



# FLORIDA MUNICIPAL LOAN COUNCIL

# 2011 Comprehensive Annual Financial Report

For the Year Ended September 30, 2011





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# 2011 Comprehensive Annual Financial Report

For the Year Ended September 30, 2011



**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](http://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





## Letter of Transmittal for the Florida Municipal Loan Council

March 16, 2012

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, 2011.

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 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 Council’s financial statements have been audited by Shorstein and Shorstein, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Council for the year ended September 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified (“clean”) opinion that the Council’s financial statements for the year ended September 30, 2011, were fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditors’ report is presented as the first component of the Financial Section of this 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.

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President **Patricia J. Bates**, Mayor, Altamonte Springs

First Vice President **Manny Maroño**, Mayor, Sweetwater • Second Vice President **P.C. Wu**, Councilman, Pensacola

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. 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, all earnings are credited to and all expenses are reimbursed by the members. Therefore, the Council's financial statements do not reflect any net income or net assets. 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.

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 then, the Council has closed more than 20 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, fixed asset additions, 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, variable-rate commercial paper and private placement bonds (direct loans). The loan amounts vary with terms of repayment up to 30 years.

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 works with the following teams of professionals and advisors:

### Fixed-Rate Bond Program

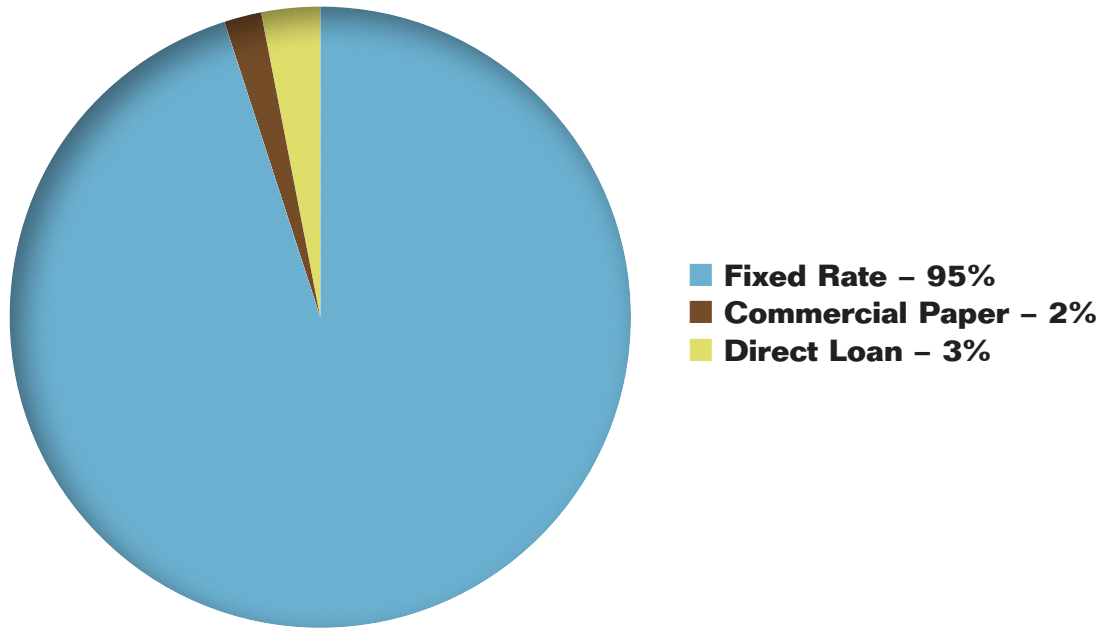
- ▶ Florida Municipal Loan Council, Issuer
- ▶ Florida League of Cities, Inc., Administrator
- ▶ Bryant, Miller & Olive P.A., Bond Counsel
- ▶ Waters and Company, LLC, Financial Advisor
- ▶ Deutsche Bank Trust Company Americas, Trustee
- ▶ Wells Fargo Securities, Underwriter

### Commercial Paper Program

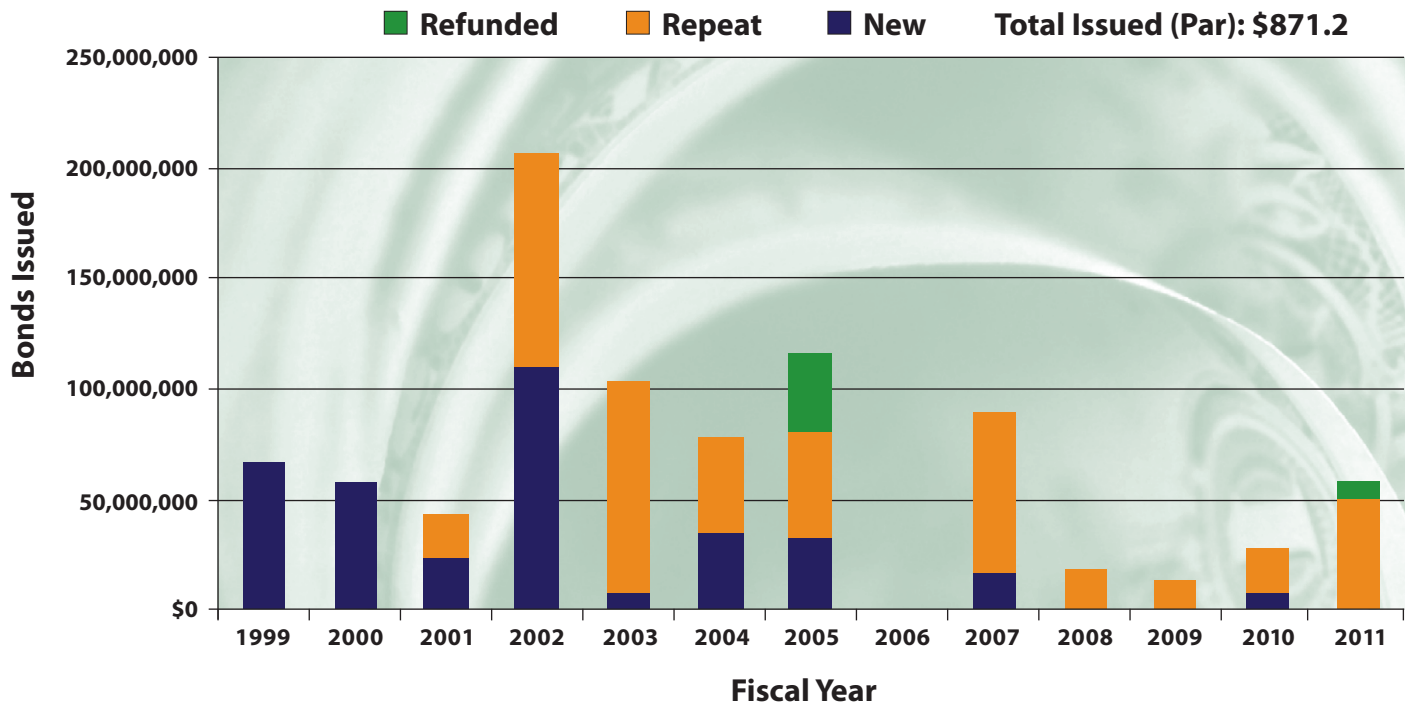
- ▶ Florida Municipal Loan Council, Issuer
- ▶ Florida League of Cities, Inc., Administrator
- ▶ Gray Robinson, Bond Counsel
- ▶ Banc of America Securities LLC, Dealer
- ▶ Deutsche Bank Trust Company Americas, Trustee
- ▶ Bank of America, N.A., Letter of Credit Bank

Historically, the Council has primarily issued fixed-rate bonds on behalf of small and medium sized borrowers with many members becoming repeat borrowers. As of September 30, 2011, the Council has issued more than \$871 million in debt to make 112 loans to 57 borrowers.

**Florida Municipal Loan Council**  
**Type of Loan, as of September 30, 2011**



**Florida Municipal Loan Council**  
**Type of Borrower, as of September 30, 2011**



## Oversight

The Council is governed by a Board of Directors (the "Board") consisting of not less than one or 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 411 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](http://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 Waters & Company 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 efforts.

Deutsche Bank Trust Company Americas, as trustee to the program, provides custodian services including reporting and participant statements and coordination of debt service payments with the Depository Trust Company (DTC).

## Budgetary Control

The Council is not required by law to prepare a budget. However, an annual budget is prepared and reported to the Board.

## Economic Condition

In general, 2011 was marked by significant changes to the municipal bond market, including the end of the federal stimulus act, historically low bond yields, falling bond issuance, credit downgrades and regulation of municipal financial advisors. Warnings of massive government debt defaults caused negative outflows of municipal mutual funds.

On August 5, 2011, for the first time in history, S&P removed the AAA rating the US has held for 70 years. Additionally, because of its exposure to treasuries, the bond insurer, Assured Guaranty, was subsequently assigned a negative outlook by S&P. The downgrade of US debt to AA+ and its impact on the municipal bond market is muted. It possibly could result in higher borrowing costs for certain local governments. However, the demand for municipal debt is expected to remain strong as some investors have become adverse to equity market risk due to concerns with the European and US economies.

Long-term bond sales for Florida for the first half of 2011 were \$5.6 billion compared to \$10.5 billion in 2010, a 46.7% decline. The number of issues dropped from 106 to 99 over the same period. The decrease in municipal debt issuance is due, in part to budget tightening, a decline or postponement of capital projects and the acceleration of capital projects in 2010 to take advantage of favorable provisions in the federal stimulus act.

The Council's financial activity is dependent, in part upon the capital financing needs of its member governments. For the fiscal year ending September 30, 2011, the Council issued \$57.1 million in new debt and extinguished \$85.4 million of outstanding debt including the Commercial Paper notes that were paid in full.

National and regional banks in particular have stepped up efforts to meet local government borrower needs by offering loans with longer amortization periods of up to 20 years with competitive rates and lower costs of issuance. Given the low interest rate

environment and the flexibility to call existing debt after 10 years, it is likely that borrowers will continue to refinance debt or pay off loans with cash reserves.

One of the innovative programs being developed for the upcoming year includes a new bank loan program, the Capital Access Program (CAP). Through the CAP, the Council will assist governmental entities in obtaining bank qualified loans (less than \$10 million per calendar year per issuer/borrower) to refinance existing debt or finance new projects with competitive rates and with maturities ranging from 5 to 20 years.

## 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 2010/2011. 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.



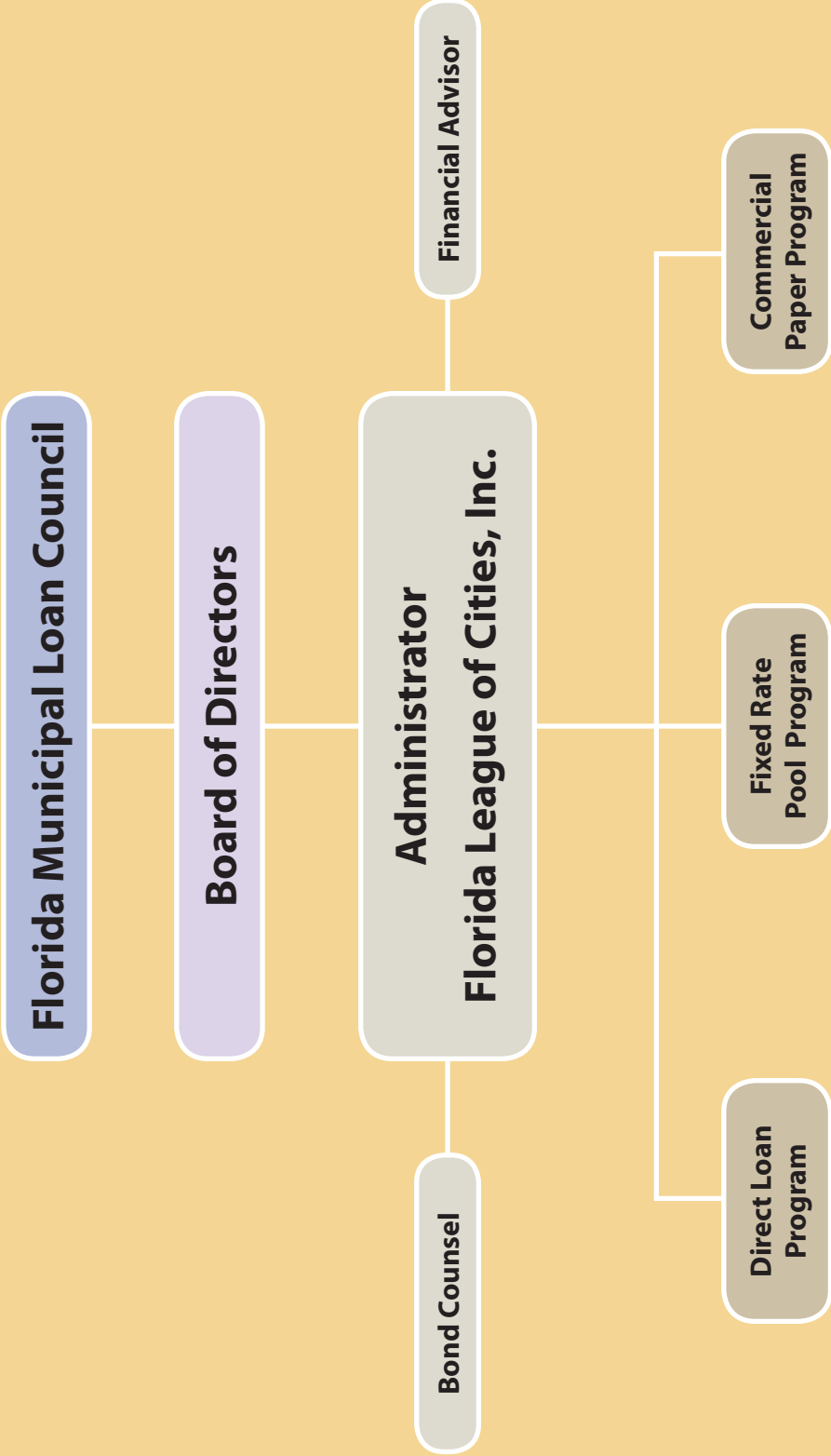
Respectfully submitted,



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



# Florida Municipal Loan Council Organizational Chart



## Florida Municipal Loan Council

### Board of Directors

As of September 30, 2011



**Isaac Salver**  
**Chairman**  
Councilman  
Town of Bay Harbor Islands



**Carmine Priore**  
Vice Mayor  
Village of Wellington



**Larry Ady**  
**Vice Chairman**  
Commissioner  
City of Belle Isle



**Susan Starkey**  
Vice Mayor  
City of Davie



**Bill Arrowsmith**  
Vice Mayor  
City of Apopka



**Heyward Strong**  
Mayor Pro Tem  
City of Valparaiso



**Frank C. Ortis**  
Mayor  
City of Pembroke Pines

## Florida League of Cities, Inc. (Administrator)

### Executive and Financial Management Team

**Michael Sittig**

*Executive Director*  
Service since July 12, 1971

**Molly Hall**

*Financial Analyst, Financial Services*  
Service since February 16, 2011

**Jeannie Garner**

*Director of Insurance and Financial Services*  
Service since June 1, 1994

**Scott Hamilton**

*Comptroller, Accounting*  
Service since September 27, 1982

**Teresa Bilek Colvin, CPA**

*Associate Director, Financial Services*  
Service since July 6, 1993

**Juliacarol Love**

*Senior Accountant, Accounting*  
Service since November 1, 2007



# Financial Section





**FLORIDA MUNICIPAL LOAN COUNCIL**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2011**

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

JACK F. SHORSTEIN, C.P.A.  
SAMUEL R. SHORSTEIN, C.P.A.  
MARK J. SHORSTEIN, C.P.A.  
MICHAEL K. PARRISH, C.P.A.  
BARBARA J. HOUSTON, C.P.A.  
O.J. YOUNG  
MARGARET R. CONOVER, C.P.A.  
JOAN B. MOELL, C.P.A.  
WALTER L. HUNTER, C.P.A.  
H. DAN HOOPER, C.P.A.

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(904)739-1311  
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(904)739-2069  
WEBSITE  
WWW.SHORSTEINCPA.COM

March 12, 2012

Independent Auditors' Report

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

We have audited the accompanying statements of net assets of the Florida Municipal Loan Council as of September 30, 2011, and the related statements of revenues, expenses and changes in fund net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2011, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 20 through 24 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.

