year ended September 30, 2016 as follows:

Bonds Payable October 1, 2015	\$340,228,848
Bonds Issued	25,282,686
Accretion on Capital Appreciation Bonds	735,842
Bonds Redeemed	(53,881,168)
Bonds Defeased or Extinguished	(94,045,000)
Reduction of Bond Premium/Discount (Net)	<u>(1,449,514)</u>
Bonds Payable September 30, 2016	<u>\$216,871,694</u>

Series 2000A

The Series 2000A bonds are composed of capital appreciation bonds of \$3,640,107 plus accreted interest of \$6,024,167. The bonds bear interest at rates ranging from 6.02% to 6.08%. Interest is payable only at maturity or earlier redemption. The accreted amount will include both the original principal amount and interest compounded semi-annually on each April 1 and October 1.

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 557,169	\$ 961,968	\$ 1,519,137
2018	524,936	993,784	1,518,720
2019	494,238	1,023,042	1,517,280
2020	466,609	1,053,390	1,519,999
2021	437,061	1,082,939	1,520,000
2022-2024	<u>1,160,094</u>	<u>3,399,906</u>	<u>4,560,000</u>
Totals	<u>\$ 3,640,107</u>	<u>\$ 8,515,029</u>	<u>\$ 12,155,136</u>

Series 2000B

The Series 2000B bonds are composed of capital appreciation bonds of \$1,010,184 plus accreted interest of \$1,487,418. The bonds bear interest at rates ranging from 5.75% to 5.85%. Interest is payable only at maturity or earlier redemption. The accreted amount will include both the original principal amount and interest compounded semi-annually on each May 1 and November 1.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 5 – Bonds Payable (Continued)Series 2000B (Continued)

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ -	\$ -
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022-2026	653,467	1,951,533	2,605,000
2027	<u>356,717</u>	<u>1,233,283</u>	<u>1,590,000</u>
Totals	<u>\$ 1,010,184</u>	<u>\$ 3,184,816</u>	<u>\$ 4,195,000</u>

Series 2001A

In the current year, the Council issued \$2,265,000 in revenue refunding bonds with interest rates ranging from 2.00% to 5.00%. The Council issued the bonds to advance refund \$2,260,000 of the outstanding Series 2001A bonds with interest rates ranging from 4.75% to 5.25%. The Council deposited the net proceeds in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2001A bonds. Also in the current year, the Council defeased \$1,640,000 of the Series 2001A bonds by placing proceeds received from the borrower in an irrevocable trust to provide for all future debt service payments on the bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Council's financial statements. At September 30, 2016, \$2,260,000 of bonds outstanding are considered defeased.

The advance refunding reduced total debt service payments over the next 6 years by \$62,311. This results in an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$100,572.

Series 2002A

In the current year, the Council issued \$1,845,000 in revenue refunding bonds with interest rates ranging from 2.00% to 5.00%. The Council issued the bonds to advance refund \$1,800,000 of the outstanding Series 2002A bonds with interest rates ranging from 5.00% to 5.50%. The Council deposited the net proceeds in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2002A bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Council's financial statements. At September 30, 2016, \$1,800,000 of bonds outstanding are considered defeased.

The advance refunding reduced total debt service payments over the next 16 years by \$279,474. This results in an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$250,244.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 5 – Bonds Payable (Continued)

Series 2003A

In the current year, the Council issued \$3,660,000 in revenue refunding bonds with interest rates ranging from 2.00% to 5.00%. The Council issued the bonds to advance refund \$3,575,000 of the outstanding Series 2003A bonds with interest rates ranging from 4.50% to 5.25%. The Council deposited the net proceeds in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2003A bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Council's financial statements. At September 30, 2016, \$3,575,000 of bonds outstanding are considered defeased.

The advance refunding reduced total debt service payments over the next 17 years by \$570,943. This results in an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$501,495.

Series 2003B

These bonds bear interest at 5.25%. Interest is payable each June 1 and December 1 until final maturity.

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 155,000	\$ 21,656	\$ 176,656
2018	165,000	13,256	178,256
2019	<u>170,000</u>	<u>4,463</u>	<u>174,463</u>
Totals	<u>\$ 490,000</u>	<u>\$ 39,375</u>	<u>\$ 529,375</u>

In the current year, the Council issued \$3,085,000 in revenue refunding bonds with interest rates ranging from 2.00% to 5.00%. The Council issued the bonds to advance refund \$3,055,000 of the outstanding Series 2003B bonds with an interest rate of 5.00%. The Council deposited the net proceeds in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2003B bonds. At September 30, 2016, \$3,055,000 of bonds outstanding are considered defeased.

The advance refunding reduced total debt service payments over the next 18 years by \$621,668. This results in an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$541,434.

Series 2004A-1

In the current year, the Council issued \$1,920,000 in revenue refunding bonds with interest rates ranging from 2.00% to 5.00%. The Council issued the bonds to advance refund \$1,880,000 of the outstanding Series 2004A-1 bonds with interest rates ranging from 4.50% to 5.125%. The Council deposited the net proceeds in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2004A-1 bonds.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 5 – Bonds Payable (Continued)Series 2004A-1 (Continued)

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Council's financial statements. At September 30, 2016, \$1,880,000 of bonds outstanding are considered defeased.

The advance refunding reduced total debt service payments over the next 18 years by \$384,682. This results in an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$315,065.

Series 2005A

In the current year, the Council issued \$481,000 in revenue refunding bonds with interest rates ranging from 2.00% to 5.00%. The Council issued the bonds to advance refund \$510,000 of the outstanding Series 2005A bonds with interest rates ranging from 3.95% to 5.00%. The Council deposited the net proceeds in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2005A bonds. Also in the current year, the Council defeased \$27,930,000 of the Series 2005A bonds by placing proceeds received from the borrower in an irrevocable trust to provide for all future debt service payments on the bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Council's financial statements. At September 30, 2016, \$510,000 of bonds outstanding are considered defeased.

The advance refunding reduced total debt service payments over the next 4 years by \$32,319. This results in an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$30,301.

Series 2005B

These bonds bear interest at 5.00%. Interest is payable each May 1 and November 1 until final maturity.

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 385,000	\$ 122,375	\$ 507,375
2018	405,000	102,625	507,625
2019	425,000	81,875	506,875
2020	450,000	60,000	510,000
2021	80,000	46,750	126,750
2022-2026	445,000	169,375	614,375
2027-2030	450,000	46,250	496,250
	<u>\$ 2,640,000</u>	<u>\$ 629,250</u>	<u>\$ 3,269,250</u>
Totals	<u>\$ 2,640,000</u>	<u>\$ 629,250</u>	<u>\$ 3,269,250</u>

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 5 – Bonds Payable (Continued)

Series 2005B (Continued)

In the current year, the Council issued \$850,000 in revenue refunding bonds with interest rates ranging from 2.00% to 5.00%. The Council issued the bonds to advance refund \$830,000 of the outstanding Series 2005B bonds with an interest rate of 5.00%. The Council deposited the net proceeds in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2005B bonds. Also in the current year, the Council defeased \$2,600,000 of the Series 2005B bonds by placing proceeds received from the borrower in an irrevocable trust to provide for all future debt service payments on the bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Council's financial statements. At September 30, 2016, \$830,000 of bonds outstanding are considered defeased.

The advance refunding reduced total debt service payments over the next 14 years by \$67,843. This results in an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$76,147.

Series 2005C

In the current year, the Council issued \$488,800 in revenue refunding bonds with interest rates ranging from 2.00% to 5.00%. The Council issued the bonds to advance refund \$500,000 of the outstanding Series 2005C bonds with interest rates ranging from 4.00% to 5.00%. The Council deposited the net proceeds in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2005C bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Council's financial statements. At September 30, 2016, \$500,000 of bonds outstanding are considered defeased.

The advance refunding reduced total debt service payments over the next 4 years by \$65,458. This results in an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$51,139.

Series 2005D

In the current year, the Council issued \$2,566,200 in revenue refunding bonds with interest rates ranging from 2.00% to 5.00%. The Council issued the bonds to advance refund \$2,615,000 of the outstanding Series 2005D bonds with interest rates ranging from 4.00% to 5.00%. The Council deposited the net proceeds in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2005D bonds. Also in the current year, the Council defeased \$2,855,000 of the Series 2005D bonds by placing proceeds received from the borrower in an irrevocable trust to provide for all future debt service payments on the bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Council's financial statements. At September 30, 2016, \$2,615,000 of bonds outstanding are considered defeased.

