



# FLORIDA MUNICIPAL LOAN COUNCIL

## 2018 Comprehensive Annual Financial Report

For the Year Ended September 30, 2018



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# FLORIDA MUNICIPAL LOAN COUNCIL

## 2018 Comprehensive Annual Financial Report

For the Year Ended September 30, 2018

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

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

## ORLANDO HEADQUARTERS



# Table of Contents

## 7 Introductory Section

- 8 Letter of Transmittal
- 13 Certificate of Achievement for Excellence in Financial Reporting
- 14 Organizational Chart
- 15 Board of Directors
- 15 Administrator Staff

## 17 Financial Section

- 19 Independent Auditor's Report
- 21 Management's Discussion and Analysis
- Basic Financial Statements
  - 28 Statements of Net Position
  - 31 Statements of Revenues, Expenses and Changes in Net Position
  - 34 Statements of Cash Flows
  - 38 Notes to Financial Statements
- 54 Schedule of Issues Outstanding

## 57 Statistical Section

- 58 Schedule of Revenues, Expenses and Changes in Net Position
- 59 Schedule of Debt Outstanding
- 60 List of Ten Largest Borrowers by Amount Borrowed
- 61 List of Borrowers and Original Loan Amounts
- 63 State of Florida Economy

## 65 Investment Section

- 66 Administrative Overview
- 71 Investment Policy

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# Introductory Section



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

## Letter of Transmittal for the Florida Municipal Loan Council

March 21, 2019

### 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, 2018.

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

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

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

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported

in a manner designed to present fairly the financial position and results of operations of the Council. All disclosures necessary to enable the reader to gain an understanding to the Council’s financial activities have been included.

The basic financial statements contained in this report have been audited by Shorstein & Shorstein, P.A. Their audit was conducted in accordance with auditing standards generally accepted in the United States of America. The goal of the independent audit was to provide reasonable assurance about whether the Trust’s basic financial statements for the year ended September 30, 2018, are free of material misstatement. The independent accounting firm, Shorstein & Shorstein, P.A. has issued an unmodified (“clean”) opinion on the Trust’s financial statements for the year ended September 30, 2018. The independent auditor’s report is presented as the first component of the **Financial Section** of the report.

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

### 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,

President **Leo E. Longworth**, Mayor, Bartow

First Vice President **Isaac Salver**, Councilman, Bay Harbor Islands • Second Vice President **Tony Ortiz**, Commissioner, Orlando

Executive Director **Michael Sittig** • General Counsel **Kraig Conn**



1998, under Chapter 163, Florida Statutes, pursuant to an Interlocal Agreement initially by and among the City of Stuart, Florida, the City of DeLand, Florida, and the City of Rockledge, Florida.

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

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

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

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

On April 28, 1999, the first series of bonds were issued with the Florida Municipal Loan Council Revenue Bonds, Series 1999. The first issue included seven cities totaling more than \$67 million in fixed-rate loans. Since inception, the Council has closed 27 bond issues or tranches.

## BORROWER SOLUTIONS

The Council offers short-term and long-term financing options for local governments of all sizes to finance

capital projects, renovations, and land purchases or to refinance existing debt. Pooling loans into one larger issue and creating economies of scale, in many cases, lowers the costs of issuance and provides greater market access. A variety of loan solutions are available including fixed-rate bonds and private placement bonds (direct loans). The loan amounts vary with terms of repayment up to a 40-year maximum period. The Council also offers the Competitive Capital Access Program, which works with banks that are providing loans to local government entities.

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

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

### Fixed-Rate Bond Program

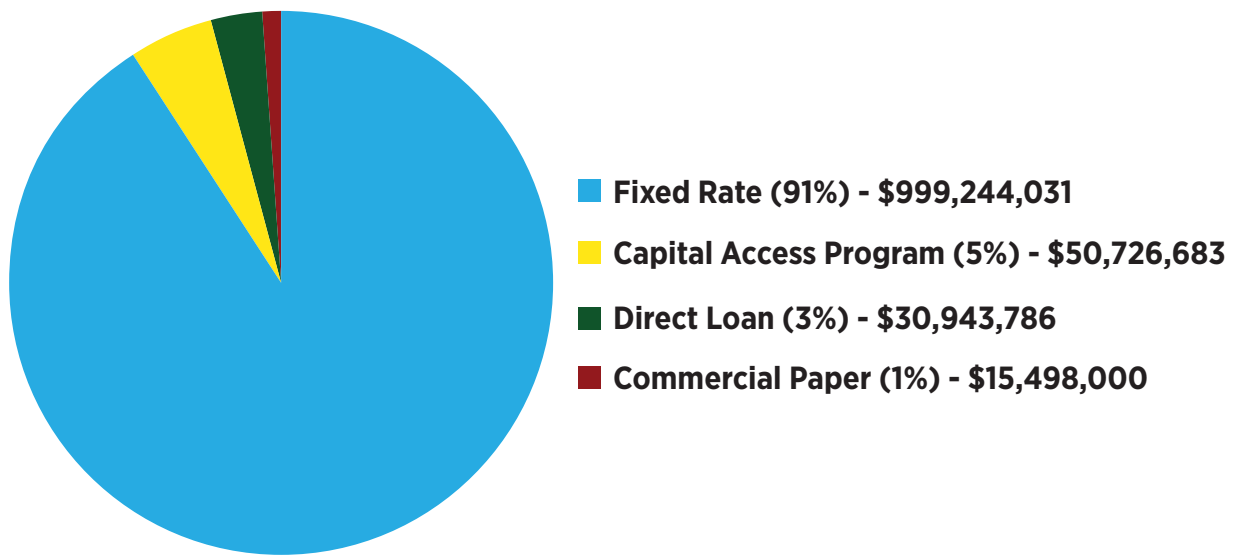
- ▶ Florida Municipal Loan Council, Issuer
- ▶ Florida League of Cities, Inc., Administrator
- ▶ Bryant, Miller & Olive P.A., Bond Counsel
- ▶ Nabors, Giblin & Nickerson P.A., Disclosure Counsel
- ▶ Public Resources Advisory Group, Financial Advisor
- ▶ Waters and Company, LLC, Arbitrage Rebate Consultant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