Our audit was conducted for the purpose of forming an opinion on the Council's financial statements as a whole. The introductory section, investment section, statistical section and the Schedule of Issues Outstanding are presented for the purpose of additional analysis and are not a 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. This 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 in the Schedule of Issues Outstanding is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section, investment section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Shorstein + Shorstein, P.A.*

## Florida Municipal Loan Council MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2011

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, 2011. 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 2011 are as follows:

- On October 12, 2010, the City of St. Augustine Beach made a principal prepayment of \$4.4 million on the Florida Municipal Loan Council Series 2009 St. Augustine Beach loan.
- On December 20, 2010, Florida Municipal Loan Council Revenue Bonds Series 2010AA in the amount of \$1,835,000 and Series 2010BB in the amount of \$1,230,000 were issued. The bonds are private placement bonds issued on behalf of the City of St. Augustine Beach and the City of Eagle Lake respectively. The proceeds of these bonds were used to advance refund certain bonds of Series 1999A.
- On March 2, 2011, Florida Municipal Loan Council Revenue Refunding Bonds, Series 2011B-1 Village of Pinecrest were issued in the amount of \$4,320,000 and Florida Municipal Loan Council Revenue Bonds, Series 2011B-2 Village of Pinecrest were issued in the amount of \$1,505,000. The proceeds of these bonds were used to refund certain bonds of Series 1999A bonds and to fund capital projects.
- On May 20, 2011, Florida Municipal Loan Council Revenue Bonds, Series 2011D City of Hialeah were issued in the amount of \$48,235,000 to fund capital projects.
- On July 18, 2011, Fitch Ratings downgraded the rating assigned to the Series 2002B Revenue Bonds issued on behalf of the City of North Miami Beach from AA- to A+ with a stable outlook.
- On August 17, 2011, the Council and the City of South Miami entered into a closing agreement on final determination with the Internal Revenue Service. The agreement required the Council to establish an irrevocable escrow to defease to the earliest call date a portion of the 2002A bonds and 2006 bonds. The closing agreement also required the City of South Miami to make a settlement payment. Additional information can be found in Note 11 to the financial statements.
- On September 15, 2011, the Commercial Paper Program's sole borrower, Palm Bay, paid its loan in full.
- On September 22, 2011, the Council passed a resolution creating the Capital Access Program (CAP) to assist local governments with bank loan financing.

### **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 Assets provides information about our assets and liabilities as of September 30, 2011. The Statement of Revenues, Expenses and Changes in Fund Net Assets provides information about our revenues and expenses for the year October 2010 through September 2011. 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.



**Florida Municipal Loan Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2011**

**Financial Analysis**

	<u>9/30/2011</u>	<u>9/30/2010</u>	<u>Change</u>	<u>% Change</u>
<b>Assets</b>				
Current Assets	\$102,678,547	\$88,801,126	\$13,877,421	15.63 %
Noncurrent Assets	<u>477,733,101</u>	<u>557,196,241</u>	<u>(79,463,140)</u>	(14.26) %
Total Assets	<u>580,411,648</u>	<u>645,997,367</u>	<u>(65,585,719)</u>	(10.15) %
<b>Liabilities</b>				
Current Liabilities	34,823,138	54,291,039	(19,467,901)	(35.86) %
Noncurrent Liabilities	<u>545,588,510</u>	<u>591,706,328</u>	<u>(46,117,818)</u>	(7.79) %
Total Liabilities	<u>580,411,648</u>	<u>645,997,367</u>	<u>(65,585,719)</u>	(10.15) %
Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	
<b>Operating Revenues</b>				
Loan Interest and Member Reimbursements	\$ 29,427,454	\$29,934,952	\$ (507,498)	(1.70) %
Investment Earnings	96,874	205,450	(108,576)	(52.85) %
Rebatable Arbitrage	<u>(11,041)</u>	<u>2,389</u>	<u>(13,430)</u>	(562.16) %
Total Operating Revenues	<u>29,513,287</u>	<u>30,142,791</u>	<u>(629,504)</u>	(2.09) %
<b><u>Operating Expenses</u></b>				
Interest Expense	\$ 27,987,768	\$28,625,695	\$ (637,927)	(2.23) %
Administrative Fees	511,375	510,617	758	0.15 %
Trustee Fees and Other Fees	198,760	38,469	160,291	416.68 %
Dealer Fees	7,606	10,692	(3,086)	(28.86) %
Letter of Credit Fees	113,674	94,697	18,977	20.04 %
Cost of Issuance Expense	1,122,650	691,574	431,076	62.33 %
Income Allocated to Members	<u>(428,546)</u>	<u>171,047</u>	<u>(599,593)</u>	(350.54) %
Total Operating Expenses	<u>29,513,287</u>	<u>30,142,791</u>	<u>(629,504)</u>	(2.09) %
Change in Net Assets	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	
Ending Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	

**Florida Municipal Loan Council  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2011**

Under the fixed rate bond and direct loan programs, the Council issued \$57,125,000 in new debt during FY 2011. The Council also extinguished or defeased \$85,440,000 of outstanding debt during FY 2011. Low interest rates coupled with the flexibility to call existing debt after 10 years has prompted borrowers to refinance debt with bank loans or new bond issues or pay off using cash reserves. Additionally, the Commercial Paper notes were paid in full. The table below lists the members that refunded or extinguished debt during FY 2011.

Borrower	Series	Original Par	Refunded/ Extinguished Principal Amount
City of Aventura	1999A	\$ 21,000,000	\$ 16,280,000
City of Eagle Lake*	1999A	1,535,000	1,190,000
City of Hialeah	1999A	30,000,000	15,135,000
City of Keystone Heights	1999A	1,000,000	555,000
Village of Pinecrest*	1999A	8,155,000	4,120,000
City of St. Augustine Beach*	1999A	2,300,000	1,785,000
City of Marco Island	2000B	985,000	405,000
City of North Miami Beach	2000B	17,305,000	15,085,000
City of Oakland Park	2000B	18,500,000	15,025,000
City of Avon Park	2001A	1,910,000	930,000
City of South Miami	2002A	6,500,000	1,725,000
City of South Miami	2006	5,625,000	3,775,000
City of Palm Bay	Commercial Paper	15,498,000	9,430,000
Total		<u>\$130,313,000</u>	<u>\$ 85,440,000</u>

\*Refunded with FMLC bonds

As of February 29, 2012, the Council has extinguished or defeased \$58,425,000 of outstanding debt during FY 2012. Additional information can be found in Note 13 to the financial statements.

Investment earnings declined in FY 2011 due to historically-low interest rates. Project loan funds are invested in high-quality, short-term instruments which earn minimal returns. Returns on the Florida Municipal Investment Trust *0-2 Year High Quality Bond Fund* declined from 0.86% in FY10 to 0.42% in FY 11. The Goldman Sachs *Financial Square Prime Obligation Fund* (money market fund) earned a mere 0.07% during the current fiscal year.

The increase in Trustee Fees and Other Fees over the prior year is a result of the defeasance of outstanding debt and includes legal fees for the escrow deposit agreements, verification reports and other required services.

Dealer fees and Letter of Credit fees are associated with the Commercial Paper Program. Cost of Issuance Expense is associated with the issuance of bonds during the FY 2011.

All earnings are credited to and all expenses are reimbursed by the borrowers; therefore, the Council does not have any net assets.

**Florida Municipal Loan Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2011**

**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. Currently, there are 20 fixed-rate bond issues or tranches and 5 direct loans.

At September 30, 2011, the Council had total debt outstanding from bonds of \$565,173,987. For all series issued prior to 2008, payments of the principal and interest on the bonds when due are insured by a municipal bond insurance policy issued by MBIA Insurance Corporation. Series 2010ABCD, Series 2011B and Series 2011D are insured by a municipal bond insurance policy issued by Assured Guaranty Corporation. In order to obtain credit market acceptance for the Commercial Paper notes, the Council obtained an irrevocable letter of credit and entered into a reimbursement agreement with Bank of America. These secure the payment of interest and principal on the notes. There is no insurance or reserve fund associated with the private placement bonds. Additional information on the Council's debt can be found in Note 5 to the financial statements.

The Council had the following change in debt:

	<u>2011</u>	<u>2010</u>	<u>% Change</u>
Revenue Bonds, Series 1999A	\$ 2,400,000	\$ 43,485,000	(94.48) %
Revenue Bonds, Series 1999B	-	-	N/A
Revenue Bonds, Series 2000A	12,060,236	12,192,265	(1.08) %
Revenue Bonds, Series 2000B	3,966,735	35,432,469	(88.80) %
Revenue Bonds, Series 2001A	58,015,000	62,745,000	(7.54) %
Revenue Bonds, Series 2002A	31,500,000	35,455,000	(11.15) %
Revenue Bonds, Series 2002B	63,630,000	65,075,000	(2.22) %
Revenue Bonds, Series 2002C	18,630,000	19,840,000	(6.10) %
Revenue Bonds, Series 2003A	62,610,000	64,670,000	(3.19) %
Revenue Bonds, Series 2003B	34,865,000	36,755,000	(5.14) %
Revenue Bonds, Series 2004A	11,805,000	15,215,000	(22.41) %
Revenue Bonds, Series 2005A	47,535,000	49,005,000	(3.00) %
Revenue Bonds, Series 2005B	16,140,000	17,400,000	(7.24) %
Revenue Bonds, Series 2005C	13,910,000	14,950,000	(6.96) %
Revenue Bonds, Series 2005D	19,425,000	20,235,000	(4.00) %
Revenue Bonds, Series 2006	15,760,000	20,380,000	(22.67) %
Revenue Bonds, Series 2007A	46,840,000	48,280,000	(2.98) %
Revenue Bonds, Series 2008A	16,019,116	16,623,792	(3.64) %
Revenue Bonds, Series 2009 St. Aug Bch	748,331	5,194,825	(85.59) %
Revenue Bonds, Series 2009 Seminole	4,594,569	5,053,531	(9.08) %
Revenue Bonds, Series 2010 ABCD	27,730,000	27,730,000	0.00
Revenue Bonds, Series 2010AA	1,755,000	-	N/A
Revenue Bonds, Series 2010BB	1,175,000	-	N/A
Revenue Bonds, Series 2011B	5,825,000	-	N/A
Revenue Bonds, Series 2011D	48,235,000	-	N/A
Commercial Paper	-	13,981,000	(100.00) %
<b>Total Debt Outstanding</b>	<b><u>\$565,173,987</u></b>	<b><u>\$629,697,882</u></b>	

**Florida Municipal Loan Council  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2011**

## **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.

The U.S. economy continues on a path of slow recovery from the deep recession that officially ended in 2009. According to Asset Consulting Group, the U.S. economic activity continued to expand at a moderate pace during the third quarter, led by solid consumer spending, as job growth in the private sector gave households an appetite to spend. Additionally, weakness in overall labor market conditions persisted as employment growth within the private sector was offset by further declines at the state and local government levels as they looked to tighten fiscal budgets.

In August, S&P's downgrade of federal debt from AAA to AA+ further eroded confidence about the state of the U.S. economy. In light of the downgrade, however, U.S. Treasury bonds remain attractive to investors due in part to the euro zone debt crisis. Fitch Ratings and Moody's Investors Service have maintained their AAA rating on federal debt.

Operation Twist, a new federal stimulus program introduced in late September appears to be lowering long-term Treasury rates, but yields on other debt are stable or higher and not likely to spur consumer and commercial loan demand.

High unemployment, poor job growth and slow housing starts continue to overshadow Florida's economic picture. Population growth is the state's primary driver of economic growth, contributing to both employment and income growth. The state's population growth was positive for 2011, but increased by less than 1%, or approximately 100,000. Florida's Office of Economic and Demographic Research (EDR) reports that while Florida's annual job growth rate has been positive for the past several months, the state's unemployment rate continues to hover around 10%, with 34 of 67 counties in double-digit territory. Additionally, state forecasters issued revised estimates in September that show the recovery in property tax revenue for local governments could be slower than they had expected.

While declining property values across the state have caused local governments to delay new capital projects, many program borrowers are taking advantage of the historically low interest rate environment by refinancing existing debt or paying off debt with cash reserves.

## **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 ASSETS  
 September 30, 2011

<u>ASSETS</u>	Series 1999A	Series 2000A	Series 2000B	Series 2001A	Series 2002A	Series 2002B
<u>Current Assets</u>						
Restricted Assets:						
Cash and Cash Equivalents	\$ 72,769	\$ 3,792	\$ 15,573	\$ 12,554	\$ 10,735	\$ 1,849
Investments	-	-	747,108	537,216	-	-
Loans Receivable	82,769	834,301	156,099	5,085,793	2,967,709	2,035,471
Total Current Assets	<u>155,538</u>	<u>838,093</u>	<u>918,780</u>	<u>5,635,563</u>	<u>2,978,444</u>	<u>2,037,320</u>
<u>Noncurrent Assets</u>						
Loans Receivable	2,303,956	11,225,237	3,091,736	54,747,451	29,482,816	62,335,329
Total Assets	<u>2,459,494</u>	<u>12,063,330</u>	<u>4,010,516</u>	<u>60,383,014</u>	<u>32,461,260</u>	<u>64,372,649</u>
<u>LIABILITIES</u>						
<u>Current Liabilities</u>						
Bonds Payable	85,000	835,000	110,000	3,850,000	2,275,000	1,505,000
(Discount)/Premium	(1,090)	-	(1,101)	190,351	36,263	16,674
Deferred Amount on Refunding	-	-	-	-	-	-
Accrued Interest Expense	59,525	-	46,940	1,219,161	682,961	527,176
Accrued Administrator Fees	7,254	3,094	7,215	21,792	13,737	4,683
Accrued Expenses	3,760	0	7,519	7,394	6,746	462
Due to Members	-	-	-	-	-	-
Total Current Liabilities	<u>154,449</u>	<u>838,094</u>	<u>170,573</u>	<u>5,288,698</u>	<u>3,014,707</u>	<u>2,053,995</u>
<u>Noncurrent Liabilities</u>						
Bonds Payable	2,315,000	11,225,236	3,856,735	54,165,000	29,225,000	62,125,000
(Discount)/Premium	(9,955)	-	(16,792)	929,316	221,553	193,654
Deferred Amount on Refunding	-	-	-	-	-	-
Total Noncurrent Liabilities	<u>2,305,045</u>	<u>11,225,236</u>	<u>3,839,943</u>	<u>55,094,316</u>	<u>29,446,553</u>	<u>62,318,654</u>
Total Liabilities	<u>2,459,494</u>	<u>12,063,330</u>	<u>4,010,516</u>	<u>60,383,014</u>	<u>32,461,260</u>	<u>64,372,649</u>
<u>NET ASSETS</u>						
Net Assets	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

Florida Municipal Loan Council  
 \*STATEMENTS OF NET ASSETS  
 September 30, 2011

<b>ASSETS</b>	Series 2002C	Series 2003A	Series 2003B	Series 2004A-1	Series 2004A-2	Series 2005A
<b>Current Assets</b>						
Restricted Assets:						
Cash and Cash Equivalents	\$ 2,457	\$ 8,559	\$ 1,279,903	\$ 153,914	\$ 173	\$ 15,855
Investments	678,432	1,197,610	3,335,740	-	-	-
Loans Receivable	1,680,649	3,482,492	2,545,539	765,216	-	1,897,501
Total Current Assets	2,361,538	4,688,661	7,161,182	919,130	173	1,913,356
<b>Noncurrent Assets</b>						
Loans Receivable	17,162,868	60,919,791	28,888,853	10,990,126	-	47,172,073
Total Assets	19,524,406	65,608,452	36,050,035	11,909,256	173	49,085,429
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Bonds Payable (Discount)/Premium	1,280,000	2,165,000	1,960,000	625,000	-	1,530,000
Deferred Amount on Refunding	82,940	150,051	87,496	(3,843)	-	102,985
Accrued Interest Expense	-	-	-	-	-	-
Accrued Administrator Fees	393,964	1,304,432	574,246	138,870	-	369,659
Accrued Expenses	7,294	19,309	11,316	2,951	-	7,089
Due to Members	1,848	2,310	3,235	2,310	-	2,773
Total Current Liabilities	1,766,046	3,641,102	2,636,293	765,288	173	2,012,506
<b>Noncurrent Liabilities</b>						
Bonds Payable (Discount)/Premium	17,350,000	60,445,000	32,905,000	11,180,000	-	46,005,000
Deferred Amount on Refunding	408,360	1,522,350	508,742	(36,032)	-	1,067,923
Total Noncurrent Liabilities	17,758,360	61,967,350	33,413,742	11,143,968	-	47,072,923
Total Liabilities	19,524,406	65,608,452	36,050,035	11,909,256	173	49,085,429
<b>NET ASSETS</b>						
Net Assets	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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