The advance refunding reduced total debt service payments over the next 20 years by \$342,347. This results in an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$267,459.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 5 – Bonds Payable (Continued)Series 2006

These bonds bear interest at rates ranging from 4.00% to 5.00%. Interest is payable each April 1 and October 1 until final maturity.

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 625,000	\$ 302,112	\$ 927,112
2018	650,000	270,238	920,238
2019	680,000	236,988	916,988
2020	275,000	214,488	489,488
2021	285,000	203,109	488,109
2022-2026	1,635,000	823,322	2,458,322
2027-2031	2,025,000	435,469	2,460,469
2032-2036	795,000	77,737	872,737
2037	95,000	2,137	97,137
Totals	<u>\$ 7,065,000</u>	<u>\$ 2,565,600</u>	<u>\$ 9,630,600</u>

In the current year, the Council issued \$2,859,000 in revenue refunding bonds with interest rates ranging from 2.00% to 5.00%. The Council issued the bonds to advance refund \$3,000,000 of the outstanding Series 2006 bonds with an interest rates ranging from 4.00% to 5.00%. The Council deposited the net proceeds in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2006 bonds. Also in the current year, the Council defeased \$1,335,000 of the Series 2006 bonds by placing proceeds received from the borrower in an irrevocable trust to provide for all future debt service payments on the bonds. Additionally, in a prior year, the Council defeased a portion of the Series 2006 bonds by placing proceeds received from the borrower in an irrevocable trust to provide for all future debt service payments on the bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Council's financial statements. At September 30, 2016, \$7,675,000 of bonds outstanding are considered defeased.

The advance refunding reduced total debt service payments over the next 11 years by \$182,545. This results in an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$168,670.

Series 2007A

These bonds bear interest at 5.00%. Interest is payable each April 1 and October 1 until final maturity.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 5 – Bonds Payable (Continued)Series 2007A (Continued)

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,105,000	\$ 85,625	\$ 1,190,625
2018	1,160,000	29,000	1,189,000
Totals	<u>\$ 2,265,000</u>	<u>\$ 114,625</u>	<u>\$ 2,379,625</u>

In the current year, the Council defeased \$36,270,000 of the Series 2007A bonds by placing proceeds received from the borrower in an irrevocable trust to provide for all future debt service payments on the bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Council's financial statements. At September 30, 2016, \$36,270,000 of bonds outstanding are considered defeased.

Series 2008A

These bonds bear interest at 4.81%. Interest is payable each April 1 and October 1 until final maturity.

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 727,083	\$ 608,492	\$ 1,335,575
2018	764,591	572,121	1,336,712
2019	802,229	533,918	1,336,147
2020	841,720	495,131	1,336,851
2021	881,859	451,810	1,333,669
2022-2026	5,111,134	1,553,111	6,664,245
2027-2029	3,711,197	277,690	3,988,887
Totals	<u>\$ 12,839,813</u>	<u>\$ 4,492,273</u>	<u>\$ 17,332,086</u>

Series 2009 St. Augustine Beach

These bonds bear interest at 5.37%. Interest is payable each January 1 and July 1 until final maturity.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 5 – Bonds Payable (Continued)Series 2009 St. Augustine Beach (Continued)

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 33,376	\$ 32,504	\$ 65,880
2018	35,169	30,712	65,881
2019	37,057	28,824	65,881
2020	39,047	26,834	65,881
2021	41,144	24,737	65,881
2022-2026	241,331	88,072	329,403
2027-2029	178,172	19,469	197,641
Totals	<u>\$ 605,296</u>	<u>\$ 251,152</u>	<u>\$ 856,448</u>

Series 2010 ABCD

These bonds bear interest at rates ranging from 2.25% to 5.00%. Interest is payable each April 1 and October 1 until final maturity.

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 675,000	\$ 1,032,475	\$ 1,707,475
2018	700,000	1,008,181	1,708,181
2019	725,000	983,169	1,708,169
2020	745,000	957,706	1,702,706
2021	775,000	930,331	1,705,331
2022-2026	4,335,000	4,194,453	8,529,453
2027-2031	5,300,000	3,212,241	8,512,241
2032-2036	5,085,000	2,063,535	7,148,535
2037-2041	6,370,000	768,181	7,138,181
Totals	<u>\$ 24,710,000</u>	<u>\$ 15,150,272</u>	<u>\$ 39,860,272</u>

Series 2010AA

In the current year, the Council issued \$1,430,000 in revenue refunding bonds with interest rates ranging from 2.00% to 5.00%. The Council issued the bonds to currently refund \$1,390,000 of the outstanding Series 2010AA bonds with an interest rate of 4.26%. The bonds were immediately redeemed on September 29, 2016.

The current refunding reduced total debt service payments over the next 13 years by \$75,518. This results in an economic gain (difference between the present values of the debt service payments on the old debt and new debt) of \$83,214.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 5 – Bonds Payable (Continued)Series 2010BB

These bonds bear interest at 4.00%. Interest is payable each April 1 and October 1 until final maturity.

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 55,000	\$ 37,000	\$ 92,000
2018	60,000	34,800	94,800
2019	60,000	32,400	92,400
2020	65,000	30,000	95,000
2021	65,000	27,400	92,400
2022-2026	365,000	96,200	461,200
2027-2029	<u>255,000</u>	<u>20,800</u>	<u>275,800</u>
Totals	<u>\$ 925,000</u>	<u>\$ 278,600</u>	<u>\$ 1,203,600</u>

Series 2011 B-1 & B-2

These bonds bear interest at rates ranging from 2.75% to 5.00%. Interest is payable each April 1 and October 1 until final maturity.

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 590,000	\$ 119,062	\$ 709,062
2018	605,000	101,875	706,875
2019	630,000	82,562	712,562
2020	645,000	61,038	706,038
2021	70,000	48,000	118,000
2022-2026	400,000	183,750	583,750
2027-2031	<u>525,000</u>	<u>68,125</u>	<u>593,125</u>
Totals	<u>\$ 3,465,000</u>	<u>\$ 664,412</u>	<u>\$ 4,129,412</u>

Series 2011D

These bonds bear interest at rates ranging from 3.00% to 5.50%. Interest is payable each April 1 and October 1 until final maturity.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 5 – Bonds Payable (Continued)Series 2011D (Continued)

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 955,000	\$ 2,330,061	\$ 3,285,061
2018	985,000	2,300,962	3,285,962
2019	1,015,000	2,269,694	3,284,694
2020	1,050,000	2,226,950	3,276,950
2021	1,105,000	2,178,600	3,283,600
2022-2026	6,250,000	10,143,225	16,393,225
2027-2031	7,935,000	8,403,457	16,338,457
2032-2036	10,285,000	6,014,519	16,299,519
2037-2041	13,440,000	2,795,375	16,235,375
2042	3,155,000	86,763	3,241,763
Totals	<u>\$ 46,175,000</u>	<u>\$ 38,749,606</u>	<u>\$ 84,924,606</u>

Series 2012

These bonds bear interest at 1.95%. Interest is payable quarterly each November 15, February 15, May 15, and August 15 until final maturity.

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	<u>\$ 8,600,000</u>	<u>\$ 49,311</u>	<u>\$ 8,649,311</u>
Totals	<u>\$ 8,600,000</u>	<u>\$ 49,311</u>	<u>\$ 8,649,311</u>

Series 2012A

These bonds bear interest at rates ranging from 3.25% to 5.00%. Interest is payable each May 1 and November 1 until final maturity.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 5 – Bonds Payable (Continued)Series 2012A (Continued)

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,520,000	\$ 1,578,413	\$ 3,098,413
2018	1,580,000	1,517,613	3,097,613
2019	1,645,000	1,454,412	3,099,412
2020	1,710,000	1,388,612	3,098,612
2021	1,795,000	1,303,113	3,098,113
2022-2026	10,415,000	5,075,812	15,490,812
2027-2031	12,755,000	2,746,512	15,501,512
2032-2033	5,845,000	353,000	6,198,000
Totals	<u>\$ 37,265,000</u>	<u>\$ 15,417,487</u>	<u>\$ 52,682,487</u>

Series 2012 B-1 & B-2

These bonds bear interest at rates ranging from 2.00% to 5.00%. Interest is payable each April 1 and October 1 until final maturity.