Florida Municipal Loan Council  
 \*STATEMENTS OF NET ASSETS  
 September 30, 2011

<u>ASSETS</u>	Series 2005B	Series 2005C	Series 2005D	Series 2006	Series 2007A	Series 2008A
<u>Current Assets</u>						
Restricted Assets:						
Cash and Cash Equivalents	\$ 2,062	\$ 312,031	\$ 1,278,278	\$ 1,160,560	\$ 8,636,950	\$ -
Investments	-	-	1,866,992	1,020,426	-	-
Loans Receivable	1,609,699	1,074,111	863,975	833,834	1,576,842	1,587,088
Total Current Assets	<u>1,611,761</u>	<u>1,386,142</u>	<u>4,009,245</u>	<u>3,014,820</u>	<u>10,213,792</u>	<u>1,587,088</u>
<u>Noncurrent Assets</u>						
Loans Receivable	14,438,715	12,304,291	15,965,097	13,261,787	38,195,051	14,827,383
Total Assets	<u>16,050,476</u>	<u>13,690,433</u>	<u>19,974,342</u>	<u>16,276,607</u>	<u>48,408,843</u>	<u>16,414,471</u>
<u>LIABILITIES</u>						
<u>Current Liabilities</u>						
Bonds Payable	1,295,000	1,075,000	830,000	795,000	1,505,000	592,344
(Discount)/Premium	36,470	33,504	14,312	29,429	39,989	-
Deferred Amount on Refunding	(84,157)	(116,870)	-	-	-	-
Accrued Interest Expense	307,263	302,338	417,730	349,728	1,155,594	391,681
Accrued Administrator Fees	6,725	6,955	9,713	9,768	19,580	3,674
Accrued Expenses	2,773	1,848	2,773	4,898	924	-
Due to Members	-	-	-	-	-	-
Total Current Liabilities	<u>1,564,074</u>	<u>1,302,775</u>	<u>1,274,528</u>	<u>1,188,823</u>	<u>2,721,087</u>	<u>987,699</u>
<u>Noncurrent Liabilities</u>						
Bonds Payable	14,845,000	12,835,000	18,595,000	14,965,000	45,335,000	15,426,772
(Discount)/Premium	290,470	132,149	104,814	122,784	352,756	-
Deferred Amount on Refunding	(649,068)	(579,491)	-	-	-	-
Total Noncurrent Liabilities	<u>14,486,402</u>	<u>12,387,658</u>	<u>18,699,814</u>	<u>15,087,784</u>	<u>45,687,756</u>	<u>15,426,772</u>
Total Liabilities	<u>16,050,476</u>	<u>13,690,433</u>	<u>19,974,342</u>	<u>16,276,607</u>	<u>48,408,843</u>	<u>16,414,471</u>
<u>NET ASSETS</u>						
Net Assets	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

Florida Municipal Loan Council  
 \*STATEMENTS OF NET ASSETS  
 September 30, 2011

<u>ASSETS</u>	Series 2009 St. Aug Bch	Series 2009 Seminole	Series 2010 ABCD	Series 2010AA	Series 2010BB	Series 2011 B-1 & B-2
<u>Current Assets</u>						
Restricted Assets:						
Cash and Cash Equivalents	\$ -	\$ -	\$ 6,504,346	\$ 1,299	\$ 2,469	\$ 1,030,338
Investments	-	-	1,305,716	-	-	-
Loans Receivable	36,999	501,773	599,577	103,077	70,215	529,465
Total Current Assets	<u>36,999</u>	<u>501,773</u>	<u>8,409,639</u>	<u>104,376</u>	<u>72,684</u>	<u>1,559,803</u>
<u>Noncurrent Assets</u>						
Loans Receivable	722,636	4,112,476	19,777,561	1,652,392	1,103,187	4,320,179
Total Assets	<u>759,635</u>	<u>4,614,249</u>	<u>28,187,200</u>	<u>1,756,768</u>	<u>1,175,871</u>	<u>5,879,982</u>
<u>LIABILITIES</u>						
<u>Current Liabilities</u>						
Bonds Payable	25,695	482,093	490,000	65,000	45,000	145,000
(Discount)/Premium	-	-	(7,505)	-	-	(6,810)
Deferred Amount on Refunding	-	-	-	(3,653)	(2,460)	(2,835)
Accrued Interest Expense	10,046	19,297	557,409	37,382	23,500	111,438
Accrued Administrator Fees	1,258	383	13,387	696	466	2,913
Accrued Expenses	-	-	1,848	-	1,250	164
Due to Members	-	-	-	-	-	-
Total Current Liabilities	<u>36,999</u>	<u>501,773</u>	<u>1,055,139</u>	<u>99,425</u>	<u>67,756</u>	<u>249,870</u>
<u>Noncurrent Liabilities</u>						
Bonds Payable	722,636	4,112,476	27,240,000	1,690,000	1,130,000	5,680,000
(Discount)/Premium	-	-	(107,939)	-	-	(41,062)
Deferred Amount on Refunding	-	-	-	(32,657)	(21,885)	(8,826)
Total Noncurrent Liabilities	<u>722,636</u>	<u>4,112,476</u>	<u>27,132,061</u>	<u>1,657,343</u>	<u>1,108,115</u>	<u>5,630,112</u>
Total Liabilities	<u>759,635</u>	<u>4,614,249</u>	<u>28,187,200</u>	<u>1,756,768</u>	<u>1,175,871</u>	<u>5,879,982</u>
<u>NET ASSETS</u>						
Net Assets	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

Florida Municipal Loan Council  
 \*STATEMENTS OF NET ASSETS  
 September 30, 2011

<u>ASSETS</u>	Series 2011D	Commercial Paper	Total
<u>Current Assets</u>			
Restricted Assets:			
Cash and Cash Equivalents	\$ 11,766,043	-	\$ 32,272,509
Investments	28,796,604	-	39,485,844
Loans Receivable	-	-	30,920,194
Total Current Assets	<u>40,562,647</u>	<u>-</u>	<u>102,678,547</u>
<u>Noncurrent Assets</u>			
Loans Receivable	8,732,110	-	477,733,101
Total Assets	<u>49,294,757</u>	<u>-</u>	<u>580,411,648</u>
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Bonds Payable	-	-	23,565,132
(Discourt)/Premium	(21,104)	-	779,011
Deferred Amount on Refunding	-	-	(209,975)
Accrued Interest Expense	875,585	-	9,875,925
Accrued Administrator Fees	10,788	-	192,040
Accrued Expenses	164	-	54,999
Due to Members	565,833	-	566,006
Total Current Liabilities	<u>1,431,266</u>	<u>-</u>	<u>34,823,138</u>
<u>Noncurrent Liabilities</u>			
Bonds Payable	48,235,000	-	541,608,855
(Discourt)/Premium	(371,509)	-	5,271,582
Deferred Amount on Refunding	-	-	(1,291,927)
Total Noncurrent Liabilities	<u>47,863,491</u>	<u>-</u>	<u>545,588,510</u>
Total Liabilities	<u>49,294,757</u>	<u>-</u>	<u>580,411,648</u>
<u>NET ASSETS</u>			
Net Assets	\$ -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 FUND NET ASSETS**  
 For the Year Ended September 30, 2011

<u>OPERATING REVENUES</u>	Series 1999A	Series 2000A	Series 2000B	Series 2001A	Series 2002A	Series 2002B
Loan Interest and Member Reimbursements	\$ 1,201,817	\$ 714,354	\$ 1,423,664	\$ 3,048,523	\$ 1,847,524	\$ 3,237,007
Investment Earnings	107	23	4,317	2,323	86	46
Rebatable Arbitrage	-	-	-	-	-	-
Total Operating Revenues	1,201,924	714,377	1,427,981	3,050,846	1,847,610	3,237,053
 <u>OPERATING EXPENSES</u>						
Interest Expense	1,170,207	707,972	1,411,834	2,773,427	1,727,405	3,190,532
Administrator Fees	26,400	6,405	25,358	52,580	34,262	28,633
Other Expenses	11,157	-	9,544	10,204	42,433	810
Dealer Fees	-	-	-	-	-	-
Letter of Credit Fees	-	-	-	-	-	-
Cost of Issuance Expenses	-	-	-	-	-	-
Income (Loss) Allocated to Members	(5,840)	-	(18,755)	214,635	43,510	17,078
Total Operating Expenses	1,201,924	714,377	1,427,981	3,050,846	1,847,610	3,237,053
<u>Net Income</u>	-0-	-0-	-0-	-0-	-0-	-0-
<u>Fund Net Assets, Beginning of Year</u>	-0-	-0-	-0-	-0-	-0-	-0-
<u>Fund Net Assets, 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 FUND NET ASSETS**  
 For the Year Ended September 30, 2011

	Series 2002C	Series 2003A	Series 2003B	Series 2004A-1	Series 2004A-2	Series 2005A
<b><u>OPERATING REVENUES</u></b>						
Loan Interest and Member Reimbursements	\$ 971,328	\$ 3,241,603	\$ 1,771,501	\$ 589,121	\$ 17,016	\$ 2,284,896
Investment Earnings	2,613	4,652	19,427	125	67	1,883
Rebatable Arbitrage	-	-	-	-	-	-
Total Operating Revenues	973,941	3,246,255	1,790,928	589,246	17,083	2,286,779
<b><u>OPERATING EXPENSES</u></b>						
Interest Expense	860,328	3,030,453	1,636,270	577,521	16,392	2,130,532
Administrator Fees	17,602	47,300	34,259	12,255	435	42,986
Other Expenses	3,222	3,710	5,169	3,403	256	4,422
Dealer Fees	-	-	-	-	-	-
Letter of Credit Fees	-	-	-	-	-	-
Cost of Issuance Expenses	-	-	-	-	-	-
Income (Loss) Allocated to Members	92,789	164,792	115,230	(3,933)	-	108,839
Total Operating Expenses	973,941	3,246,255	1,790,928	589,246	17,083	2,286,779
Net Income	-0-	-0-	-0-	-0-	-0-	-0-
Fund Net Assets, Beginning of Year	-0-	-0-	-0-	-0-	-0-	-0-
Fund Net Assets, 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 FUND NET ASSETS**  
 For the Year Ended September 30, 2011

<u>OPERATING REVENUES</u>	Series 2005B	Series 2005C	Series 2005D	Series 2006	Series 2007A	Series 2008A
Loan Interest and Member Reimbursements	\$ 761,387	\$ 638,909	\$ 859,244	\$ 953,237	\$ 2,351,695	\$ 788,569
Investment Earnings	61	37	9,101	4,312	4,368	-
Rebatable Arbitrage	-	-	-	(11,041)	-	-
Total Operating Revenues	761,448	638,946	868,345	946,508	2,356,063	788,569
 <u>OPERATING EXPENSES</u>						
Interest Expense	799,462	711,994	820,336	813,219	2,269,605	781,221
Administrator Fees	16,245	14,430	19,425	19,535	39,160	7,348
Other Expenses	4,360	2,941	4,422	87,752	1,459	-
Dealer Fees	-	-	-	-	-	-
Letter of Credit Fees	-	-	-	-	-	-
Cost of Insurance Expenses	-	-	-	-	-	-
Income (Loss) Allocated to Members	(58,619)	(90,419)	24,162	26,002	45,839	-
Total Operating Expenses	761,448	638,946	868,345	946,508	2,356,063	788,569
Net Income	-0-	-0-	-0-	-0-	-0-	-0-
Fund Net Assets, Beginning of Year	-0-	-0-	-0-	-0-	-0-	-0-
Fund Net Assets, 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 FUND NET ASSETS**  
 For the Year Ended September 30, 2011

<u>OPERATING REVENUES</u>	Series 2009 St. Aug Bch	Series 2009 Seminole	Series 2010 ABCD	Series 2010AA	Series 2010BB	Series 2011 B-1 & B-2
Loan Interest and Member Reimbursements	\$ 53,981	\$ 256,943	\$ 1,146,140	\$ 60,009	\$ 39,019	\$ 114,515
Investment Earnings	-	-	9,171	-	-	158
Rebatable Arbitrage	-	-	-	-	-	-
Total Operating Revenues	<u>53,981</u>	<u>256,943</u>	<u>1,155,311</u>	<u>60,009</u>	<u>39,019</u>	<u>114,673</u>
 <u>OPERATING EXPENSES</u>						
Interest Expense	48,827	252,770	1,123,303	60,462	38,076	117,492
Administrator Fees	5,154	4,173	29,452	696	466	2,913
Other Expenses	-	-	3,168	-	-	164
Dealer Fees	-	-	-	-	-	-
Letter of Credit Fees	-	-	-	-	-	-
Cost of Issuance Expenses	-	-	10,720	24,645	22,750	112,883
Income (Loss) Allocated to Members	-	-	(11,332)	(25,794)	(22,273)	(118,779)
Total Operating Expenses	<u>53,981</u>	<u>256,943</u>	<u>1,155,311</u>	<u>60,009</u>	<u>39,019</u>	<u>114,673</u>
<u>Net Income</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>Fund Net Assets, Beginning of Year</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>Fund Net Assets, End of Year</u>	<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 REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS**  
 For the Year Ended September 30, 2011

<u>OPERATING REVENUES</u>	Series 2011D	Commerical Paper	Total
Loan Interest and Member Reimbursements	\$ 886,476	\$ 168,976	\$ 29,427,454
Investment Earnings	33,765	232	96,874
Rebatable Arbitrage	-	-	(11,041)
Total Operating Revenues	<u>920,241</u>	<u>169,208</u>	<u>29,513,287</u>
<u>OPERATING EXPENSES</u>			
Interest Expense	883,315	34,813	27,987,768
Administrator Fees	10,788	13,115	511,375
Other Expenses	164	-	198,760
Dealer Fees	-	7,606	7,606
Letter of Credit Fees	-	113,674	113,674
Cost of Issuance Expenses	951,652	-	1,122,650
Income (Loss) Allocated to Members	(925,678)	-	(428,546)
Total Operating Expenses	<u>920,241</u>	<u>169,208</u>	<u>29,513,287</u>
Net Income	-0-	-0-	-0-
Fund Net Assets, Beginning of Year	-0-	-0-	-0-
Fund Net Assets, End of Year	<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 CASH FLOWS  
 For the Year Ended September 30, 2011

	Series 1999A	Series 2000A	Series 2000B	Series 2001A	Series 2002A	Series 2002B
<u>Cash Flows from Operating Activities:</u>						
Loans Made to Members	\$ 2,020,000	\$ 840,000	\$ (897,513)	\$ (62,426)	\$ 2,230,000	\$ 1,445,000
Member Loan Repayments	560,224	6,770	1,055,000	3,800,000	1,898,682	3,246,407
Loan Interest and Member Reimbursements	(48,085)	(8,343)	1,423,291	3,132,956	(72,581)	(29,434)
Expenses Paid	-	-	(35,504)	(59,597)	-	-
Arbitrage Rebated	-	-	-	-	-	-
Cash Provided (Used) by Operating Activities	\$ 2,532,139	\$ 838,427	\$ 1,545,274	\$ 6,810,933	\$ 4,056,101	\$ 4,661,973
<u>Cash Flows from Non-Capital Financing Activities:</u>						
Proceeds from Bonds Issued	-	-	-	-	-	-
Redemption of Bonds and Notes	(2,020,000)	(840,000)	(1,055,000)	(3,800,000)	(2,230,000)	(1,445,000)
Interest Paid	(1,529,637)	-	(1,374,874)	(3,069,112)	(1,820,125)	(3,216,522)
Cash Provided (Used) by Non-Capital Financing Activities	\$ (3,549,637)	\$ (840,000)	\$ (2,429,874)	\$ (6,869,112)	\$ (4,050,125)	\$ (4,661,522)
<u>Cash Flows from Investing Activities:</u>						
Investments Purchased	-	-	-	-	-	-
Investments Sold	-	-	897,513	62,426	-	-
Interest and Dividends Collected	107	23	67	197	86	46
Cash Provided (Used) by Investing Activities	\$ 107	\$ 23	\$ 897,580	\$ 62,623	\$ 86	\$ 46
<u>Net Change in Cash and Cash Equivalents</u>	\$ (1,017,391)	\$ (1,550)	\$ 12,980	\$ 4,444	\$ 6,062	\$ 497
<u>Cash and Cash Equivalents, Beginning of Year</u>	\$ 1,090,160	\$ 5,342	\$ 2,593	\$ 8,110	\$ 4,673	\$ 1,352
<u>Cash and Cash Equivalents, End of Year</u>	\$ 72,769	\$ 3,792	\$ 15,573	\$ 12,554	\$ 10,735	\$ 1,849
<u>Cash Flows from Operating Activities:</u>						
Net Income	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>Reconciliation of Net Income to Cash Provided (Used) by Operating Activities:</u>						
Amortization of Discount (Premium)	5,840	-	23,005	(212,509)	(43,510)	(17,079)
Amortization of Refunding	-	-	-	-	-	-
Accretion of Interest on Capital Appreciation Bonds	-	707,971	104,266	-	-	-
Issuance Costs Netted from Proceeds	-	-	-	-	-	-
Interest Paid	1,529,637	-	1,374,874	3,069,112	1,820,125	3,216,522
Investment Income	(107)	(23)	(4,317)	(2,323)	(86)	(46)
Deferred Amount on Refunding	-	-	-	-	-	-
(Increase) Decrease in Receivables - Net	2,012,291	132,417	752,739	4,052,685	2,350,882	1,471,478
Increase (Decrease) in Payables - Net	(1,015,522)	(1,938)	(705,293)	(96,032)	(71,310)	(8,902)
Cash Provided (Used) by Operating Activities	\$ 2,532,139	\$ 838,427	\$ 1,545,274	\$ 6,810,933	\$ 4,056,101	\$ 4,661,973

\*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, 2011

	Series 2002C	Series 2003A	Series 2003B	Series 2004A-1	Series 2004A-2	Series 2005A
<u>Cash Flows from Operating Activities:</u>						
Loans Made to Members	\$ -	\$ -	\$ (2,552,328)	\$ -	\$ -	\$ (1,215,438)
Member Loan Repayments	1,210,000	2,060,000	1,890,000	600,000	2,810,000	1,470,000
Loan Interest and Member Reimbursements	997,040	3,286,122	1,790,723	594,733	50,732	2,303,348
Expenses Paid	(20,824)	(50,783)	(38,746)	(14,589)	(1,815)	(46,509)
Arbitrage Rebated	-	-	-	-	-	(9,315)
Cash Provided (Used) by Operating Activities	2,186,216	5,295,339	1,089,649	1,180,144	2,858,917	2,502,086
<u>Cash Flows from Non-Capital Financing Activities:</u>						
Proceeds from Bonds Issued	-	-	-	-	-	-
Redemption of Bonds and Notes	(1,210,000)	(2,060,000)	(1,890,000)	(600,000)	(2,810,000)	(1,470,000)
Interest Paid	(975,762)	(3,233,639)	(1,751,087)	(579,481)	(49,175)	(2,247,355)
Cash Provided (Used) by Non-Capital Financing Activities	(2,185,762)	(5,293,639)	(3,641,087)	(1,179,481)	(2,859,175)	(3,717,355)
<u>Cash Flows from Investing Activities:</u>						
Investments Purchased	-	-	-	-	-	-
Investments Sold	-	-	2,552,328	-	-	1,215,438
Interest and Dividends Collected	50	128	1,028	125	67	75
Cash Provided (Used) by Investing Activities	50	128	2,553,356	125	67	1,215,513
Net Change in Cash and Cash Equivalents	504	1,828	1,918	788	(191)	244
Cash and Cash Equivalents, Beginning of Year	1,953	6,731	1,277,985	153,126	364	15,611
Cash and Cash Equivalents, End of Year	2,457	8,559	1,279,903	153,914	173	15,855
<u>Cash Flows from Operating Activities:</u>						
Net Income	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Reconciliation of Net Income to Cash Provided (Used) by Operating Activities:						
Amortization of Discount (Premium)	(90,226)	(160,268)	(95,918)	4,040	-	(107,023)
Amortization of Refunding	-	-	-	-	-	-
Accretion of Interest on Capital Appreciation Bonds	-	-	-	-	-	-
Issuance Costs Netted from Proceeds	-	-	-	-	-	-
Interest Paid	975,762	3,233,639	1,751,087	579,481	49,175	2,247,355
Investment Income	(2,613)	(4,652)	(19,427)	(125)	(67)	(1,883)
Deferred Amount on Refunding	-	-	-	-	-	-
(Increase) Decrease in Receivables - Net	1,328,501	2,269,310	(527,875)	601,679	2,843,543	372,538
Increase (Decrease) in Payables - Net	(25,208)	(42,690)	(18,218)	(4,931)	(33,734)	(8,901)
Cash Provided (Used) by Operating Activities	2,186,216	5,295,339	1,089,649	1,180,144	2,858,917	2,502,086

\*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, 2011

	Series 2005B	Series 2005C	Series 2005D	Series 2006	Series 2007A	Series 2008A
<u>Cash Flows from Operating Activities:</u>						
Loans Made to Members	\$ -	\$ -	\$ -	\$ (201,538)	\$ -	\$ -
Member Loan Repayments	1,260,000	1,040,000	830,000	795,000	1,505,000	-
Loan Interest and Member Reimbursements	778,626	639,384	859,773	889,987	2,351,553	-
Expenses Paid	(20,005)	(17,134)	(23,126)	(104,206)	(40,831)	-
Arbitrage Rebated	-	-	-	-	-	-
Cash Provided (Used) by Operating Activities	2,018,621	1,662,250	1,666,647	1,379,243	3,815,722	-
<u>Cash Flows from Non-Capital Financing Activities:</u>						
Proceeds from Bonds Issued	-	-	-	-	-	-
Redemption of Bonds and Notes	(1,260,000)	(1,040,000)	(810,000)	(845,000)	(1,440,000)	-
Interest Paid	(757,908)	(638,474)	(848,015)	(883,317)	(2,341,786)	-
Cash Provided (Used) by Non-Capital Financing Activities	(2,017,908)	(1,678,474)	(1,658,015)	(1,728,317)	(3,781,786)	-
<u>Cash Flows from Investing Activities:</u>						
Investments Purchased	-	-	-	-	-	-
Investments Sold	-	-	-	201,538	-	-
Interest and Dividends Collected	61	37	74	63	4,368	-
Cash Provided (Used) by Investing Activities	61	37	74	201,601	4,368	-
Net Change in Cash and Cash Equivalents	774	(16,187)	8,706	(147,473)	38,304	-
Cash and Cash Equivalents, Beginning of Year	1,288	328,218	1,269,572	1,308,033	8,598,646	-
Cash and Cash Equivalents, End of Year	\$ 2,062	\$ 312,031	\$ 1,278,278	\$ 1,160,560	\$ 8,636,950	\$ -
<u>Cash Flows from Operating Activities:</u>						
Net Income	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Reconciliation of Net Income to Cash Provided (Used) by Operating Activities:						
Amortization of Discount (Premium)	(38,411)	(36,869)	(15,124)	(32,794)	(41,581)	-
Amortization of Refunding	97,028	127,289	-	-	-	-
Accrual of Interest on Capital Appreciation Bonds	-	-	-	-	-	-
Issuance Costs Netted from Proceeds	-	-	-	-	-	-
Interest Paid	757,908	638,474	848,015	883,317	2,341,786	-
Investment Income	(61)	(37)	(74)	(63)	(4,368)	-
Deferred Amount on Refunding	-	-	-	-	-	-
(Increase) Decrease in Receivables - Net	1,218,619	950,055	854,691	641,373	1,550,697	-
Increase (Decrease) in Payables - Net	(16,462)	(16,662)	(11,834)	(108,341)	(30,812)	-
Cash Provided (Used) by Operating Activities	\$ 2,018,621	\$ 1,662,250	\$ 1,666,647	\$ 1,379,243	\$ 3,815,722	\$ -

\*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, 2011

	Series 2009 St. Aug Bch	Series 2009 Seminole	Series 2010 ABCD	Series 2010AA	Series 2010BB	Series 2011 B-1 & B-2
<u>Cash Flows from Operating Activities:</u>						
Loans Made to Members	\$ -	\$ -	\$ (3,014,753)	\$ -	\$ -	\$ (4,889,890)
Member Loan Repayments	-	-	490,000	22,444	20,469	145,000
Loan Interest and Member Reimbursements	-	-	1,258,700	-	-	115,051
Expenses Paid	-	-	(28,104)	(21,145)	(18,000)	(71,257)
Arbitrage Rebated	-	-	-	-	-	-
Cash Provided (Used) by Operating Activities	-	-	(1,294,157)	1,299	2,469	(4,701,096)
<u>Cash Flows from Non-Capital Financing Activities:</u>						
Proceeds from Bonds Issued	-	-	-	-	-	5,731,276
Redemption of Bonds and Notes	-	-	(668,892)	-	-	-
Interest Paid	-	-	(668,892)	-	-	-
Cash Provided (Used) by Non-Capital Financing Activities	-	-	(668,892)	-	-	5,731,276
<u>Cash Flows from Investing Activities:</u>						
Investments Purchased	-	-	(1,302,721)	-	-	-
Investments Sold	-	-	-	-	-	-
Interest and Dividends Collected	-	-	6,176	-	-	158
Cash Provided (Used) by Investing Activities	-	-	(1,296,545)	-	-	158
<u>Net Change in Cash and Cash Equivalents</u>	-	-	(3,259,594)	1,299	2,469	1,030,338
<u>Cash and Cash Equivalents, Beginning of Year</u>	-	-	9,763,940	-	-	-
<u>Cash and Cash Equivalents, End of Year</u>	\$ -	\$ -	\$ 6,504,346	\$ 1,299	\$ 2,469	\$ 1,030,338
<u>Cash Flows from Operating Activities:</u>						
Net Income	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>Reconciling of Net Income to Cash Provided (Used) by Operating Activities:</u>						
Amortization of Discount (Premium)	-	-	8,486	-	-	4,226
Accretion of Interest on Capital Appreciation Bonds	-	-	-	1,149	773	1,828
Issuance Costs Netted from Proceeds	-	-	-	-	-	41,626
Interest Paid	-	-	668,892	-	-	-
Investment Income	-	-	(9,171)	-	-	(158)
Deferred Amount on Refunding	-	-	-	(37,459)	(25,118)	(13,489)
(Increase) Decrease in Receivables - Net	-	-	(2,423,526)	(469)	1,598	(4,849,644)
Increase (Decrease) in Payables - Net	-	-	461,162	38,078	25,216	114,515
Cash Provided (Used) by Operating Activities	-	-	(1,294,157)	1,299	2,469	(4,701,096)

\*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, 2011

	Series 2011D	Commercial Paper	Total
<u>Cash Flows from Operating Activities:</u>			
Loans Made to Members	\$ (7,240,846)	\$ (275,992)	\$ (20,350,724)
Member Loan Repayments	-	13,981,000	41,518,913
Loan Interest and Member Reimbursements	886,724	167,439	27,238,265
Expenses Paid	(161,358)	(188,901)	(1,120,877)
Arbitrage Rebated	-	-	(9,315)
Cash Provided (Used) by Operating Activities	(6,515,480)	13,683,546	47,276,262
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Proceeds from Bonds Issued	47,044,362	-	52,775,638
Redemption of Bonds and Notes	-	(13,981,000)	(40,806,000)
Interest Paid	-	(41,106)	(26,026,267)
Cash Provided (Used) by Non-Capital Financing Activities	47,044,362	(14,022,106)	(14,056,629)
<u>Cash Flows from Investing Activities:</u>			
Investments Purchased	(28,763,567)	-	(30,066,288)
Investments Sold	-	-	4,929,243
Interest and Dividends Collected	728	232	13,896
Cash Provided (Used) by Investing Activities	(28,762,839)	232	(25,123,149)
<u>Net Change in Cash and Cash Equivalents</u>	<u>11,766,043</u>	<u>(338,328)</u>	<u>8,096,484</u>
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>-</u>	<u>338,328</u>	<u>24,176,025</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 11,766,043</u>	<u>\$ -</u>	<u>\$ 32,272,509</u>
<u>Cash Flows from Operating Activities:</u>			
Net Income	\$ -0-	\$ -0-	\$ -0-
<u>Reconciliation of Net Income to Cash Provided (Used) by Operating Activities:</u>			
Amortization of Discount (Premium)	7,729	-	(837,986)
Amortization of Refunding	-	-	228,067
Accretion of Interest on Capital Appreciation Bonds	-	-	812,237
Issuance Costs Netted from Proceeds	790,294	-	831,920
Interest Paid	-	41,106	26,026,267
Investment Income	(33,765)	(232)	(96,874)
Deferred Amount on Refunding	-	-	(76,066)
(Increase) Decrease in Receivables - Net	(8,732,108)	13,703,471	20,574,945
Increase (Decrease) in Payables - Net	1,452,370	(60,799)	(186,248)
Cash Provided (Used) by Operating Activities	(6,515,480)	13,683,546	47,276,262

\*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, 2011**

**Series 1999A** - The Council refunded debt issued in 1999. The \$40,023,052 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$39,065,000 of outstanding revenue bond principal and \$958,052 of interest.

**Series 2000B** - The Council refunded debt issued in 2000. The \$31,485,823 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$30,515,000 of outstanding revenue bond principal, \$820,573 of interest, and \$150,250 of premium.

**Series 2001A** - The Council refunded debt issued in 2001. The \$963,363 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$930,000 of outstanding revenue bond principal, \$24,063 of interest, and \$9,300 of premium.

**Series 2002A** - The Council refunded debt issued in 2002. The \$1,829,824 proceeds were deposited immediately into an irrevocable trust, and with future earnings on investments of \$1,007 will fund the repayment of \$1,725,000 of outstanding revenue bond principal, \$89,031 of interest, and \$16,800 of premium.

**Series 2006** - The Council refunded debt issued in 2007. The \$4,457,288 proceeds were deposited immediately into an irrevocable trust, and with future earnings on investments of \$182,456 will fund the repayment of \$3,775,000 of outstanding revenue bond principal, and \$864,744 of interest.

**Series 2008A** - Loans Receivable and Bonds Payable of \$604,676 were reduced by a direct payment from the member to the lender. Interest of \$796,006 was paid by the member directly to the lender. The member paid administrative fees of \$7,487 directly to the administrator.

**Series 2009 St. Augustine Bch** - Loans Receivable and Bonds Payable of \$4,446,494 were reduced by a direct payment from the member to the lender. Interest of \$108,521 was paid by the member directly to the lender. The member paid administrative fees of \$5,195 directly to the administrator.

**Series 2009 Seminole** - Loans Receivable and Bonds Payable of \$458,961 were reduced by a direct payment from the member to the lender. Interest of \$254,698 was paid by the member directly to the lender. The member paid administrative fees of \$6,961 directly to the administrator.

**Series 2010AA** - Loans Receivable and Bonds Payable of \$1,835,000 were acquired through a direct disbursement from the lender to the member. Loans Receivable and Bonds Payable of \$80,000 were reduced by a direct payment from the member to the lender. Interest of \$21,931 and cost of issuance of \$3,500 were paid by the member directly to the lender.

**Series 2010BB** - Loans Receivable and Bonds Payable of \$1,230,000 were acquired through a direct disbursement from the lender to the member. Loans Receivable and Bonds Payable of \$55,000 were reduced by a direct payment from the member to the lender. Interest of \$13,803 and cost of issuance of \$3,500 were paid by the member directly to the lender.

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



**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**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.

On September 28, 2006, the Board of Directors approved a resolution authorizing the issuance of commercial paper notes, providing that the aggregate principal amount outstanding at any one time shall not exceed \$100,000,000. On March 29, 2007, the Board of Directors passed a resolution increasing the aggregate principal amount of commercial paper notes outstanding at any one time to \$200,000,000.

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, 2011, 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 Wachovia Bank, National Association as a participating bank for the private placement program.

The Council had the following programs as of September 30, 2011:

*Series 1999A* - This program was financed with revenue bonds in the amount of \$67,190,000 issued April 28, 1999 with a final maturity of April 1, 2029. On various dates in the current fiscal year, the Council issued \$7,385,000 in revenue refunding bonds to advance refund certain 1999A revenue bonds. Additionally, Aventura, Hialeah, and Keystone Heights provided funds in the current fiscal year to extinguish their share of the bonds. Certain 1999A bonds were called on April 1, 2011 and certain additional bonds will be called on October 1, 2011. The remaining participant is Miami Shores Village.