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,600,000	\$ 932,219	\$ 2,532,219
2018	1,665,000	869,719	2,534,719
2019	1,720,000	813,169	2,533,169
2020	1,770,000	758,419	2,528,419
2021	1,830,000	702,069	2,532,069
2022-2026	10,510,000	2,620,756	13,130,756
2027-2031	9,860,000	704,063	10,564,063
2032-2033	925,000	31,471	956,471
Totals	<u>\$ 29,880,000</u>	<u>\$ 7,431,885</u>	<u>\$ 37,311,885</u>

Series 2016

These bonds bear interest at rates ranging from 2.00% to 5.00%. Interest is payable each April 1 and October 1 until final maturity.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 5 – Bonds Payable (Continued)Series 2016 (Continued)

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 382,579	\$ 382,579
2018	1,585,000	740,900	2,325,900
2019	1,625,000	700,675	2,325,675
2020	1,680,000	642,700	2,322,700
2021	1,745,000	582,925	2,327,925
2022-2026	6,690,000	2,255,369	8,945,369
2027-2031	5,775,000	1,452,968	7,227,968
2032-2036	4,720,000	396,800	5,116,800
2037-2041	290,000	90,675	380,675
2042-2046	335,000	39,894	374,894
2047	75,000	1,219	76,219
Totals	<u>\$ 24,520,000</u>	<u>\$ 7,286,704</u>	<u>\$ 31,806,704</u>

Note 6 – Program Administration Fee

Pursuant to an administrative agreement, members are charged a program administration fee of up to 10 basis points per annum on the bonds outstanding, plus additional fees upon issuance of bonds or notes. Pursuant to an addendum dated September 26, 2013, thirty percent of these fees are paid to the League. Seventy percent of the program administration fees are retained by the Council to fund FMLC general operations.

Note 7 – Related Party Transactions

Pursuant to an administrative agreement as described in Note 6, the League administers the Council's programs. Fees incurred under this agreement were \$65,292, which includes cost of issuance expenses in the amount of \$3,678. At September 30, 2016, \$16,507 was due to the League.

The President of the League appoints members to the Council's Board of Directors. Certain members of the Council's Board of Directors are also members of the League's Board of Directors.

The Florida Municipal Insurance Trust (FMIT) provides a reserve fund surety bond for the Series 2000A program in the amount of \$1,045,000. This surety bond is collateralized by cash and investments held by the Trustee in the amount of the guarantee.

The League also serves as administrator of FMIT and FMIvT. Certain members of FMIT's and FMIvT's Board of Trustees are also members of the League's Board of Directors.

Florida Municipal Loan Council
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

Note 8 – Arbitrage Rebates

The federal tax code requires state and local governments to rebate defined arbitrage earnings on tax-exempt debt to the federal government every five years for as long as the bonds are outstanding. These amounts are subject to adjustment for future arbitrage earnings or losses. Actual amounts will not be determined until the end of each five-year period.

Note 9 – Surety Bond Trust Fund

On September 20, 2001, the Board of Directors approved a resolution authorizing an amendment to the trust indenture of the Series 2000B and the establishment of the Surety Bond Trust Fund. The surety bond of this series plus surety bonds of certain future series will be contributed to the fund. If such amounts are insufficient to pay the full amount of the deficiency when due, then the Trustee shall draw a pro-rata amount from the surety bonds remaining on deposit.

Note 10 – Capital Access Program

The Board of Directors passed a resolution authorizing the creation of both the Capital Access Program (CAP) and the Competitive Capital Access Program (CCAP). Through both programs, the Council will assist municipalities and other borrowers in obtaining long-term financing through selected banks. The Council will charge a one-time fee of up to \$15,000 to borrowers under these programs.

Schedule of Issues Outstanding

Florida Municipal Loan Council Schedule of Issues Outstanding As of September 30, 2016

	Original Par Amount of Bonds	9/30/16 Principal Outstanding	Years Amortized
<i>Revenue Bonds, Series 2000A - May 2000</i>			
Deerfield Beach	\$ 9,978,848	\$ 3,640,107	25
TOTAL	\$ 9,978,848	\$ 3,640,107	
<i>Revenue Bonds, Series 2000B - November 2000</i>			
Deerfield Beach	\$ 2,820,184	\$ 1,010,184	27
TOTAL	\$ 2,820,184	\$ 1,010,184	
<i>Revenue Bonds, Series 2003B - December 2003</i>			
Apopka	\$ 1,955,000	\$ 490,000	15
TOTAL	\$ 1,955,000	\$ 490,000	
<i>Revenue Refunding Bonds, Series 2005B - May 2005</i>			
Melbourne Beach	\$ 1,620,000	\$ 1,255,000	24
Plant City	3,180,000	1,385,000	14
TOTAL	\$ 4,800,000	\$ 2,640,000	
<i>Revenue Bonds, Series 2006 - January 2007</i>			
Deerfield Beach	\$ 5,965,000	\$ 4,550,000	25
South Miami	5,625,000	1,310,000	30
St. Pete Beach	3,915,000	1,205,000	12
TOTAL	\$ 15,505,000	\$ 7,065,000	
<i>Revenue Bonds, Series 2007A - September 2007</i>			
Hallandale Beach	\$ 24,615,000	\$ 2,265,000	20
TOTAL	\$ 24,615,000	\$ 2,265,000	
<i>Revenue Bonds, Series 2008A - August 2008</i>			
Deerfield Beach	\$ 17,028,786	\$ 12,839,813	20
TOTAL	\$ 17,028,786	\$ 12,839,813	
<i>Revenue Bonds, Series 2009 St. Augustine Beach - July 2009</i>			
St. Augustine Beach	\$ 5,350,000	\$ 605,296	20
TOTAL	\$ 5,350,000	\$ 605,296	

**Florida Municipal Loan Council
Schedule of Issues Outstanding
As of September 30, 2016**

	<u>Original Par Amount of Bonds</u>	<u>9/30/16 Principal Outstanding</u>	<u>Years Amortized</u>
<i>Revenue Bonds, Series 2010 ABCD - August 2010</i>			
Palatka	\$ 7,665,000	\$ 6,950,000	30
Palmetto Bay	14,780,000	13,355,000	30
Valparaiso	1,465,000	1,320,000	30
West Melbourne	3,820,000	3,085,000	20
TOTAL	<u>\$ 27,730,000</u>	<u>\$ 24,710,000</u>	
<i>Revenue Refunding Bonds, Series 2010BB - December 2010</i>			
Eagle Lake	\$ 1,230,000	\$ 925,000	19
TOTAL	<u>\$ 1,230,000</u>	<u>\$ 925,000</u>	
<i>Revenue Refunding Bonds, Series 2011 B-1 & Revenue Bonds, Series 2011 B-2 - March 2011</i>			
Pinecrest B-1	\$ 4,320,000	\$ 2,220,000	8
Pinecrest B-2	1,505,000	1,245,000	19
TOTAL	<u>\$ 5,825,000</u>	<u>\$ 3,465,000</u>	
<i>Revenue Bonds, Series 2011D - May 2011</i>			
Hialeah	\$ 48,235,000	\$ 46,175,000	30
TOTAL	<u>\$ 48,235,000</u>	<u>\$ 46,175,000</u>	
<i>Infrastructure Improvement Revenue Bonds, Series 2012 - September 2012</i>			
Infrastructure Development Partners	\$ 59,110,000	\$ 8,600,000	4.5
TOTAL	<u>\$ 59,110,000</u>	<u>\$ 8,600,000</u>	
<i>Refunding and Improvement Revenue Bonds, Series 2012A - November 2012</i>			
Hialeah	\$ 41,620,000	\$ 37,265,000	20
TOTAL	<u>\$ 41,620,000</u>	<u>\$ 37,265,000</u>	
<i>Refunding and Improvement Revenue Bonds, Series 2012 B-1 & Refunding Revenue Bonds, Series 2012 B-2 - December 2012</i>			
Deerfield Beach B-1	\$ 20,090,000	\$ 17,235,000	20
Deerfield Beach B-2	14,770,000	12,645,000	16
TOTAL	<u>\$ 34,860,000</u>	<u>\$ 29,880,000</u>	

Schedule of Issues Outstanding (Continued)