*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. Deerfield Beach is the remaining participant.

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 1 – Organization and Significant Accounting Policies** (Continued)

A. Organization and Purpose (Continued)

*Series 2000B* - This program was financed with revenue bonds in the amount of \$42,845,184 issued November 30, 2000 with a final maturity of November 30, 2030. On various dates in the current fiscal year, Marco Island, North Miami Beach, and Oakland Park provided funds to extinguish their share of the bonds. Certain 2000B bonds were called on May 1, 2011 and certain additional bonds will be called on November 1, 2011. The remaining participants are Deerfield Beach and New Smyrna 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. On September 1, 2011, Avon Park provided funds to extinguish its share of the bonds; these bonds will be called as of November 1, 2011. The participants are Bonita Springs, Bradenton, Hallandale Beach, Largo, North Miami, St. Pete Beach, Safety Harbor, South Miami, Southwest Ranches, Sunny Isles Beach and Wellington.

*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. On October 17, 2011, South Miami provided funds to extinguish a portion of its share of the bonds. The participants are Cape Coral, DeFuniak Springs, Golf, North Miami, North Miami Beach, Oakland, Palm Springs, Pinecrest, South Miami and Stuart.

*Series 2002B* - This program was financed with revenue bonds in the amount of \$66,385,000 issued August 15, 2002 with a final maturity of August 1, 2032. The participant is North Miami Beach.

*Series 2002C* - This program was financed with revenue bonds in the amount of \$27,165,000 issued November 22, 2002 with a final maturity of November 1, 2022. The participants are Belle Isle, Oldsmar, Sunny Isles Beach and Wellington.

*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. The participants are Deerfield Beach, Hialeah, Lake Park and Palm Springs.

*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. The participants are Apopka, Bay Harbor Islands, Belle Isle, Deerfield Beach, Gadsden County and North Miami Beach.

*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. The participants are Haines City, Oakland Park, Pinecrest and St. Augustine Beach.

*Series 2004A-2* - This program was financed with revenue bonds in the amount of \$15,650,000 issued July 14, 2004 with a final maturity of December 1, 2010. The participant was Longboat Key.

*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. The participants are Bartow, Hallandale Beach, Hialeah, Indian Shores, Inverness and Valparaiso.

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 1 – Organization and Significant Accounting Policies** (Continued)

A. Organization and Purpose (Continued)

*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. The participants are Destin, Eatonville, Haines City, Melbourne Beach, Plant City and Seminole.

*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. The participants are Ft. Myers, Lauderdale Lakes, North Miami Beach and Port Richey.

*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. The participants are Bartow, Dania Beach, Ft. Walton Beach, Palmetto Bay, Parkland, Port Richey and West Melbourne. On November 27, 2007, Ft. Walton Beach provided funds to advance refund its share of the 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. The participants are Belle Isle, Deerfield Beach, Gadsden County, South Miami, St. Petersburg Beach and Valparaiso.

*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. The participants are Haines City and 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 2009 Seminole* - This program was financed with private placement revenue bonds in the amount of \$5,500,000 issued September 14, 2009 with a final maturity of September 3, 2019. The participant is Seminole.

*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. The participant is St. Augustine Beach.

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 1 – Organization and Significant Accounting Policies** (Continued)

A. Organization and Purpose (Continued)

*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.

*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.

The bond proceeds of each program were loaned to the participants of that program pursuant to loan agreements with maturities within the original maximum 30-year period. Under the loan agreements, participants are billed semi-annually 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 2009 Seminole, Series 2010AA, and Series 2010BB (the private placement bonds), 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.

*Commercial Paper Pooled Loan Program* - This program makes commercial paper feasible for both small and large governments. It began on March 1, 2007 with a par amount of \$15,498,000. The participant was Palm Bay. This note was redeemed on September 15, 2011.

The proceeds of the commercial paper notes were loaned to the participant of the program pursuant to a loan agreement with a final maturity concurrent with the program termination date. The participant was billed monthly for program costs.

In order to obtain credit market acceptance for the commercial paper notes, the Council obtained an irrevocable letter of credit and entered into a reimbursement agreement with Bank of America. The letter of credit and reimbursement agreement secure the payment of interest and principal on the commercial paper notes. The letter of credit was cancelled on September 15, 2011.

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

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 1 – Organization and Significant Accounting Policies** (Continued)

- 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. In accordance with GASB Statement 20, the Council has elected to apply only those applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989.
- D. Pursuant to the trust indentures, all earnings are credited to and all expenses are reimbursed by the members. Therefore, the Council's financial statements do not reflect any net income or net assets. 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.

**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 Deutsche Bank Trust Company Americas, 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, 2011**

**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. Commercial Paper Program Funds and Accounts - Pursuant to Article III of the trust indenture between the Council and the Trustee, the following funds and accounts were created for the commercial paper program.
1. Loan Accounts - Proceeds from the sale of new commercial paper notes are deposited to the member's Loan Account. Required amounts are transferred to the member's Interest Reserve Account and Administrative Fee Account. The remaining balance and any earnings thereon are available to fund the projects of the member.
  2. Interest Reserve Account - Pursuant to the loan agreement, each member is required to maintain on deposit in the Interest Reserve Account an amount equal to its borrower reserve requirement. Accrued interest on the member's loan is transferred from the Interest Reserve Account to the Reimbursement Account on the first day of each month. The member is required to restore this amount by the twentieth day of each month.
  3. Reimbursement Account - Proceeds of rollover commercial paper notes, transfers from the Interest Reserve Account and the member's basic payments are deposited to the Reimbursement Account. These funds are used to reimburse the letter of credit and restore the Interest Reserve Account.
  4. Administrative Fee Account - Payments for administrative expenses are deposited to and paid from the Administrative Fee Account.
  5. Maturity Account - On the first business day of each month, the Trustee is to draw on the letter of credit an amount equal to the interest accrued and unpaid on the commercial paper notes from and including the preceding draw date and deposit the proceeds of this drawing to the Maturity Account. On the maturity date of any commercial paper note, the Trustee is to draw on the letter of credit an amount equal to the aggregate amount required to pay the principal and accrued interest on the maturing note, less any amounts on deposit in the Maturity Account. These funds are deposited to the Maturity Account and used to redeem the maturing commercial paper notes.
- C. Private Placement Program – The private placement program is a non-trusteed 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.



**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

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

D. 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.

**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. At September 30, 2011, all cash and cash equivalents are comprised of a money market fund. The fund is rated AAA and has a weighted average maturity of 31 days at year-end. Details of investments held at September 30, 2011 are shown below:

	<u>Series 2000B</u>	<u>Series 2001A</u>	<u>Series 2002C</u>
<u>Investments</u>			
Florida Municipal Investment Trust (FMIvT) 0-2 Yr High Quality Bd Fd	\$ 747,108	\$ 537,216	\$ 678,432
Total Investments	<u>\$ 747,108</u>	<u>\$ 537,216</u>	<u>\$ 678,432</u>
	<u>Series 2003A</u>	<u>Series 2003B</u>	<u>Series 2005D</u>
<u>Investments</u>			
FMIvT 0-2 Yr High Quality Bd Fd	\$ 1,197,610	\$ 3,335,740	\$ 1,478,658
FMIvT 1-3 Yr High Quality Bd Fd	-	-	388,334
Total Investments	<u>\$ 1,197,610</u>	<u>\$ 3,335,740</u>	<u>\$ 1,866,992</u>
	<u>Series 2006</u>	<u>Series 2010 ABCD</u>	<u>Series 2011D</u>
<u>Investments</u>			
FMIvT 0-2 Yr High Quality Bd Fd	\$ 1,020,426	\$ 1,305,716	\$ 28,796,604
Total Investments	<u>\$ 1,020,426</u>	<u>\$ 1,305,716</u>	<u>\$ 28,796,604</u>

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

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

The FMIvT 0-2 Year High Quality Bond Fund and the FMIvT 1-3 Year High Quality Bond Fund are local government investment pools administered by the Florida League of Cities, Inc. (League). The FMIvT Board of Trustees exercises oversight responsibility over the pools. The pools are rated AAA and have a weighted average maturity of 0.73 and 1.64 years, respectively, at year-end. The fair values of the Council's position in the pools are equal to the fair value of the Council's shares.

The Project Loan Funds are invested in the FMIvT 0-2 Year High Quality Bond Fund, the FMIvT 1-3 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 FMIvT 0-2 Year High Quality Bond Fund, the FMIvT 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). The Council places no limit on the amount that may be invested in any one issuer.

**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 prepayment, with penalty. Principal repayments on the loans are scheduled to coincide with the scheduled maturities of the bonds.

The member of the commercial paper program is billed monthly for the expenses of the program. Principal repayment is due no later than the program termination date, which is defined by the trust indenture as fifteen days prior to the expiration date of the credit facility. The member repaid this loan during the current fiscal year.



**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 5 – Bonds and Notes Payable**

The bonds and notes 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.

Bonds Payable decreased during the year ended September 30, 2011 as follows:

Bonds Payable October 1, 2010	\$615,716,882
Bonds Issued	57,125,000
Accretion on Capital Appreciation Bonds	812,238
Bonds Redeemed	(32,470,133)
Bonds Defeased or Extinguished	<u>(76,010,000)</u>
Bonds Payable September 30, 2011	<u>\$565,173,987</u>

Commercial Paper Notes Payable decreased during the year ended September 30, 2011 as follows:

Commercial Paper Notes Payable October 1, 2010	\$ 13,981,000
Notes Redeemed	<u>(13,981,000)</u>
Commercial Paper Notes Payable September 30, 2011	<u>\$ -</u>

Series 1999A

These bonds bear interest at rates ranging from 4.50% to 5.125%. 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>
2012	\$ 85,000	\$ 119,050	\$ 204,050
2013	90,000	115,225	205,225
2014	95,000	111,175	206,175
2015	100,000	106,306	206,306
2016	105,000	101,181	206,181
2017-2021	600,000	422,413	1,022,413
2022-2026	770,000	258,000	1,028,000
2027-2029	<u>555,000</u>	<u>56,500</u>	<u>611,500</u>
Totals	<u>\$ 2,400,000</u>	<u>\$ 1,289,850</u>	<u>\$ 3,689,850</u>

**Florida Municipal Loan Council  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2011**

**Note 5 – Bonds and Notes Payable** (Continued)

In the current year, the Council issued \$7,385,000 in revenue refunding bonds with interest rates ranging between 2.00% and 4.26%. The Council issued the bonds to advance refund \$7,095,000 of the outstanding Series 1999A bonds with interest rates ranging between 4.50% and 5.125%. The Council used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 1999A bonds. Also, in the current year, the Council defeased \$31,970,000 of the Series 1999A bonds by placing proceeds received from the borrowers in irrevocable trusts 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, 2011, \$15,135,000 of bonds outstanding are considered defeased.

The advance refunding reduced total debt service payments over the next 19 years by nearly \$310,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$245,000.

Series 2000A

The Series 2000A bonds are comprised of capital appreciation bonds of \$6,187,249 plus accreted interest of \$5,872,987. The bonds bear interest at rates ranging from 5.50% 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:

Maturities	Principal	Interest	Total
2012	\$ 432,497	\$ 402,503	\$ 835,000
2013	406,568	433,432	840,000
2014	611,262	733,738	1,345,000
2015	573,414	771,586	1,345,000
2016	523,401	821,486	1,344,887
2017-2021	2,480,013	5,115,123	7,595,136
2022-2024	1,160,094	3,399,906	4,560,000
Totals	<u>\$ 6,187,249</u>	<u>\$ 11,677,774</u>	<u>\$ 17,865,023</u>

Series 2000B

The Series 2000B bonds are comprised of \$2,090,000 current interest bonds and capital appreciation bonds of \$1,010,184 plus accreted interest of \$866,551. The current interest bonds bear interest at rates ranging from 4.85% to 5.75%. Interest is payable each May 1 and November 1 until final maturity. The capital appreciation 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, 2011**

**Note 5 – Bonds and Notes Payable** (Continued)

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 110,000	\$ 109,988	\$ 219,988
2013	110,000	104,598	214,598
2014	120,000	98,425	218,425
2015	125,000	91,381	216,381
2016	135,000	83,906	218,906
2017-2021	170,000	377,663	547,663
2022-2026	1,318,467	2,268,523	3,586,990
2027-2031	1,011,717	1,285,824	2,297,541
Totals	<u>\$ 3,100,184</u>	<u>\$ 4,420,308</u>	<u>\$ 7,520,492</u>

In the current year, the Council defeased \$30,515,000 of the Series 2000B bonds by placing proceeds received from the borrowers in irrevocable trusts 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, 2011, \$15,490,000 of bonds outstanding are considered defeased.

Series 2001A

These bonds bear interest at rates ranging from 4.75% to 5.25%. 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>
2012	\$ 3,850,000	\$ 2,829,738	\$ 6,679,738
2013	3,745,000	2,639,863	6,384,863
2014	3,925,000	2,443,206	6,368,206
2015	4,135,000	2,231,631	6,366,631
2016	4,340,000	2,009,163	6,349,163
2017-2021	25,405,000	6,328,856	31,733,856
2022-2026	9,555,000	1,469,300	11,024,300
2027-2031	2,620,000	378,000	2,998,000
2032	440,000	11,000	451,000
Totals	<u>\$ 58,015,000</u>	<u>\$ 20,340,757</u>	<u>\$ 78,355,757</u>

In the current year, the Council defeased \$930,000 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, 2011, \$930,000 of bonds outstanding are considered defeased.

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 5 – Bonds and Notes Payable** (Continued)Series 2002A

These bonds bear interest at rates ranging from 5.00% to 5.50%. 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>
2012	\$ 2,275,000	\$ 1,639,106	\$ 3,914,106
2013	1,380,000	1,525,356	2,905,356
2014	1,465,000	1,449,456	2,914,456
2015	1,545,000	1,368,881	2,913,881
2016	1,625,000	1,283,906	2,908,906
2017-2021	9,570,000	4,985,307	14,555,307
2022-2026	7,235,000	2,551,157	9,786,157
2027-2031	5,205,000	1,132,731	6,337,731
2032	1,200,000	61,500	1,261,500
Totals	<u>\$ 31,500,000</u>	<u>\$ 15,997,400</u>	<u>\$ 47,497,400</u>

In the current year, the Council defeased \$1,725,000 of the Series 2002A 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, 2011, \$1,725,000 of bonds outstanding are considered defeased.