Florida Municipal Loan Council Schedule of Issues Outstanding As of September 30, 2016

	Original Par Amount of Bonds	9/30/16 Principal Outstanding	Years Amortized
<i>Refunding and Improvement Revenue Bonds, Series 2016 - September 2016</i>			
Bay Harbor Islands	\$ 3,085,000	\$ 3,085,000	18
Belle Isle	935,000	935,000	10
Eatonville	850,000	850,000	14
Lake Park	3,660,000	3,660,000	17
North Miami	2,265,000	2,265,000	6
Oakland	1,845,000	1,845,000	16
Port Richey	3,055,000	3,055,000	19
St. Augustine Beach CBA	4,810,000	4,810,000	30
St. Augustine Beach GO	1,610,000	1,610,000	12
Valparaiso	2,405,000	2,405,000	10
TOTAL	\$ 24,520,000	\$ 24,520,000	
TOTALS	\$ 325,182,818	\$ 206,095,400	



Statistical Section

The statistical section of the Council's CAFR is intended to provide readers additional information on economic conditions and financial trends. As previously mentioned, pursuant to the trust indenture, members' earnings are credited to and all expenses are reimbursed by the members. Prior to 2012, the Council's financial statements do not reflect net income or net position. In 2012, the Council began reporting general operations that cover those items necessary for the trust operations not specifically related to a bond issue and include the Board of Directors' meeting expense and travel, audit, insurance and other general operating functions. The Council considers all its activities as operating activities. The schedules comply with the requirements of GASB 44 by providing 10 years of data as applicable.

CONTENTS

64 Financial Trends

These schedules contain trend information to help the reader understand the Council's financial performance and how it has changed over time.

65 Debt Capacity

These schedules present information to help the reader assess the Council's current levels of outstanding debt.

67 Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Council's financial activities take place.

Florida Municipal Loan Council
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

Periods Ending September 30

OPERATING REVENUES

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Loan Interest and Member Reimbursements	\$ 11,901,398	\$ 15,482,873	\$ 17,341,866	\$ 19,845,549	\$ 24,146,696	\$ 29,427,454	\$ 29,934,952	\$ 30,396,954	\$ 30,674,413	\$ 28,724,439
Investment Earnings	54,430	27,841	57,191	226,907	123,137	96,874	205,450	1,015,487	2,653,706	4,653,752
Income Allocated to Members	846,090	119,523	153,086	1,214,190	1,131,001	-	-	-	-	-
Other Income	-	-	73,500	-	-	-	-	-	-	-
Rebatable Arbitrage	-	-	-	-	-	(11,041)	2,389	27,862	82,032	(129,550)
Total Operating Revenues	12,801,918	15,630,237	17,625,643	21,286,646	25,400,834	29,513,287	30,142,791	31,440,303	33,410,151	33,248,641

OPERATING EXPENSES

Interest Expense	11,302,824	14,812,298	16,586,293	19,090,935	23,319,981	27,987,768	28,625,695	29,093,696	29,370,926	27,502,409
Administrator Fees	58,611	75,823	86,846	132,699	231,969	511,375	510,617	532,991	542,150	501,905
Other Expenses	84,705	68,358	88,849	92,823	97,802	-	-	-	-	-
FMLC General Operating Expenses	163,603	178,832	188,725	183,247	187,950	-	-	-	-	-
Trustee Fees	-	-	-	-	-	198,760	38,469	49,999	41,492	47,855
Dealer Fees	-	-	-	-	-	7,606	10,692	10,849	10,849	6,182
Letter of Credit Fees	-	-	-	-	-	113,674	94,697	35,987	35,680	20,409
Cost of Issuance Expenses	789,956	-	-	1,272,736	960,448	1,122,650	691,574	49,200	30,779	1,385,260
Loss (Income) Allocated to Members	413,472	485,674	576,471	476,835	583,951	(428,546)	171,047	1,667,581	3,378,275	3,784,621
Total Operating Expenses	12,813,171	15,620,985	17,527,184	21,249,275	25,382,101	29,513,287	30,142,791	31,440,303	33,410,151	33,248,641
Net Income	(11,253)	9,252	98,459	37,371	18,733	-0-	-0-	-0-	-0-	-0-
Fund Net Position, Beginning of Year	163,815	154,563	56,104	18,733	-0-	-0-	-0-	-0-	-0-	-0-
Fund Net Position, End of Year	\$ 152,562	\$ 163,815	\$ 154,563	\$ 56,104	\$ 18,733	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Florida Municipal Loan Council
 SCHEDULE OF OUTSTANDING PRINCIPAL*

Periods Ending September 30

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenue Bonds, Series 1999A	\$ -	\$ -	\$ -	\$ -	\$2,315,000	\$2,400,000	\$43,485,000	\$46,080,000	\$48,565,000	\$50,955,000
Revenue Bonds, Series 1999B	-	-	-	-	-	-	-	1,020,000	1,995,000	2,925,000
Revenue Bonds, Series 2000A*	9,664,274	10,412,076	11,118,008	11,786,236	11,928,444	12,060,236	12,192,265	13,219,808	14,193,298	15,128,194
Revenue Bonds, Series 2000B*	2,497,602	2,358,844	2,227,794	2,394,026	3,967,133	3,966,735	35,432,469	36,328,995	37,185,993	37,993,166
Revenue Bonds, Series 2001A	-	4,215,000	6,185,000	6,525,000	9,240,000	58,015,000	62,745,000	66,720,000	70,500,000	74,110,000
Revenue Bonds, Series 2002A	-	1,870,000	5,305,000	5,480,000	5,645,000	31,500,000	35,455,000	37,590,000	39,645,000	41,620,000
Revenue Bonds, Series 2002B	-	-	-	-	62,125,000	63,630,000	65,075,000	65,580,000	65,860,000	66,015,000
Revenue Bonds, Series 2002C	-	-	-	-	1,705,000	18,630,000	19,840,000	21,000,000	22,115,000	23,185,000
Revenue Bonds, Series 2003A	-	3,705,000	3,830,000	3,950,000	60,445,000	62,610,000	64,670,000	66,635,000	68,540,000	70,390,000
Revenue Bonds, Series 2003B	490,000	3,695,000	3,835,000	4,370,000	32,905,000	34,865,000	36,755,000	38,595,000	40,390,000	42,140,000
Revenue Bonds, Series 2004A	-	1,945,000	6,565,000	10,535,000	11,180,000	11,805,000	15,215,000	18,510,000	21,705,000	24,805,000
Revenue Bonds, Series 2005A	-	28,555,000	35,420,000	39,825,000	46,005,000	47,535,000	49,005,000	50,425,000	51,800,000	53,135,000
Revenue Refunding Bonds, Series 2005B	2,640,000	6,605,000	12,985,000	13,790,000	14,845,000	16,140,000	17,400,000	17,585,000	17,750,000	17,915,000
Revenue Refunding Bonds, Series 2005C	-	615,000	7,925,000	11,730,000	12,835,000	13,910,000	14,950,000	15,050,000	15,150,000	15,245,000
Revenue Bonds, Series 2005D	-	6,070,000	12,335,000	17,730,000	18,595,000	19,425,000	20,235,000	21,015,000	21,775,000	24,370,000
Revenue Bonds, Series 2006	7,065,000	12,350,000	13,255,000	14,130,000	14,965,000	15,760,000	20,380,000	21,190,000	21,970,000	22,365,000
Revenue Bonds, Series 2007A	2,265,000	40,360,000	42,100,000	43,755,000	45,335,000	46,840,000	48,280,000	49,660,000	50,815,000	50,815,000
Revenue Bonds, Series 2008A	12,839,813	13,534,419	14,196,436	14,827,393	15,426,772	16,019,116	16,623,792	17,028,786	17,028,786	-
Revenue Bonds, Series 2009 St. Augustine Beach	605,296	636,971	667,032	695,561	722,636	748,331	5,194,825	5,350,000	-	-
Revenue Bonds, Series 2009 Seminole	-	-	-	3,606,086	4,112,476	4,594,569	5,053,531	5,500,000	-	-
Revenue Bonds, Series 2010ABCD	24,710,000	25,360,000	26,005,000	26,630,000	27,240,000	27,730,000	27,730,000	-	-	-
Revenue Bonds, Series 2010AA	-	1,470,000	1,545,000	1,620,000	1,690,000	1,755,000	-	-	-	-
Revenue Bonds, Series 2010BB	925,000	980,000	1,030,000	1,080,000	1,130,000	1,175,000	-	-	-	-
Revenue Bonds, Series 2011B	3,465,000	4,040,000	4,605,000	5,150,000	5,680,000	5,825,000	-	-	-	-
Revenue Bonds, Series 2011D	46,175,000	47,025,000	47,605,000	47,925,000	48,235,000	48,235,000	-	-	-	-
Revenue Bonds, Series 2012	8,600,000	50,150,000	59,110,000	59,110,000	59,110,000	-	-	-	-	-
Revenue Bonds, Series 2012A	37,265,000	38,725,000	40,130,000	41,490,000	-	-	-	-	-	-
Revenue Bonds, Series 2012B	29,880,000	31,600,000	33,270,000	34,860,000	-	-	-	-	-	-
Revenue Bonds, Series 2016	24,520,000	-	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	13,981,000	15,498,000	15,498,000	15,498,000
TOTAL	\$213,606,985	\$336,277,310	\$391,249,270	\$422,994,302	\$517,382,461	\$565,173,987	\$629,697,882	\$629,580,589	\$642,481,077	\$648,609,360