Series 2002B

These bonds bear interest at rates ranging from 4.00% to 5.375%. Interest is payable each February 1 and August 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>
2012	\$ 1,505,000	\$ 3,163,056	\$ 4,668,056
2013	1,565,000	3,102,856	4,667,856
2014	1,625,000	3,040,256	4,665,256
2015	1,695,000	2,975,256	4,670,256
2016	1,785,000	2,884,150	4,669,150
2017-2021	11,160,000	12,870,331	24,030,331
2022-2026	17,205,000	9,428,951	26,633,951
2027-2031	22,005,000	4,680,000	26,685,000
2032	5,085,000	254,250	5,339,250
Totals	<u>\$ 63,630,000</u>	<u>\$ 42,399,106</u>	<u>\$106,029,106</u>

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 5 – Bonds and Notes Payable** (Continued)

Series 2002C

These bonds bear interest at rates ranging from 4.00% to 5.25%. 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>
2012	\$ 1,280,000	\$ 919,913	\$ 2,199,913
2013	1,325,000	867,813	2,192,813
2014	1,255,000	808,369	2,063,369
2015	1,325,000	740,644	2,065,644
2016	1,395,000	669,244	2,064,244
2017-2021	8,155,000	2,137,406	10,292,406
2022-2023	3,895,000	207,243	4,102,243
Totals	<u>\$ 18,630,000</u>	<u>\$ 6,350,632</u>	<u>\$ 24,980,632</u>

Series 2003A

These bonds bear interest at rates ranging from 4.50% to 5.25%. 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>
2012	\$ 2,165,000	\$ 3,130,638	\$ 5,295,638
2013	2,280,000	3,022,387	5,302,387
2014	2,390,000	2,902,687	5,292,687
2015	2,025,000	2,777,212	4,802,212
2016	2,125,000	2,670,900	4,795,900
2017-2021	11,690,000	11,631,975	23,321,975
2022-2026	14,905,000	8,425,375	23,330,375
2027-2031	17,290,000	4,539,250	21,829,250
2032-2033	7,740,000	585,250	8,325,250
Totals	<u>\$ 62,610,000</u>	<u>\$ 39,685,674</u>	<u>\$ 102,295,674</u>

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 5 – Bonds and Notes Payable** (Continued)Series 2003B

These bonds bear interest at rates ranging from 3.125% to 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>
2012	\$ 1,960,000	\$ 1,692,113	\$ 3,652,113
2013	2,010,000	1,621,288	3,631,288
2014	1,625,000	1,538,431	3,163,431
2015	2,055,000	1,441,831	3,496,831
2016	2,170,000	1,330,925	3,500,925
2017-2021	9,685,000	4,930,594	14,615,594
2022-2026	5,805,000	3,143,875	8,948,875
2027-2031	7,915,000	1,217,875	9,132,875
2032-2034	1,640,000	125,750	1,765,750
Totals	<u>\$ 34,865,000</u>	<u>\$ 17,042,682</u>	<u>\$ 51,907,682</u>

Series 2004A-1

These bonds bear interest at rates ranging from 4.00% to 5.125%. Interest is payable each January 1 and July 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>
2012	\$ 625,000	\$ 555,481	\$ 1,180,481
2013	645,000	530,481	1,175,481
2014	680,000	504,681	1,184,681
2015	700,000	476,631	1,176,631
2016	730,000	446,881	1,176,881
2017-2021	3,255,000	1,731,244	4,986,244
2022-2026	2,060,000	1,084,850	3,144,850
2027-2031	1,800,000	620,894	2,420,894
2032-2034	1,310,000	136,582	1,446,582
Totals	<u>\$ 11,805,000</u>	<u>\$ 6,087,725</u>	<u>\$ 17,892,725</u>

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 5 – Bonds and Notes Payable** (Continued)

Series 2005A

These bonds bear interest at rates ranging from 3.25% to 5.00%. Interest is payable each February 1 and August 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>
2012	\$ 1,530,000	\$ 2,193,093	\$ 3,723,093
2013	1,575,000	2,134,761	3,709,761
2014	1,640,000	2,072,593	3,712,593
2015	1,700,000	2,013,080	3,713,080
2016	1,770,000	1,947,310	3,717,310
2017-2021	9,975,000	8,436,064	18,411,064
2022-2026	11,030,000	5,743,625	16,773,625
2027-2031	9,180,000	3,432,812	12,612,812
2032-2035	9,135,000	941,875	10,076,875
Totals	<u>\$ 47,535,000</u>	<u>\$ 28,915,213</u>	<u>\$ 76,450,213</u>

Series 2005B

These bonds bear interest at rates ranging from 3.375% to 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>
2012	\$ 1,295,000	\$ 715,578	\$ 2,010,578
2013	1,055,000	675,790	1,730,790
2014	805,000	643,768	1,448,768
2015	830,000	614,740	1,444,740
2016	795,000	583,900	1,378,900
2017-2021	4,210,000	2,297,000	6,507,000
2022-2026	3,560,000	1,359,750	4,919,750
2027-2030	3,590,000	370,500	3,960,500
Totals	<u>\$ 16,140,000</u>	<u>\$ 7,261,026</u>	<u>\$ 23,401,026</u>

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 5 – Bonds and Notes Payable** (Continued)Series 2005C

These bonds bear interest at rates ranging from 3.375% 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>
2012	\$ 1,075,000	\$ 604,675	\$ 1,679,675
2013	1,105,000	568,394	1,673,394
2014	1,145,000	529,719	1,674,719
2015	1,210,000	472,469	1,682,469
2016	1,275,000	411,969	1,686,969
2017-2021	5,905,000	1,127,387	7,032,387
2022-2026	1,115,000	386,751	1,501,751
2027-2030	1,080,000	120,750	1,200,750
Totals	<u>\$ 13,910,000</u>	<u>\$ 4,222,114</u>	<u>\$ 18,132,114</u>

Series 2005D

These bonds bear interest at rates ranging from 3.25% 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>
2012	\$ 830,000	\$ 821,973	\$ 1,651,973
2013	865,000	793,888	1,658,888
2014	890,000	764,161	1,654,161
2015	740,000	736,081	1,476,081
2016	765,000	709,266	1,474,266
2017-2021	4,320,000	3,058,800	7,378,800
2022-2026	5,385,000	1,966,625	7,351,625
2027-2031	2,500,000	995,625	3,495,625
2032-2036	3,130,000	364,725	3,494,725
Totals	<u>\$ 19,425,000</u>	<u>\$ 10,211,144</u>	<u>\$ 29,636,144</u>

In a prior year, the Council defeased a portion 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, 2011, \$1,105,000 of bonds outstanding are considered defeased.



**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 5 – Bonds and Notes 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>
2012	\$ 795,000	\$ 683,556	\$ 1,478,556
2013	835,000	650,956	1,485,956
2014	875,000	616,756	1,491,756
2015	905,000	576,631	1,481,631
2016	950,000	530,256	1,480,256
2017-2021	4,615,000	1,926,891	6,541,891
2022-2026	3,535,000	1,067,110	4,602,110
2027-2031	2,360,000	442,378	2,802,378
2032-2036	795,000	77,738	872,738
2037	95,000	2,138	97,138
<b>Totals</b>	<b><u>\$ 15,760,000</u></b>	<b><u>\$ 6,574,410</u></b>	<b><u>\$ 22,334,410</u></b>

In the current year, the Council defeased \$3,775,000 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. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Council's financial statements. At September 30, 2011, \$3,775,000 of bonds outstanding are considered defeased.

Series 2007A

These bonds bear interest at rates ranging from 4.25% 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>
2012	\$ 1,505,000	\$ 2,274,781	\$ 3,779,781
2013	1,580,000	2,200,900	3,780,900
2014	1,655,000	2,122,050	3,777,050
2015	1,740,000	2,037,175	3,777,175
2016	1,825,000	1,948,050	3,773,050
2017-2021	10,585,000	8,288,238	18,873,238
2022-2026	13,470,000	5,371,000	18,841,000
2027-2031	11,005,000	2,006,875	13,011,875
2032-2033	3,475,000	175,875	3,650,875
<b>Totals</b>	<b><u>\$ 46,840,000</u></b>	<b><u>\$ 26,424,944</u></b>	<b><u>\$ 73,264,944</u></b>

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 5 – Bonds and Notes Payable** (Continued)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>
2012	\$ 592,344	\$ 768,878	\$ 1,361,222
2013	599,389	737,758	1,337,147
2014	630,957	707,759	1,338,716
2015	662,017	676,234	1,338,251
2016	694,606	644,871	1,339,477
2017-2021	4,017,482	2,661,472	6,678,954
2022-2026	5,111,134	1,553,111	6,664,245
2027-2029	3,711,187	277,690	3,988,877
Totals	<u>\$ 16,019,116</u>	<u>\$ 8,027,773</u>	<u>\$ 24,046,889</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.

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 25,695	\$ 40,185	\$ 65,880
2013	27,075	38,806	65,881
2014	28,529	37,352	65,881
2015	30,061	35,820	65,881
2016	31,675	34,205	65,880
2017-2021	185,792	143,610	329,402
2022-2026	241,331	88,072	329,403
2027-2029	178,173	19,469	197,642
Totals	<u>\$ 748,331</u>	<u>\$ 437,519</u>	<u>\$ 1,185,850</u>

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 5 – Bonds and Notes Payable** (Continued)

Series 2009 Seminole

These bonds bear interest at 5.04%. Interest is payable each March 1 and September 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>
2012	\$ 482,093	\$ 231,566	\$ 713,659
2013	506,391	207,268	713,659
2014	531,913	181,746	713,659
2015	558,721	154,938	713,659
2016	586,881	126,778	713,659
2017-2019	1,928,570	196,828	2,125,398
Totals	<u>\$ 4,594,569</u>	<u>\$ 1,099,124</u>	<u>\$ 5,693,693</u>

Series 2010 ABCD

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>
2012	\$ 490,000	\$ 1,108,244	\$ 1,598,244
2013	610,000	1,095,569	1,705,569
2014	625,000	1,081,556	1,706,556
2015	645,000	1,066,619	1,711,619
2016	650,000	1,051,931	1,701,931
2017-2021	3,620,000	4,911,863	8,531,863
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	2,063,534	7,148,534
2037-2041	6,370,000	768,181	7,138,181
Totals	<u>\$ 27,730,000</u>	<u>\$ 20,554,191</u>	<u>\$ 48,284,191</u>

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 5 – Bonds and Notes Payable** (Continued)Series 2010AA

These bonds bear interest at 4.26%. 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>
2012	\$ 65,000	\$ 74,763	\$ 139,763
2013	70,000	71,994	141,994
2014	75,000	69,012	144,012
2015	75,000	65,817	140,817
2016	80,000	62,622	142,622
2017-2021	455,000	258,369	713,369
2022-2026	550,000	154,425	704,425
2027-2029	<u>385,000</u>	<u>33,441</u>	<u>418,441</u>
Totals	<u>\$ 1,755,000</u>	<u>\$ 790,443</u>	<u>\$ 2,545,443</u>

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>
2012	\$ 45,000	\$ 47,000	\$ 92,000
2013	50,000	45,200	95,200
2014	50,000	43,200	93,200
2015	50,000	41,200	91,200
2016	55,000	39,200	94,200
2017-2021	305,000	161,600	466,600
2022-2026	365,000	96,200	461,200
2027-2029	<u>255,000</u>	<u>20,800</u>	<u>275,800</u>
Totals	<u>\$ 1,175,000</u>	<u>\$ 494,400</u>	<u>\$ 1,669,400</u>

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 5 – Bonds and Notes Payable** (Continued)

Series 2011 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>
2012	\$ 145,000	\$ 205,963	\$ 350,963
2013	530,000	181,375	711,375
2014	545,000	165,800	710,800
2015	565,000	149,725	714,725
2016	575,000	134,363	709,363
2017-2021	2,540,000	412,537	2,952,537
2022-2026	400,000	183,750	583,750
2027-2031	525,000	68,125	593,125
Totals	<u>\$ 5,825,000</u>	<u>\$ 1,501,638</u>	<u>\$ 7,326,638</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.

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	\$ 2,078,679	\$ 2,078,679
2013	310,000	2,401,538	2,711,538
2014	320,000	2,392,088	2,712,088
2015	580,000	2,378,587	2,958,587
2016	850,000	2,357,137	3,207,137
2017-2021	5,110,000	11,306,269	16,416,269
2022-2026	6,250,000	10,143,225	16,393,225
2027-2031	7,935,000	8,403,456	16,338,456
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	86,762	3,241,762
Totals	<u>\$ 48,235,000</u>	<u>\$ 50,357,635</u>	<u>\$ 98,592,635</u>

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 6 – Letter of Credit**

The letter of credit was cancelled on September 15, 2011 at the request of the Trustee and Administrator due to the complete redemption of all commercial paper notes. Prior to cancellation, under the irrevocable letter of credit issued by Bank of America, the Trustee was entitled to draw an amount sufficient to redeem the commercial paper and accrued interest on each maturity date. The letter of credit facility fees were based on each borrower's loan agreement and were one hundred basis points per annum, plus \$150 per drawing. Additional fees were due if the letter of credit was amended or transferred.

**Note 7 – Remarketing Agreement**

Banc of America Securities, LLC served as the remarketing agent for the commercial paper program for a fee of seven basis points per annum of the weighted average of the principal amount of notes outstanding during each three-month period.

**Note 8 – Related Party Transactions**

The Council entered into an agreement with the League to administer the programs. Members are charged a fee of up to ten basis points per annum on the bonds outstanding and twelve basis points per annum on the commercial paper notes outstanding. Additional fees are charged upon issuance of bonds or notes. The League paid certain expenses of the Council, including the trustee fee for the commercial paper program and certain legal fees. Pursuant to an addendum dated September 22, 2011, sixty percent of these fees will be paid to the League. The balance will be retained by the Council to pay certain expenses which were formerly paid by the League. At September 30, 2011, \$192,040 was due to the League for administrative services.

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 the FMIT and the FMIVT. Certain members of the FMIT's and FMIVT's Board of Trustees are also members of the League's Board of Directors.

**Note 9 – 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.

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2011**

**Note 10 – Surety Bond Trust Fund**

On September 20, 2001, the Board of Directors approved a resolution authorizing amendments to the trust indentures of the Series 1999A and the Series 2000B and the establishment of the Surety Bond Trust Fund. The surety bonds of these 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 11 – IRS Settlement and SEC Order**

The City of South Miami (South Miami) participated in the Florida Municipal Loan Council Revenue Bonds Series 2002A and 2006 to finance the construction of a public parking garage. A portion of the proceeds were used by South Miami in a manner that could affect the tax-exempt status of the interest on the bonds. On July 19, 2010, the Council and South Miami initiated with the Internal Revenue Service a process for requesting a “voluntary closing agreement” to resolve these issues. On August 17, 2011, the Council and South Miami entered into a closing agreement on final determination with the Internal Revenue Service to preserve the tax-exempt status of the interest on the bonds. Pursuant to the closing agreement, the Council, with funds provided by South Miami, defeased a portion of the Series 2002A bonds and Series 2006 bonds, and South Miami paid a settlement amount of \$77,465 for the Series 2002A bonds and \$182,861 for the Series 2006 bonds.

On July 21, 2010, the League received a copy of an Order from the Securities and Exchange Commission. The Order, dated July 19, 2010, alleges that, among other things, there may have been a failure to disclose material facts concerning the tax-exempt status of the Series 2002A and 2006 bonds. The League, as Administrator to the Council, retained attorneys to represent the Council in the above actions. Management’s opinion is that the above matters are primarily the responsibility of South Miami and will not result in a material adverse impact on the financial statements of the Council.

**Note 12 – Capital Access Program**

The Board of Directors passed a resolution authorizing the creation of the Capital Access Program (CAP). Through the CAP, 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 this program.

**Note 13 – Subsequent Events**

Since year-end, several members have provided funds to defease their share of the bonds. The table below shows these members and each member’s share of the debt as of September 30, 2011:

Series 2001A	Bonita Springs	\$ 24,265,000
Series 2001A	Largo	5,405,000
Series 2001A	Safety Harbor	1,555,000
Series 2001A	Sunny Isles Beach	7,910,000
Series 2001A	Wellington	3,715,000
Series 2002A	DeFuniak Springs	825,000
Series 2002A	Palm Springs	6,570,000
Series 2002A	Pincrest	5,130,000
Series 2002C	Wellington	4,415,000

No debt was issued by the Council to refund these bonds.