*Amounts include accreted interest

Florida Municipal Loan Council
SCHEDULE OF TEN LARGEST BORROWERS BY AMOUNT BORROWED

As of September 30, 2016

Borrower	Population	Number of Loans	Total Borrowed	% of All Loans
City of Hialeah	233,431	5	\$197,080,000	19%
City of North Miami Beach	44,512	6	115,500,000	11%
City of Deerfield Beach	77,659	10	100,507,817	10%
Infrastructure Development Partners	N/A	1	59,110,000	6%
City of Haines City	23,252	4	41,605,000	4%
City of Hallandale Beach	38,621	3	38,185,000	4%
City of Bonita Springs	48,388	1	36,565,000	4%
City of Sunny Isles Beach	22,063	2	27,815,000	3%
Village of Pinecrest*	18,382	5	24,795,000	2%
City of Aventura	37,611	1	21,000,000	2%
TOTAL		38	\$662,162,817	65%
Total FMLC Loans**		126	\$1,031,300,817	

*Borrower also closed a bank loan through the Capital Access Program. Amount not reflected in these totals.

**The Council has issued more than \$1 billion in bonds to make 126 loans and also facilitated 15 additional bank loans totaling \$49 million through the Capital Access Program.

Florida Municipal Loan Council

List of Borrowers and Original Loan Amounts, as of September 30, 2016

Borrower	Population	# of Loans	Total Borrowed	Project Info
City of Apopka	47,826	1	\$1,955,000	City Hall, Fire Station
City of Aventura	37,611	1	21,000,000	Land Acquisition, City Hall
City of Avon Park	10,989	1	1,910,000	Street Improvements
City of Bartow	18,888	2	7,455,000	Main Street Redesign, Gymnasium
Town of Bay Harbor Islands	5,541	2	12,445,000	Street Improvements, Capital Projects, Refunding
City of Belle Isle	6,541	4	4,355,000	Capital Improvements, City Parks, Stormwater Project, Refunding
City of Bonita Springs	48,388	1	36,565,000	Street Improvements
City of Bradenton**	53,771	1	3,100,000	Street and Park Improvements
City of Cape Coral	170,474	1	4,580,000	Refunding of Existing Bonds
City of Dania Beach	31,093	1	6,775,000	Library, Fire & Police Station, Parks
City of Deerfield Beach	77,659	10	100,507,817	Land Acquisition, Community Center, Water & Sewer, Refunding, Street improvements, Public Works Facilities
City of DeFuniak Springs**	5,476	1	1,245,000	Natural Gas Project
City of Destin	12,898	2	14,760,000	Sports & Recreation Complex, Library, Public Works Facility, Refunding
City of Eagle Lake	2,437	2	2,765,000	Water System, Public Works Facility, City Hall improvements, Refunding
Town of Eatonville	2,251	3	4,195,000	Town Hall, Refunding
City of Fort Myers	76,108	2	12,575,000	Ferry Terminal Facility, Community Center, Infrastructure Projects, Refunding
City of Fort Walton Beach	20,879	2	3,295,000	Improving Pump Station, Land Acquisition
Gadsden County	46,036	2	11,265,000	Library, Capital Projects
Village of Golf	256	1	2,240,000	Membrane Water Plant
City of Haines City	23,252	4	41,605,000	Railroad Spur, CRA Projects, New Police Facility, Renovate City Hall, Refunding
City of Hallandale Beach	38,621	3	38,185,000	Water Treatment Plant, Land Acquisition, CRA Projects
City of Hialeah	233,431	5	197,080,000	Street Improvements, Courthouse, Water Plant
Town of Indian Shores**	1,434	1	5,930,000	Undergrounding of Utilities
City of Inverness	7,251	1	5,455,000	City Hall Complex
City of Keystone Heights	1,364	1	1,000,000	Street Improvements
Town of Lake Park	8,640	2	8,470,000	Marina Improvements, Refunding
City of Largo	81,587	1	9,250,000	Sewer System Improvements, Expansion of Public Works Complex
City of Lauderdale Lakes**	34,830	2	8,555,000	Community Center, Land Acquisition, Refunding
Town of Longboat Key	6,879	1	15,650,000	Beach Renourishment
City of Marco Island	16,930	1	985,000	Bridge Construction
Town of Melbourne Beach	3,076	2	3,470,000	City Hall Improvements, Refunding
Village of Miami Shores**	10,810	1	3,200,000	New Aquatic Facility
City of New Smyrna Beach	25,078	1	1,985,000	Parks & Recreation Improvements
City of North Miami	63,731	3	11,145,000	Stormwater System, Refunding
City of North Miami Beach	44,512	6	115,500,000	Bike Trail, Refunding, Street & Water System Improvements, Capital Projects

Florida Municipal Loan Council

List of Borrower and Original Loan Amounts, as of September 30, 2016 (Continued)

Borrower	Population	# of Loans	Total Borrowed	Project Info
Town of Oakland	2,635	2	4,390,000	Town Hall, Police, & Fire Facilities, Refunding
City of Oakland Park	44,098	2	20,310,000	Stormwater System, Water & Sewer System Improvements
City of Oldsmar	14,230	1	2,425,000	Land Acquisition, Capital Improvements
City of Palatka	10,548	1	7,665,000	Refunding of Existing Loans
City of Palm Bay*	109,162	1	15,498,000	Street Improvements
Village of Palm Springs	22,458	2	19,440,000	Municipal Complex, Water & Sewer System Improvements
Village of Palmetto Bay**	23,962	2	16,275,000	Municipal Complex, Village Hall, Refunding
City of Parkland	29,586	1	2,775,000	CRA Projects
Village of Pinecrest**	18,382	5	24,795,000	Village Hall, Police Station, 10-acre Park, Parrot Jungle Conversion, Library, Capital Improvements, Refunding
City of Plant City	37,840	2	7,955,000	Sports Stadium Improvements, Refunding
City of Port Richey	2,663	4	10,445,000	New City Hall, Refunding, Water & Sewer System
City of Safety Harbor**	17,269	1	3,610,000	Refunding, Treatment Plant Improvements
City of Seminole**	18,440	3	13,155,000	Recreation Facility Improvements, Refunding, Emergency Operations Center & Public Works Projects
City of South Miami	12,912	3	14,325,000	Park Improvements, Parking Garage
Town of Southwest Ranches**	7,572	1	4,985,000	Town Hall
City of St. Augustine Beach	6,555	6	18,405,000	Street Improvements, City Hall, Land Acquisition, Refunding
City of St. Pete Beach	9,452	2	6,265,000	City Hall, Recreation Complex
City of Stuart	16,148	1	2,190,000	Stormwater Projects, Fire Station
City of Sunny Isles Beach	22,063	2	27,815,000	Refunding, City Hall, Street & Park Improvements, Police Station, Public Works Facility
City of Valparaiso	5,266	4	8,390,000	Refunding, Utility Projects, Cable System Upgrades, Wastewater & Sewer Treatment Plant
Village of Wellington	60,308	2	11,895,000	Public Building, Street & Stormwater Improvements
City of West Melbourne**	20,640	2	8,730,000	Wastewater Plant, Water Line
Infrastructure Development Partners	N/A	1	\$59,110,000	Construction of State Road 9B
TOTAL LOANS***		126	\$1,031,300,817	

*Commercial Paper

**Borrower also closed a bank loan through the Capital Access Program. Amount not reflected in these totals.

***The Council has issued more than \$1 billion in bonds to make 126 loans and also facilitated 15 additional bank loans totaling \$49 million through the Capital Access Program.