**Florida Municipal Loan Council  
Schedule of Issues Outstanding  
As of September 30, 2011**

	Original Par Amount of Bonds	9/30/11 Principal Outstanding	Years Amortized
<i>Revenue Bonds, Series 1999A - April 1999</i>			
Miami Shores Village	3,200,000.00	2,400,000.00	30
<b>TOTAL</b>	<b>\$ 3,200,000.00</b>	<b>\$ 2,400,000.00</b>	
 <i>Revenue Bonds, Series 2000A - May 2000</i>			
Deerfield Beach	\$ 9,978,847.50	\$ 6,187,249.20	25
<b>TOTAL</b>	<b>\$ 9,978,847.50</b>	<b>\$ 6,187,249.20</b>	
 <i>Revenue Bonds, Series 2000B - November 2000</i>			
Deerfield Beach	\$ 2,820,183.75	\$ 2,640,184.00	27
New Smyrna Beach	1,985,000.00	460,000.00	15
<b>TOTAL</b>	<b>\$ 4,805,183.75</b>	<b>\$ 3,100,184.00</b>	
 <i>Revenue Bonds, Series 2001A - November 2001</i>			
Bonita Springs	36,565,000.00	24,265,000.00	20
Bradenton	3,100,000.00	2,055,000.00	20
Hallandale Beach	4,770,000.00	3,165,000.00	20
Largo	9,250,000.00	5,405,000.00	20
North Miami	5,545,000.00	3,685,000.00	20
Safety Harbor	3,610,000.00	1,555,000.00	20
St. Pete Beach	2,350,000.00	285,000.00	10
South Miami	2,200,000.00	1,830,000.00	30
Southwest Ranches	4,985,000.00	4,145,000.00	30
Sunny Isles Beach	10,320,000.00	7,910,000.00	25
Village of Wellington	5,605,000.00	3,715,000.00	20
<b>TOTAL</b>	<b>\$ 88,300,000.00</b>	<b>\$ 58,015,000.00</b>	
 <i>Revenue Bonds, Series 2002A - May 2002</i>			
Cape Coral	\$ 4,580,000.00	\$ 545,000.00	10
DeFuniak Springs	1,245,000.00	825,000.00	20
Golf	2,240,000.00	1,865,000.00	30
North Miami	3,335,000.00	405,000.00	10
North Miami Beach	11,510,000.00	8,530,000.00	22
Oakland	2,545,000.00	2,120,000.00	30
Palm Springs	7,890,000.00	6,570,000.00	30
Pinecrest	7,740,000.00	5,130,000.00	20
South Miami	6,500,000.00	3,690,000.00	30
Stuart	2,190,000.00	1,820,000.00	30
<b>TOTAL</b>	<b>\$ 49,775,000.00</b>	<b>\$ 31,500,000.00</b>	



**Florida Municipal Loan Council  
Schedule of Issues Outstanding  
As of September 30, 2011**

	Original Par Amount of Bonds	9/30/11 Principal Outstanding	Years Amortized
<i>Revenue Bonds, Series 2002B - August 2002</i>			
North Miami Beach	\$ 66,385,000.00	\$ 63,630,000.00	30
<b>TOTAL</b>	<u>\$ 66,385,000.00</u>	<u>\$ 63,630,000.00</u>	
 <i>Revenue Bonds, Series 2002C - November 2002</i>			
Belle Isle	\$ 955,000.00	\$ 225,000.00	10
Oldsmar	2,425,000.00	1,700,000.00	20
Sunny Isles Beach	17,495,000.00	12,290,000.00	20
Wellington	6,290,000.00	4,415,000.00	20
<b>TOTAL</b>	<u>\$ 27,165,000.00</u>	<u>\$ 18,630,000.00</u>	
 <i>Revenue Bonds, Series 2003A - May 2003</i>			
Deerfield Beach	\$ 11,965,000.00	\$ 7,605,000.00	25
Hialeah	48,135,000.00	40,995,000.00	30
Lake Park	4,810,000.00	4,170,000.00	30
Palm Springs	11,550,000.00	9,840,000.00	30
<b>TOTAL</b>	<u>\$ 76,460,000.00</u>	<u>\$ 62,610,000.00</u>	
 <i>Revenue Bonds, Series 2003B - December 2003</i>			
Apopka	\$ 1,955,000.00	\$ 1,170,000.00	15
Bay Harbor Islands	9,360,000.00	8,115,000.00	30
Belle Isle	985,000.00	325,000.00	10
Deerfield Beach	17,890,000.00	15,070,000.00	25
Gadsden County	8,850,000.00	5,285,000.00	15
North Miami Beach	7,765,000.00	4,900,000.00	16
<b>TOTAL</b>	<u>\$ 46,805,000.00</u>	<u>\$ 34,865,000.00</u>	
 <i>Revenue Bonds, Series 2004A - July 2004</i>			
Haines City CRA	\$ 5,000,000.00	\$ 3,020,000.00	15
Haines City Rail Spur	3,200,000.00	2,775,000.00	30
Oakland Park	1,810,000.00	1,570,000.00	30
Pinecrest	3,075,000.00	2,265,000.00	20
St. Augustine Beach	2,500,000.00	2,175,000.00	30
<b>TOTAL</b>	<u>\$ 15,585,000.00</u>	<u>\$ 11,805,000.00</u>	

**Florida Municipal Loan Council  
Schedule of Issues Outstanding  
As of September 30, 2011**

	Original Par Amount of Bonds	9/30/11 Principal Outstanding	Years Amortized
<i>Revenue Bonds, Series 2005A - February 2005</i>			
Bartow	\$ 4,800,000.00	\$ 3,730,000.00	20
Hallandale Beach	8,800,000.00	6,850,000.00	20
Hialeah	29,090,000.00	25,810,000.00	30
Indian Shores	5,930,000.00	5,265,000.00	30
Inverness	5,455,000.00	4,840,000.00	30
Valparaiso	1,555,000.00	1,040,000.00	15
<b>TOTAL</b>	<u>\$ 55,630,000.00</u>	<u>\$ 47,535,000.00</u>	
 <i>Revenue Refunding Bonds, Series 2005B - May 2005</i>			
Destin	\$ 6,875,000.00	\$ 6,500,000.00	24
Eatonville	1,405,000.00	1,275,000.00	24
Haines City	3,355,000.00	3,190,000.00	24
Melbourne Beach	1,620,000.00	1,540,000.00	24
Plant City	3,180,000.00	2,815,000.00	14
Seminole	1,710,000.00	820,000.00	7
<b>TOTAL</b>	<u>\$ 18,145,000.00</u>	<u>\$ 16,140,000.00</u>	
 <i>Revenue Refunding Bonds, Series 2005C - July 2005</i>			
Fort Myers	\$ 4,970,000.00	\$ 4,385,000.00	15
Lauderdale Lakes	4,105,000.00	3,815,000.00	25
North Miami Beach	5,380,000.00	4,700,000.00	15
Port Richey	1,155,000.00	1,010,000.00	15
<b>TOTAL</b>	<u>\$ 15,610,000.00</u>	<u>\$ 13,910,000.00</u>	
 <i>Revenue Bonds, Series 2005D - September 2005</i>			
Bartow	\$ 2,655,000.00	\$ 2,165,000.00	20
Dania Beach	6,775,000.00	6,130,000.00	30
Palmetto Bay	1,495,000.00	1,375,000.00	30
Parkland	2,775,000.00	2,260,000.00	20
Port Richey	4,545,000.00	3,490,000.00	30
West Melbourne	4,910,000.00	4,005,000.00	20
<b>TOTAL</b>	<u>\$ 23,155,000.00</u>	<u>\$ 19,425,000.00</u>	

**Florida Municipal Loan Council  
Schedule of Issues Outstanding  
As of September 30, 2011**

	Original Par Amount of Bonds	9/30/11 Principal Outstanding	Years Amortized
<i>Revenue Bonds, Series 2006 - January 2007</i>			
Belle Isle	\$ 1,480,000.00	\$ 1,290,000.00	20
Deerfield Beach	5,965,000.00	5,420,000.00	25
Gadsden County	2,415,000.00	2,055,000.00	16
South Miami	5,625,000.00	1,475,000.00	30
St. Pete Beach	3,915,000.00	2,875,000.00	12
Valparaiso	2,965,000.00	2,645,000.00	20
<b>TOTAL</b>	<u>\$ 22,365,000.00</u>	<u>\$ 15,760,000.00</u>	
 <i>Revenue Bonds, Series 2007A - September 2007</i>			
Haines City	\$ 26,200,000.00	\$ 24,530,000.00	25
Hallandale Beach	24,615,000.00	22,310,000.00	20
<b>TOTAL</b>	<u>\$ 50,815,000.00</u>	<u>\$ 46,840,000.00</u>	
 <i>Revenue Bonds, Series 2008A - August 2008</i>			
Deerfield Beach	\$ 17,028,785.98	\$ 16,019,115.86	20
<b>TOTAL</b>	<u>\$ 17,028,785.98</u>	<u>\$ 16,019,115.86</u>	
 <i>Revenue Bonds, Series 2009 St. Augustine Beach - July 2009</i>			
St. Augustine Beach	\$ 5,350,000.00	\$ 748,331.35	20
<b>TOTAL</b>	<u>\$ 5,350,000.00</u>	<u>\$ 748,331.35</u>	
 <i>Revenue Bonds, Series 2009 Seminole - September 2009</i>			
Seminole	\$ 5,500,000.00	\$ 4,594,569.10	10
<b>TOTAL</b>	<u>\$ 5,500,000.00</u>	<u>\$ 4,594,569.10</u>	
 <i>Revenue Bonds, Series 2010 ABCD - August 2010</i>			
Palatka	\$ 7,665,000.00	\$ 7,665,000.00	30
Palmetto Bay	14,780,000.00	14,780,000.00	30
Valparaiso	1,465,000.00	1,465,000.00	30
West Melbourne	3,820,000.00	3,820,000.00	20
<b>TOTAL</b>	<u>\$ 27,730,000.00</u>	<u>\$ 27,730,000.00</u>	
 <i>Revenue Refunding Bonds, Series 2010AA - December 2010</i>			
St. Augustine Beach	\$ 1,835,000.00	\$ 1,755,000.00	19
<b>TOTAL</b>	<u>\$ 1,835,000.00</u>	<u>\$ 1,755,000.00</u>	

**Florida Municipal Loan Council  
Schedule of Issues Outstanding  
As of September 30, 2011**

	Original Par Amount of Bonds	9/30/11 Principal Outstanding	Years Amortized
<i>Revenue Refunding Bonds, Series 2010BB - December 2010</i>			
Eagle Lake	\$ 1,230,000.00	\$ 1,175,000.00	19
<b>TOTAL</b>	<u>\$ 1,230,000.00</u>	<u>\$ 1,175,000.00</u>	
 <i>Revenue Refunding Bonds, Series 2011 B-1 Revenue Bonds, Series 2011 B-2 - March 2011</i>			
Pinecrest B-1	\$ 4,320,000.00	\$ 4,320,000.00	8
Pinecrest B-2	1,505,000.00	1,505,000.00	19
<b>TOTAL</b>	<u>\$ 5,825,000.00</u>	<u>\$ 5,825,000.00</u>	
 <i>Revenue Bonds, Series 2011D - May 2011</i>			
Hialeah	\$ 48,235,000.00	\$ 48,235,000.00	30
<b>TOTAL</b>	<u>\$ 48,235,000.00</u>	<u>\$ 48,235,000.00</u>	
 <b>TOTALS</b>	 <u>\$ 686,912,817.23</u>	 <u>\$ 558,434,449.51</u>	

# Investment Section





## 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 are 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 invest loan proceeds in one or all of the following approved funds offered by the program:

- ▶ Goldman Sachs Financial Square Prime Obligations Fund (Money Market)
- ▶ Florida Municipal Investment Trust (FMLvT) 0-2 Year High Quality Bond Fund
- ▶ Florida Municipal Investment Trust (FMLvT) 1-3 Year High Quality Bond Fund

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.

### Goldman Sachs Financial Square Prime Obligations Fund (GSPXX) (Inception 1/31/2000)

The Goldman Sachs Financial Square Prime Obligations Fund is a money market investment option to borrowers in the program. Goldman Sachs Asset Management, L.P., is the investment advisor. The fund seeks to maintain a stable net asset value of \$1.00 per share, and shares of the fund may be redeemed or purchased on any business day. The fund invests in obligations issued or guaranteed by U.S. government agencies, authorities, instrumentalities or sponsored enterprises; obligations of U.S. banks, commercial paper; other short-term obligations of U.S. companies, states, and municipalities and other entities; and repurchase agreements. The fund is rated AAA. Total expenses are approximately 21 bps.

**Objective.** The fund's objective is to maximize income to the extent consistent with the preservation of capital and the maintenance of liquidity by investing exclusively in high-quality money market instruments. The fund is designed to provide an investment alternative for members with a short-term investment horizon, typically less than one year.

**Investment Risk.** Shares of the fund are neither insured nor guaranteed by any U.S. government agency including the 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 for the quarter and year to year up to the last 10 years.

Performance Returns – Net of All Fees and Expenses					
Periods Ending September 30, 2011					
	Qtr.	1 Year	3 Years	5 Years	10 Years
Goldman Sachs Financial Square Prime Obligations Fund <sup>1</sup>	0.01%	0.07%	0.31%	1.91%	2.08%
90 Day U.S. T-Bills	0.01%	0.16%	0.23%	1.74%	2.02%

<sup>1</sup>Performance returns reported by Asset Consulting Group.

## Goldman Sachs Financial Square Prime Obligations Fund (GSPXX) (continued)

As of September 30, 2011, the Goldman Sachs Financial Square Prime Obligations Fund held 240 securities. The top 10 holdings are listed below.

#	Issuer	Category of Investment	Effective Maturity Date	Coupon Rate/Yield (%)	Amortized Cost (\$)
1	Merrill Lynch Government Securities, Inc.	Government Agency Repurchase Agreement	10/03/11	0.090	1,600,000,000
2	Wells Fargo Securities LLC	Other Repurchase Agreement	10/03/11	0.280	700,000,000
3	Citibank, N.A. (a)	Government Agency Repurchase Agreement	10/03/11	0.110	595,849,802
4	BNP Paribas Securities Corp.	Government Agency Repurchase Agreement	10/07/11	0.160	500,000,000
5	Societe Generale	Government Agency Repurchase Agreement	10/03/11	0.070	500,000,000
6	Federal Home Loan Mortgage Corp.	Government Agency Debt	10/03/11	0.172	499,678,501
7	BNP Paribas Securities Corp. (a)	Government Agency Repurchase Agreement	10/03/11	0.120	496,541,502
8	Federal Home Loan Mortgage Corp.	Government Agency Debt	10/04/11	0.172	494,660,530
9	JPMorgan Chase Bank NA	Other Note	10/21/11	0.271	400,000,000
10	Federal Home Loan Mortgage Corp.	Government Agency Debt	10/11/11	0.145	399,944,221

(a) Represents portion of Fund's investments in Joint Account III.

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

The FMIvT 0-2 Year High Quality Bond Fund is actively managed by Atlanta Capital Management Company 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 22 bps. As of September 30, 2011, the fund had a net asset value of \$205 million, representing 47 FMIvT 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 Standard and Poor's.

**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 market value of the securities will fluctuate in value as interest rates, credit and liquidity conditions change, which could affect the fund's net asset value.

**Performance.** In the two years since inception of this strategy, the fund has advanced 0.9% on average annually, adding value over the Bank of America Merrill Lynch 1-Year Treasury Note Index (up 0.7%), although keeping pace with the short-term bond manager peer group has been challenging. The strategy is meeting the objective of providing consistent return enhancement over its benchmark with modestly lower risk and a strong risk-adjusted return profile. This fund represents a strong complement to the other fixed income options available within the FMIvT for participants with short-term horizons for cash-oriented funds.



## FMLvT 0-2 Year High Quality Bond Fund (continued)

### Performance Returns – Net of All Fees and Expenses

Periods Ending September 30, 2011

	Qtr.	1 Year	3 Years	5 Years	7 Years	10 Years
FMLvT 0-2 Year High Quality Bond Fund <sup>1</sup>	0.11%	0.42%	N/A	N/A	N/A	N/A
<i>BofA ML 1 Year Treasury Note Index</i>	0.13%	0.56%	1.27%	2.77%	2.79%	2.60%

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

As of September 30, 2011, the FMLvT 0-2 Year High Quality Bond Fund held 69 securities. The top 10 holdings are listed below.

#	Issue Name	Fair Value (\$000s)	% of Account Fair Value
1	US Treasury Bill September 2012	\$ 29,971	14.55%
2	FHLMC 5.125% July 2012	21,761	10.56%
3	FHLB 0.500% August 2013	13,020	6.32%
4	US Treasury Notes 4.750% May 2012	10,560	5.13%
5	FHLB 1.250% October 2013	10,003	4.86%
6	Wells Fargo Government Money Market Fund	7,862	3.82%
7	Ford Credit 09-2 Variable Rate September 2014	6,671	3.24%
8	AmeriCredit 2011-3 0.840% November 2014	5,992	2.91%
9	Chrysler Financial 0.910% August 2013	5,734	2.78%
10	Nissan Auto Lease 1.390% January 2016	5,555	2.70%
	<b>TOTAL</b>	<b>\$ 117,129</b>	<b>56.87%</b>

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

The FMLvT 1-3 Year High Quality Bond Fund is actively managed by Atlanta Capital Management Company 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, 2011, the fund had a net asset value of \$513 million, representing 62 FMLvT 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 market value of the securities will fluctuate in value as interest rates, credit and liquidity conditions change, which could affect the fund's net asset value.

**FMLvT 1-3 Year High Quality Bond Fund (continued)**

**Performance.** The fund advanced 0.3% in the third quarter, modestly below that of the Bank of America Merrill Lynch 1-3 Year Government Index (up 0.5%) but above that of the short-term bond manager peer group (up 0.2%). Over the past year, this strategy has modestly underperformed its benchmark (rising 1.1% compared to 1.2% for the index) as the manager's underweighting to the very strong US Treasury sector outweighed the beneficial impact of the asset backed and mortgage related securities. Capitalizing on the volatility in the markets over the past several years, the fund's performance now displays a consistent pattern of outperformance of its objectives over the past 10 years, adding 10 basis points over the benchmark on average annually and ranking in the 41st percentile of its peer group, with a more modest risk profile and strong risk-adjusted returns.