Investment Section

The supplemental investment section of the Council's CAFR is intended to provide readers additional information on member investment options for bond proceeds including investment objectives, investment risk and performance.

ARBITRAGE REBATE COMPLIANCE

Arbitrage is the profit that results from investing lower-yielding tax-exempt proceeds in higher-yielding securities. The federal tax code requires that positive arbitrage earnings be rebated back to the federal government every five years for as long as the bonds are outstanding. The bond funds that may be subject to arbitrage rebate calculations include:

- ▶ Construction/Project Funds
- ▶ Reserve Funds
- ▶ Debt Service Funds
- ▶ Cost of Issuance Funds
- ▶ Escrow (Refunding Issues)

In addition to the arbitrage rebate requirements, there is another set of rules known as yield restriction/yield reduction requirements. As part of the administrative services provided to borrowers, the Administrator performs the arbitrage calculations and yield restriction computations as described in the U.S. Treasury regulations.

INVESTMENT OF BOND PROCEEDS

Financed capital projects may take many months or even years to complete. As a result, the Council assists borrowers with the investment of loan proceeds during this temporary period. Utilizing projected cash flows and draw schedules, borrowers can invest loan proceeds in the following approved funds offered by the program:

- ▶ BlackRock Liquidity Funds FedFund (Money Market)
- ▶ Florida Municipal Investment Trust (FMIvT) 0-2 Year High Quality Bond Fund
- ▶ Florida Municipal Investment Trust (FMIvT) 1-3 Year High Quality Bond Fund*
- ▶ Other investments as allowed by the Trust Indenture

Additional fund information about these investment options are below. A fund's performance is not necessarily an indication of how the fund will perform in the future.

*As of 9/30/16, no FMLC borrowers have bond proceeds invested in this fund.

BLACKROCK LIQUIDITY FUNDS FEDFUND (TFDXX) (INCEPTION 10/1/1975)

The BlackRock Liquidity Funds FedFund (FedFund) is a money market investment option to borrowers in the program. BlackRock Advisors, LLC, (BlackRock) is the investment advisor. The fund seeks to preserve the value of the investment at \$1.00 per share, and shares of the fund may be redeemed or purchased on any business day.

As per the prospectus, FedFund invests at least 99.5% of its total assets in cash, U.S. Treasury bills, notes and other obligations issued or guaranteed as to principal and interest by the U.S. Government, its agencies or instrumentalities, and repurchase agreements secured by such obligations or cash. The yield of the Fund is not directly tied to the federal funds rate. The Fund invests in securities maturing in 397 days or less (with certain exceptions) and the portfolio will have a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less. The Fund may invest in variable and floating rate instruments, and transact in securities on a when-issued, delayed delivery or forward commitment basis. The securities purchased by the Fund are subject to the quality, diversification, and other requirements of Rule 2a-7 under the Investment Company Act of 1940, as amended (the "1940 Act"), and other rules of the Securities and Exchange Commission. The fund is rated AAA. Total expenses are approximately 17 bps.

Objective. The fund's objective is to seek current income as is consistent with liquidity and stability of principal.

Investment Risk. Shares of the fund are neither insured nor guaranteed by any government agency including the Federal Deposit Insurance Corporation (FDIC). Although the fund seeks to preserve the value of amounts deposited at \$1.00 per share, it is possible to lose money by investing in the fund.

Performance. The table below provides the fund's performance up to the last 10 years.

Performance Returns – Net of All Fees and Expenses

Periods Ending September 30, 2016

	1 Year	3 Years	5 Years	10 Years
BlackRock Liquidity Funds FedFund ¹	0.20%	0.08%	0.05%	0.92%
<i>90 Day U.S. T-Bills Index</i>	<i>0.27%</i>	<i>0.11%</i>	<i>0.10%</i>	<i>0.93%</i>

¹Performance returns reported by BlackRock Inc. and Asset Consulting Group.

As of September 30, 2016, the BlackRock Liquidity Funds FedFund held 326 securities. The top 10 holdings are listed below.

#	Issue Name	Category	Maturity Date	Yield or Coupon	Amortized Cost
1	TRI-PARTY FEDERAL RESERVE BANK	U.S. Treasury Repurchase Agreement	10/3/16	0.25%	\$ 17,000,000,000
2	TRI-PARTY NOMURA SECURITIES	U.S. Government Agency Repurchase Agreement	10/3/16	0.53%	2,600,000,000
3	TRI-PARTY WELLS FARGO SECURITIES	U.S. Government Agency Repurchase Agreement	10/3/16	0.50%	2,500,000,000
4	TRI-PARTY HSBC SECURITIES (USA)	U.S. Treasury Repurchase Agreement	10/3/16	0.43%	2,000,000,000
5	TRI-PARTY MUFG SECURITIES AMERICAS	U.S. Government Agency Repurchase Agreement	10/3/16	0.47%	1,316,400,000
6	TRI-PARTY BNP PARIBAS	U.S. Treasury Repurchase Agreement	10/7/16	0.34%	1,102,215,000
7	TRI-PARTY CREDIT AGRICOLE CORP	U.S. Treasury Repurchase Agreement	10/3/16	0.44%	1,050,000,000
8	FHLB	U.S. Government Agency Debt	9/1/17	0.51%	880,000,000
9	TRI-PARTY WELLS FARGO SECURITIES	U.S. Government Agency Repurchase Agreement	10/3/16	0.50%	850,000,000
10	TRI-PARTY J.P. MORGAN SECURITIES	U.S. Government Agency Repurchase Agreement	10/3/16	0.52%	713,000,000
				TOTAL	\$ 30,011,615,000

Florida Municipal Investment Trust (FMIVT) 0-2 Year High Quality Bond Fund (Inception 12/3/2002)

The Florida Municipal Investment Trust (FMIVT) 0-2 Year High Quality Bond Fund is actively managed by Atlanta Capital Management Company since April 1, 2009, and invests in government and high-quality debt securities while maintaining an average maturity of approximately one year. The portfolio is valued on the 15th and last business day of the month. If the 15th is not a business day, the valuation is the next succeeding business day. Management fees are 10 bps and administrative fees are 10.5 bps. Total expenses are approximately 23 bps. As of September 30, 2016, the 0-2 Year High Quality Bond Fund had a net position of \$148 million, representing 31 participants.

The fund invests in direct obligations issued or guaranteed by the U.S. government or any of its agencies, money market obligations, asset-backed securities, mortgage securities, including CMO's, and commingled investment funds. The fund is rated AAA by Fitch Ratings.

Objective. The fund is designed to provide an investment pool alternative for members that have excess funds and an investment horizon greater than that of money market instruments. The investment objectives are to: 1) preserve capital; and 2) exceed the return of the Bank of America Merrill Lynch One Year Treasury Note Index over three-year periods.

Investment Risk. Shares of the fund are neither insured nor guaranteed by any U.S. government agency, including the FDIC. The fund is subject to interest rate, credit and liquidity risk, which may cause a loss of principal. The fair value of the securities will fluctuate in value as interest rates, credit and liquidity conditions change, which could affect the fund's net position.

Performance*. The fund rose 0.2% in the third quarter, in line with the enhanced cash manager peer group but modestly ahead of the Bank of America Merrill Lynch 1-Year Treasury Note Index due to modest Treasury-related exposure. In the 7 years since inception of this strategy, the portfolio advanced 0.6% on average annually, adding value over the Bank of America Merrill Lynch 1-Year Treasury Note Index (up 0.4%), although keeping pace with the peer groups of short duration and enhanced cash managers was challenging due to the high quality focus of this strategy. This strategy is meeting the objective of providing consistent return enhancement over its benchmark, while maintaining a very favorable risk-adjusted return profile. This fund represents a strong short maturity complement to the other high quality fixed income options within the FMIVT.

As of September 30, 2016, the 0-2 Year High Quality Bond Fund held 91 securities. The notes to the financial statements include a summary of fair value of investment by major category. The top 10 holdings are listed below. The complete holding report can be found at www.fmivt.com.