**Performance Returns – Net of All Fees and Expenses**

Periods Ending September 30, 2011

	Qtr.	1 Year	3 Years	5 Years	7 Years	10 Years
FMLvT 1-3 Year High Quality Bond Fund <sup>1</sup>	0.22%	.93%	3.03%	3.37%	3.22%	3.14%
<i>BofA ML 1-3 Yr Government Index</i>	0.46%	1.21%	2.67%	3.93%	3.51%	3.41%

<sup>1</sup>Returns prepared by Asset Consulting Group.

As of September 30, 2011, the 1-3 Year High Quality Bond Fund held 82 securities. The top 10 holdings are listed below.

#	Issue Name	Fair Value (\$000s)	% of Account Fair Value
1	FHLB 3.625% October 2013	\$ 40,438	7.84%
2	FHLB 0.500% August 2013	34,053	6.60%
3	FHLMC 1.000% August 2014	25,273	4.90%
4	FHLMC 4.625% October 2012	20,922	4.06%
5	FHLMC 2.125% March 2012	20,181	3.91%
6	FHLMC 0.875% October 2013	18,158	3.52%
7	FHLB 1.625% November 2012	15,730	3.05%
8	FHLB 1.875% June 2012	14,201	2.75%
9	Harley-Davidson 2011-1 A3 0.960% May 2016	13,668	2.65%
10	Carmax 10-3 A3 0.990% February 2015	13,137	2.55%
	<b>TOTAL</b>	<b>\$ 215,761</b>	<b>41.83%</b>

## 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

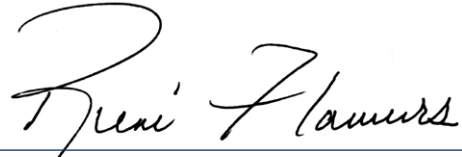
With regard to the FMLC Gas Prepay Program, Qualified Investments as allowed and provided for in the various program Trust Indentures are considered Authorized Investments under the FMLC Investment Policy.

## 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.





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

Attest:



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



# 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 indentures, all earnings are credited to and all expenses are reimbursed by the members. Therefore, the Council's financial statements do not reflect any net income or net assets. 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.



Florida Municipal Loan Council  
**SCHEDULE OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS**

Periods Ending September 30

**OPERATING REVENUES**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Loan Interest and Member Reimbursements	\$ 29,427,454	\$ 29,934,952	\$ 30,396,954	\$ 30,674,413	\$ 28,724,439	\$ 28,266,120	\$ 26,836,313	\$ 24,805,196	\$ 20,745,421	\$ 13,372,045
Investment Earnings	96,874	205,450	1,015,487	2,653,706	4,653,752	6,874,399	5,615,387	3,320,750	3,892,558	6,225,902
Rebatable Arbitrage	(11,041)	2,389	27,862	82,032	(129,550)	-	-	2,396	614,227	(96,703)
<b>Total Operating Revenues</b>	<b>29,513,287</b>	<b>30,142,791</b>	<b>31,440,303</b>	<b>33,410,151</b>	<b>33,248,641</b>	<b>35,140,519</b>	<b>32,451,700</b>	<b>28,128,342</b>	<b>25,252,206</b>	<b>19,501,244</b>

**OPERATING EXPENSES**

Interest Expense	27,987,768	28,625,695	29,093,696	29,370,926	27,502,409	27,065,870	25,625,903	23,454,474	19,833,381	12,787,283
Administrator Fees	511,375	510,617	532,991	542,150	501,905	488,078	482,032	416,493	334,721	257,789
Trustee Fees	198,760	38,469	49,999	41,492	47,855	61,633	58,058	50,346	40,765	34,153
Dealer Fees	7,606	10,692	10,849	10,849	6,182	-	-	-	-	-
Letter of Credit Fees	113,674	94,697	35,987	35,660	20,409	-	-	-	-	-
Cost of Issuance Expenses	1,122,650	691,574	49,200	30,779	1,385,260	-	1,462,785	1,359,206	1,938,208	3,483,884
Income (Loss) Allocated to Members	(428,546)	171,047	1,667,581	3,378,275	3,784,621	7,524,938	4,822,922	2,847,823	3,105,131	2,938,165
<b>Total Operating Expenses</b>	<b>29,513,287</b>	<b>30,142,791</b>	<b>31,440,303</b>	<b>33,410,151</b>	<b>33,248,641</b>	<b>35,140,519</b>	<b>32,451,700</b>	<b>28,128,342</b>	<b>25,252,206</b>	<b>19,501,244</b>

**Net Income**

Net Income	0	0	0	0	0	0	0	0	0	0
<b>Fund Net Assets, Beginning of Year</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>Fund Net Assets, End of Year</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

Florida Municipal Loan Council  
**SCHEDULE OF OUTSTANDING PRINCIPAL**  
 Periods Ending September 30

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenue Bonds, Series 1999A	\$ 2,400,000	\$ 43,485,000	\$ 46,080,000	\$ 48,565,000	\$ 50,955,000	\$ 53,280,000	\$ 55,470,000	\$ 57,600,000	\$ 59,655,000	\$ 61,640,000
Revenue Bonds, Series 1999B	-	-	1,020,000	1,995,000	2,925,000	3,815,000	4,660,000	5,500,000	6,385,000	7,270,000
Revenue Bonds, Series 2000A*	12,060,236	12,192,265	13,219,808	14,193,298	15,128,194	16,019,900	16,873,748	17,710,000	18,545,000	19,380,000
Revenue Bonds, Series 2000B*	3,966,735	35,432,469	36,328,995	37,185,993	37,993,166	38,755,220	39,661,982	40,517,890	41,323,013	42,087,017
Revenue Bonds, Series 2001A	58,015,000	62,745,000	66,720,000	70,500,000	74,110,000	77,575,000	80,895,000	84,085,000	87,170,000	90,210,000
Revenue Bonds, Series 2002A	31,500,000	35,455,000	37,590,000	39,645,000	41,620,000	43,515,000	45,330,000	47,060,000	48,730,000	50,375,000
Revenue Bonds, Series 2002B	63,630,000	65,075,000	65,580,000	65,860,000	66,015,000	66,170,000	66,385,000	66,385,000	66,385,000	66,385,000
Revenue Bonds, Series 2002C	18,630,000	19,840,000	21,000,000	22,115,000	23,185,000	24,230,000	25,235,000	26,215,000	27,165,000	28,085,000
Revenue Bonds, Series 2003A	62,610,000	64,670,000	66,635,000	68,540,000	70,390,000	72,185,000	73,910,000	75,430,000	76,460,000	77,430,000
Revenue Bonds, Series 2003B	34,865,000	36,755,000	38,595,000	40,390,000	42,140,000	43,860,000	45,545,000	46,805,000	47,835,000	48,805,000
Revenue Bonds, Series 2004A	11,805,000	15,215,000	18,510,000	21,705,000	24,805,000	27,815,000	30,760,000	33,235,000	35,235,000	37,235,000
Revenue Bonds, Series 2005A	47,535,000	49,005,000	50,425,000	51,800,000	53,135,000	54,425,000	55,630,000	56,765,000	57,835,000	58,845,000
Revenue Refunding Bonds, Series 2005B	16,140,000	17,400,000	17,565,000	17,750,000	17,915,000	18,075,000	18,145,000	18,145,000	18,145,000	18,145,000
Revenue Refunding Bonds, Series 2005C	13,910,000	14,950,000	15,050,000	15,150,000	15,245,000	15,330,000	15,415,000	15,495,000	15,575,000	15,655,000
Revenue Bonds, Series 2005D	19,425,000	20,235,000	21,045,000	21,775,000	22,370,000	22,965,000	23,560,000	24,155,000	24,750,000	25,345,000
Revenue Bonds, Series 2006	15,760,000	20,380,000	21,190,000	21,970,000	22,815,000	23,660,000	24,505,000	25,350,000	26,195,000	27,040,000
Revenue Bonds, Series 2007A	46,840,000	48,280,000	49,660,000	50,815,000	51,970,000	53,125,000	54,280,000	55,435,000	56,590,000	57,745,000
Revenue Bonds, Series 2008A	16,019,116	16,623,792	17,028,786	17,028,786	-	-	-	-	-	-
Revenue Bonds, Series 2009 St. Augustine Beach	748,331	5,194,825	5,350,000	-	-	-	-	-	-	-
Revenue Bonds, Series 2009 Seminole	4,594,569	5,053,531	5,500,000	-	-	-	-	-	-	-
Revenue Bonds, Series 2010ABCD	27,730,000	27,730,000	-	-	-	-	-	-	-	-
Revenue Bonds, Series 2010AAA	1,755,000	-	-	-	-	-	-	-	-	-
Revenue Bonds, Series 2010BB	1,175,000	-	-	-	-	-	-	-	-	-
Revenue Bonds, Series 2011B	5,825,000	-	-	-	-	-	-	-	-	-
Revenue Bonds, Series 2011D	48,235,000	-	-	-	-	-	-	-	-	-
Commercial Paper	-	13,981,000	15,498,000	15,498,000	15,498,000	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 565,173,987</b>	<b>\$ 629,697,882</b>	<b>\$ 629,580,589</b>	<b>\$ 642,481,077</b>	<b>\$ 648,609,360</b>	<b>\$ 580,230,120</b>	<b>\$ 599,310,630</b>	<b>\$ 530,021,214</b>	<b>\$ 462,193,811</b>	<b>\$ 366,321,071</b>

\*Amounts include accreted interest

Florida Municipal Loan Council  
**SCHEDULE OF TEN LARGEST BORROWERS BY AMOUNT BORROWED**  
 As of September 30, 2011

<u>Borrower</u>	<u>Population</u>	<u>Number of Loans</u>	<u>Total Borrowed</u>	<u>% of All Loans</u>
City of Hialeah	224,669	4	\$155,460,000	18%
City of North Miami Beach	41,523	6	115,500,000	13%
City of Deerfield Beach	75,018	8	65,647,817	8%
City of Haines City	20,535	4	41,605,000	5%
City of Hallandale Beach	37,113	3	38,185,000	4%
City of Bonita Springs	43,914	1	36,565,000	4%
City of Sunny Isles Beach	20,832	2	27,815,000	3%
Village of Pinecrest	18,223	5	24,795,000	3%
City of Aventura	35,762	1	21,000,000	2%
City of Oakland Park	41,363	2	<u>20,310,000</u>	2%
<b>TOTAL</b>		<u>36</u>	<u>\$546,882,817</u>	<b>62%</b>
Total Loans		112	\$871,190,817	

# List of Borrower and Original Loan Amounts

## Florida Municipal Loan Council

### List of Borrower and Original Loan Amounts, as of September 30, 2011

Borrower	Population	# of Loans	Total Borrowed	Project Info
City of Apopka	41,542	1	\$1,955,000	City Hall, Fire Station
City of Aventura	35,762	1	21,000,000	Land Acquisition, City Hall
City of Avon Park	8,836	1	1,910,000	Street Improvements
City of Bartow	17,298	2	7,455,000	Main Street Redesign, Gymnasium
Town of Bay Harbor Islands	5,628	1	9,360,000	Street Improvements, Capital Projects
City of Belle Isle	5,988	3	3,420,000	Capital Improvements, City Parks, Stormwater Project
City of Bonita Springs	43,914	1	36,565,000	Street Improvements
City of Bradenton	49,546	1	3,100,000	Street and Park Improvements
City of Cape Coral	154,305	1	4,580,000	Refunding of Existing Bonds
City of Dania Beach	29,639	1	6,775,000	Library, Fire & Police Station, Parks
City of Deerfield Beach	75,018	8	65,647,817	Land Acquisition, Community Center, Water & Sewer, Refunding, Street improvements, Public Works Facilities
City of DeFuniak Springs	5,177	1	1,245,000	Natural Gas Project
City of Destin	12,305	2	14,760,000	Sports & Recreation Complex, Library, Public Works Facility, Refunding
City of Eagle Lake	2,255	2	2,765,000	Water System, Public Works Facility, City Hall improvements, Refunding
Town of Eatonville	2,159	2	3,345,000	Town Hall, Refunding
City of Fort Myers	62,298	2	12,575,000	Ferry Terminal Facility, Community Center, Infrastructure Projects, Refunding
City of Fort Walton Beach	19,507	2	3,295,000	Improving Pump Station, Land Acquisition
Gadsden County	46,389	2	11,265,000	Library, Capital Projects
Village of Golf	252	1	2,240,000	Membrane Water Plant
City of Haines City	20,535	4	41,605,000	Railroad Spur, CRA Projects, New Police Facility, Renovate City Hall, Refunding
City of Hallandale Beach	37,113	3	38,185,000	Water Treatment Plant, Land Acquisition, CRA Projects
City of Hialeah	224,669	4	155,460,000	Street Improvements, Courthouse, Water Plant
Town of Indian Shores	1,420	1	5,930,000	Undergrounding of Utilities
City of Inverness	7,210	1	5,455,000	City Hall Complex
City of Keystone Heights	1,350	1	1,000,000	Street Improvements
Town of Lake Park	8,155	1	4,810,000	Marina Improvements
City of Largo	77,648	1	9,250,000	Sewer System Improvements, Expansion of Public Works Complex
City of Lauderdale Lakes	32,593	2	8,555,000	Community Center, Land Acquisition, Refunding
Town of Longboat Key	6,888	1	15,650,000	Beach Renourishment
City of Marco Island	16,413	1	985,000	Bridge Construction



## Florida Municipal Loan Council

### List of Borrower and Original Loan Amounts, as of September 30, 2011

Borrower	Population	# of Loans	Total Borrowed	Project Info
Town of Melbourne Beach	3,101	2	3,470,000	City Hall Improvements, Refunding
Village of Miami Shores	10,493	1	3,200,000	New Aquatic Facility
City of New Smyrna Beach	22,464	1	1,985,000	Parks & Recreation Improvements
City of North Miami	58,786	2	8,880,000	Stormwater System, Refunding
City of North Miami Beach	41,523	6	115,500,000	Bike Trail, Refunding, Street & Water System Improvements, Capital Projects
Town of Oakland	2,538	1	2,545,000	Town Hall, Police, & Fire Facilities
City of Oakland Park	41,363	2	20,310,000	Stormwater System, Water & Sewer System Improvements
City of Oldsmar	13,591	1	2,425,000	Land Acquisition, Capital Improvements
City of Palatka	10,558	1	7,665,000	Refunding of Existing Loans
City of Palm Bay*	103,190	1	15,498,000	Street Improvements
Village of Palm Springs	18,928	2	19,440,000	Municipal Complex, Water & Sewer System Improvements
Village of Palmetto Bay	23,410	2	16,275,000	Municipal Complex, Village Hall, Refunding
City of Parkland	23,962	1	2,775,000	CRA Projects
Village of Pinecrest	18,223	5	24,795,000	Village Hall, Police Station, 10-acre Park, Parrot Jungle Conversion, Library, Capital Improvements, Refunding
City of Plant City	34,721	2	7,955,000	Sports Stadium Improvements, Refunding
City of Port Richey	2,671	3	7,390,000	New City Hall, Refunding, Water & Sewer System
City of Safety Harbor	16,884	1	3,610,000	Refunding, Treatment Plant Improvements
City of Seminole	17,233	3	13,155,000	Recreation Facility Improvements, Refunding, Emergency Operations Center & Public Works Projects
City of South Miami	11,657	3	14,325,000	Park Improvements, Parking Garage
Town of Southwest Ranches	7,345	1	4,985,000	Town Hall
City of St. Augustine Beach	6,176	4	11,985,000	Street Improvements, City Hall, Land Acquisition, Refunding
City of St. Pete Beach	9,346	2	6,265,000	City Hall, Recreation Complex
City of Stuart	15,593	1	2,190,000	Stormwater Projects, Fire Station
City of Sunny Isles Beach	20,832	2	27,815,000	Refunding, City Hall, Street & Park Improvements, Police Station, Public Works Facility
City of Valparaiso	5,036	3	5,985,000	Refunding, Utility Projects, Cable System Upgrades, Wastewater & Sewer Treatment Plant
Village of Wellington	56,508	2	11,895,000	Public Building, Street & Stormwater Improvements
City of West Melbourne	18,355	2	8,730,000	Wastewater Plant, Water Line
<b>TOTAL LOANS</b>		<b>112</b>	<b>\$871,190,817</b>	

\*Commercial Paper







**Florida Municipal Loan Council**  
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