Performance Returns – Net of All Fees and Expenses

Periods Ending September 30, 2016

	Qtr.	1 Year	3 Years	5 Years	7 Years	10 Years
FMIVT 0-2 Year High Quality Bond Fund ¹	0.14%	0.58%	0.34%	0.31%	0.41%	N/A
<i>BofA ML 1 Year Treasury Note Index</i>	0.06%	0.54%	0.35%	0.33%	0.44%	1.53%

¹ Assets from the FMIVT High Quality Government Fund were transitioned on April 1, 2009, to the FMIVT 0-2 Year High Quality Bond Fund. Returns prepared by Asset Consulting Group.

*Returns presented are gross of fees and expenses.

FMIvT 0-2 Year High Quality Bond Fund (continued)

#	Issue Name	Fair Value (\$000s)	% of Account Fair Value
1	US Treasury Bill July 2017	\$ 29,862	20.15%
2	US Treasury Bill September 2017	27,841	18.79%
3	CARMX 16-2 A2A 1.240% June 2019	3,029	2.04%
4	AmeriCredit Auto16-3 A2A 1.370% November 2019	3,028	2.04%
5	CNH Equipment Trust 16-B A2A 1.310% October 2019	3,003	2.03%
6	CNH Equipment Trust 16-A A2A 1.220% July 2019	3,002	2.03%
7	BMW Vehicle Lease Trust 2016-1 A2A 1.170% January 2018	3,001	2.03%
8	FHLMC PC GOLD #G15925 5.000% June 2026	2,933	1.98%
9	FHLMC PC GOLD #G15924 4.500% September 2026	2,909	1.96%
10	World Omni Auto 2015-A A2A 1.060% May 2018	2,867	1.93%
	TOTAL	\$ 81,475	54.98%

Florida Municipal Investment Trust (FMIvT) 1-3 Year High Quality Bond Fund (Inception 10/1/1995)

The FMIvT 1-3 Year High Quality Bond Fund is actively managed by Atlanta Capital Management Company since October 1, 1995, and invests in government and high quality debt securities while maintaining an average maturity of two years. The portfolio is valued on the 15th and last business day of the month. If the 15th is not a business day, the valuation is the next succeeding business day. Management fees are 10 bps and administrative fees are 10.5 bps. Total expenses are approximately 21 bps. As of September 30, 2016, the 1-3 Year High Quality Bond Fund had a net position of \$376 million, representing 63 participants.

The fund may invest in direct obligations issued or guaranteed by the U.S. government or any of its agencies, money market obligations, asset-backed securities, mortgage securities, including CMO's, and commingled investment funds. The fund is rated AAA by Fitch.

Objective. The fund is designed to provide an investment pool alternative for members that have excess funds and an investment horizon greater than that of money market instruments. The investment objective is: 1) to preserve capital; and 2) exceed the return of the Bank of America Merrill Lynch One to Three Year Government Index over three-year periods.

Investment Risk. Shares of the fund are neither insured nor guaranteed by any U.S. government agency, including the FDIC. The fund is subject to interest rate, credit and liquidity risk, which may cause a loss of principal. The fair value of the securities will fluctuate in value as interest rates, credit and liquidity conditions change, which could affect the fund's net position.

FMIvT 1-3 Year High Quality Bond Fund (continued)

Performance*. The fund advanced 0.1% in the third quarter, displaying downside protection compared to the Bank of America Merrill Lynch 1-3 Year Government Index (down 0.1%) as modest exposure to the Treasury-related securities bolstered returns. While this strategy has lagged the peer group of short duration fixed income managers over the past several years due to its high quality bias, it has performed in line with its benchmark, with a lower risk profile resulting in a very favorable risk-adjusted return comparison.

As of September 30, 2016, the 1-3 Year High Quality Bond Fund held 94 securities. The notes to the financial statements include a summary of fair value of investment by major category. The top 10 holdings are listed below. The complete holding report can be found at www.fmivt.com.

Performance Returns – Net of All Fees and Expenses

Periods Ending September 30, 2016

	Qtr.	1 Year	3 Years	5 Years	7 Years	10 Years
FMIvT 1-3 Year High Quality Bond Fund ¹	0.09%	0.76%	0.69%	0.58%	0.87%	2.19%
<i>BofA ML 1-3 Yr Government Index</i>	-0.10%	0.89%	0.86%	0.72%	1.05%	2.33%

¹Returns prepared by Asset Consulting Group.

*Returns presented are gross of fees and expenses.

#	Issue Name	Fair Value (\$000s)	% of Account Fair Value
1	US Treasury Notes 0.875% November 2017	\$ 25,049	6.69%
2	US Treasury Notes 1.000% September 2018	24,096	6.44%
3	US Treasury Notes 1.000% March 2018	24,093	6.44%
4	US Treasury Notes 1.000% May 2018	23,342	6.24%
5	US Treasury Notes 0.875% May 2019	16,008	4.28%
6	US Treasury Notes 0.750% February 2018	12,504	3.34%
7	BMW Vehicle Lease Trust 2016-1 A3 1.340% January 2019	12,025	3.21%
8	Ally Auto Receivable Trust 2016-1 A3 1.470% April 2020	11,723	3.13%
9	Mercedes Benz Auto Receivable Trust 2015-1 A3 1.340% December 2019	10,780	2.88%
10	World Omni Auto 13-A A4 0.870% July 2019	10,486	2.80%
	TOTAL	\$ 170,106	45.45%

Design Build Finance/Build Finance Financing Program

The Series 2012 trust indenture authorizes investments in the obligations of agencies of the United States of America.

FLORIDA MUNICIPAL LOAN COUNCIL INVESTMENT POLICY

I. AUTHORITY

In accordance with the Administration Agreement between the Florida League of Cities, Inc. and the Florida Municipal Loan Council, dated February 19, 1999, the responsibility for supervising the investment of moneys in any of the Funds and Accounts program of the Florida Municipal Loan Council (the "Council") resides with the Florida League of Cities, Inc., acting as the "Administrator", under the direction of the Board of Directors. This policy has been adopted pursuant to and consistent with the Interlocal Agreement creating the Council and all applicable state and federal law.

II. SCOPE AND PURPOSE

Moneys in any of the Funds and Accounts shall be invested by the Trustee (as identified in the applicable Trust Indenture), at the direction of the Council through the Administrator under the guidelines as herein set forth. No person may engage in any investment transaction with Funds held in a trust relationship by the Council, except as authorized by the Board of Directors. The policies and procedures herein are intended to provide sufficient latitude and operating flexibility to respond to changing market and economic conditions and to effectively manage the Council's financial assets so as to maximize the expected return on assets within an acceptable exposure to investment risk. There are times when risks of specific investments may temporarily increase such that the Council may be required to operate under a more restrictive policy. Additionally, at times, exceptions to the policy may need to be made, on a case by case basis, and with the approval of the Board of Directors.

III. OBJECTIVES

The objective of the Council's investment activity is to maximize the expected return in support the Council's management and investment strategies considering the probable income, total return and probable safety of the invested Funds. Moneys in the "Funds and Accounts shall be invested in accordance with the Trust Indenture and applicable state laws. Short-term holdings of the Council shall be of high quality and ready marketability with maturities diversified appropriately with respect to the current operating expenses and expected cash flow obligations of the Council. The Council's portfolio shall be designed to attain a market rate of return throughout financial and economic cycles, taking into account the Council's investment objectives, risk constraints and permitted investments as referenced herein.

IV. DUTIES AND RESPONSIBILITIES

Under the direction of the Board of Directors, it shall be the responsibility of the Administrator to supervise and administer the Council's investment program pursuant to a written agreement between the Council and the Administrator including, but not limited to, the following:

1. Supervise and coordinate the activities of qualified investment management firms, dealers, brokers, issuers, custodians, consultants and other investment advisors in keeping with this investment policy.
2. Provide advice and assistance in the administration and operation of the Council's investment program.
3. Establish accounting systems and procedures for the safekeeping, disposal of and recording of all investment assets held or controlled by the Council including the establishment of appropriate internal controls as required.
4. Assist in the design, development, operation, review and evaluation of the Council's investment program for compliance with this policy. Advise the Board of Directors as to recommendations relative to amendments to this policy. Inform the Board of Directors of unaddressed concerns with the Council's investment program.
5. Immediately notify the Board of Directors in the event of any information that may have a severe and adverse effect on the Council's investment program under the provisions of this policy.

V. PRUDENCE AND ETHICS

The standard of prudence to be used by investment advisors, money managers or other qualified parties or individuals with contracted investment responsibilities with the Council (the "Managers") shall be by "prudent person" which provides that the investments of the Council shall be made with the judgment and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of the invested Funds considering the probable income, total return and probable safety of these Funds. Managers shall adhere to the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A) through (C). Individuals, acting in accordance with established procedures and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to minimize any investment losses.

Any individual who is involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Managers shall have a written policy which addresses the disclosure of potential conflict-of-interests which shall be submitted to the Administrator upon request. Managers shall also disclose to the Administrator any material financial/investment position or finding which may be contrary to this policy or otherwise related to the performance of the Council's portfolio. Any adverse findings of the U.S. Department of Labor and/or the Securities and Exchange Commission' regarding a Manager or its financial activities shall be brought to the immediate attention of the Board of Directors by the Administrator.

Before engaging in any investment transactions with the Council, a Manager shall have submitted to the Administrator a signed certification from a duly authorized representative attesting that the individuals responsible for the Council's account have reviewed this investment policy and that they agree to undertake reasonable efforts to preclude imprudent transactions involving the funds of the Council.

VI. REPORTING AND PERFORMANCE

The Administrator shall submit to the Board of Directors a quarterly investment report with information sufficient to provide for a comprehensive review of investment activity and performance for the quarter. This report summarizes recent market conditions, economic developments and anticipated investment conditions. The report would also summarize the investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics and other relevant features.

Managers shall provide timely transaction and performance data to record and document investment activity including asset valuation, yield and total return data and such other relative performance data of the Council's portfolio on a periodic basis as may be reasonably requested by the Administrator.

The Administrator, Managers, and other contracted parties shall provide to the Council's Auditor such verifications or reports as are required for the purpose of developing and supporting the annual financial statements of the Council, and the footnotes thereto.

The Administrator shall recommend and provide appropriate performance measures or indices in evaluating the performance of the Council's portfolio, including, but not limited to the following:

- A. Returns for the State Board of Administration's Local Government Surplus Councils Investment Pool, Annualized
- B. 91 Day U.S. Treasury Bill Quarterly Index
- C. Short Term (1-2.99 years) High and Medium Quality Corporate Index
- D. Short Term (1-2.99 years) Treasury Index

The Administrator shall report to the Board of Directors on the performance of the Council's portfolio at least quarterly relative to the above or related indices. The Administrator shall monitor portfolio performance and determine the applicability of the indices and recommend changes as needed.

VII. BANK AND DEALER SELECTION

Certificates of deposit purchased under the authority of the Council's policy will be purchased only through qualified public depositories of the State of Florida as identified by the State Treasurer or such other qualified public depositories as may be recommended by the Administrator and approved by the Board of Directors in accordance with applicable state law.

Repurchase and reverse repurchase agreements shall be negotiated only with firms approved in accordance with this policy.

For broker/dealers of other investment instruments, the Council shall utilize primary dealers and such other reputable and recognized dealers as may be recommended by the Managers and the Administrator.

VIII. SAFEKEEPING AND CUSTODY

All securities purchased by the Council under this policy shall be properly designated as assets of the Council and shall be protected through the use of a third-party custody/safekeeping agent. The Administrator on behalf of the Council shall enter into a formal agreement with an institution of such size and expertise as is necessary to provide the services needed to protect and secure the investment assets of the Council.

All securities purchased by the Council under this policy shall be purchased using the "delivery versus payment" procedure. If it is ever determined to be necessary to perform security transactions on a "free delivery" basis, or to have securities held by the broker/dealer for a temporary period, the approval of the Administrator must be secured prior thereto and the reason documented in writing and presented to the Board of Directors.

The Council may lend its investment securities held under the provisions of this policy to qualified brokers, dealers, banks or other financial institutions, provided the loan is collateralized by cash or United States Government securities having a market value of at least 102 percent of the market value of the securities loaned.

IX. RISKS

The Council recognizes that investment risks can result from issuer defaults, market price changes, changes in credit rating, reinvestment of principal or interest, or various technical complications leading to temporary illiquidity. Portfolio diversification, controlled duration strategies, and maturity limitations are employed as the primary methods of controlling risk. Managers are expected to display prudence in the selection of securities as a way to minimize default risk. In the event of a default by a specific issuer, the Manager shall review and, if appropriate, proceed to liquidate securities having comparable credit risks. In the event that a security held by the Council is downgraded relative to its credit quality, the Manager shall immediately notify the Administrator with such recommendations for rectifying any non-compliance with this policy within a reasonable time period. To limit the Council's credit risks against possible losses, the maximum amount that may be invested in the securities of an individual

issuer, not backed by the full faith and credit of the United States Government, shall not, at the time of purchase, exceed 5 percent of the assets in the invested portfolio.

X. SECURITY SELECTION PROCESS

When purchasing or selling securities, Managers shall select securities which provide the highest rate of expected return within the parameters of this policy. Managers shall exercise prudence in managing transaction costs associated with the purchasing and selling of securities in accordance with this policy.

XI. LIQUIDITY

The Council shall provide sufficient liquidity necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Fund or Accounts.

XII. AUTHORIZED INVESTMENTS

In an effort to accomplish the objectives of the Council's portfolio, this policy identifies various authorized investment instruments, issuer diversification, maturity constraints and investment ratings and liquidity parameters.

- (A) Direct obligations of 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 of America) or obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States of America, including (if such instruments become legal investments under the laws of the State for moneys held hereunder) instruments evidencing an ownership interest in securities described in this clause (a).
- (B) Evidence of ownership of proportionate interest in Government Obligations described in clause (a) of this definition limited to circumstances wherein (i) a bank or trust company acts as custodian and holds the underlying obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations; and (iii) the underlying obligations are held in a special account separate and apart from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.
- (C) Interest-bearing demand or time deposits (including certificates of deposit) in banks (including the Trustee) and savings and loan associations which deposits are fully insured by the Federal Deposit Insurance Corporation ("FDIC") or which are secured at all times by collateral security (described in clause (a) of this definition) in which the Trustee has a perfected first lien and which (i) is held by the Trustee or a third-party agent, (ii) is not subject to liens and claims of third-parties, (iii) has a market value (valued at least every 14 days) of no less than the amount of moneys so invested and interest accrued thereon.

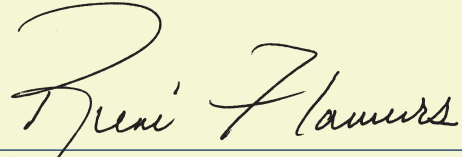
- (D) Investment agreements or repurchase agreements (the maturity of which is less than thirty (30) days) with a bank or trust company organized under the laws of any state of the United States or with a national banking association, insurance company or government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York and which is a member of The Security Investors Protection Corporation or with a dealer which is rated (or the parent company of which is rated) "A" or above by S&P and Fitch if such investments are fully secured by FDIC or collateral security described in (a) of this definition, in which the Trustee has a perfected first lien and which (i) is held by the Trustee or a third-party agent during the term of such repurchase agreement, (ii) is not subject to liens or claims of third parties, and (iii) has a market value (determined at least once every 7 days) at least equal to 104% of the amount so invested and interest accrued thereon.
- (E) The Florida Municipal Investment Trust.
- (F) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of Aam-G or Aam.
- (G) The Local Government Surplus Funds Trust Fund created pursuant to Chapter 218, Part IV, Florida Statutes for which the Florida State Board of Administration acts as custodian, and any other investment in which proceeds of the Bonds may be invested under Florida law, provided that such investments are approved in writing by the Bond Insurer.
- (H) Goldman Sachs Prime Obligation Fund #1235

With regard to the FMLC Gas Prepay Program, Qualified Investments as allowed and provided for in the various program Trust Indentures are considered Authorized Investments under the FMLC Investment Policy.

XV. EFFECTIVE DATE

The Council's investment policy shall become effective immediately upon its adoption by the Board of Directors.

As amended and adopted by the Board of Directors on the 27th day of September, 2007.



René Flowers, Chairman, Board of Directors
Florida Municipal Loan Council

Attest:



Michael Sittig, Executive Director, Florida League of Cities, Inc.
For the Administrator



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