### OVERSIGHT

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

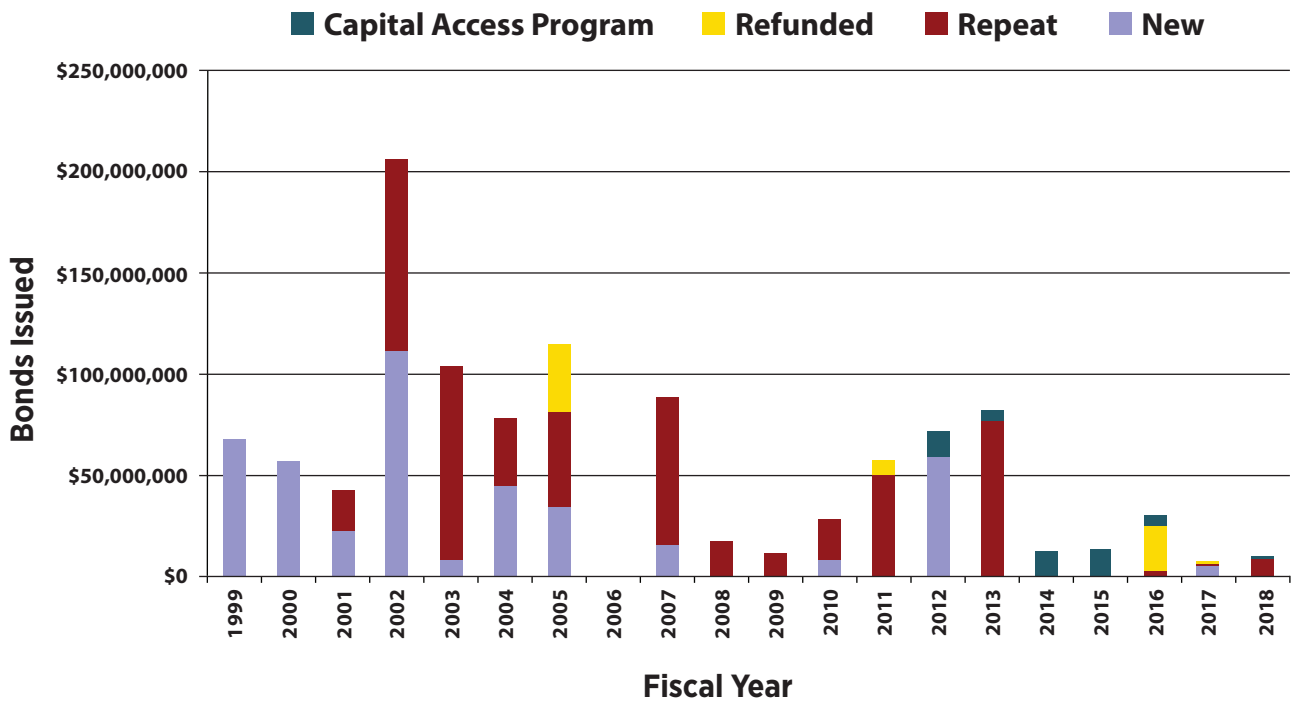
Florida Municipal Loan Council

**Total Issued: \$1.09 Billion, as of September 30, 2018**

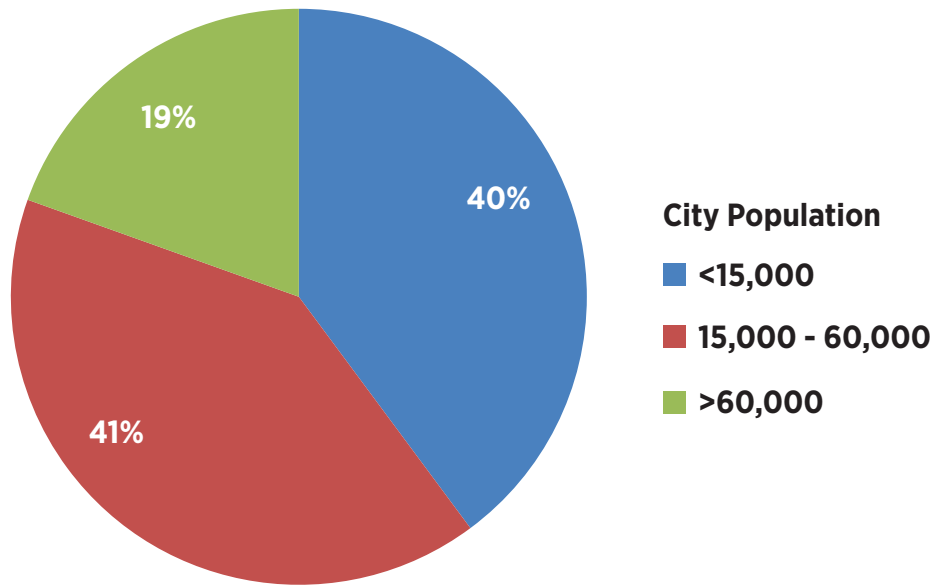


Florida Municipal Loan Council

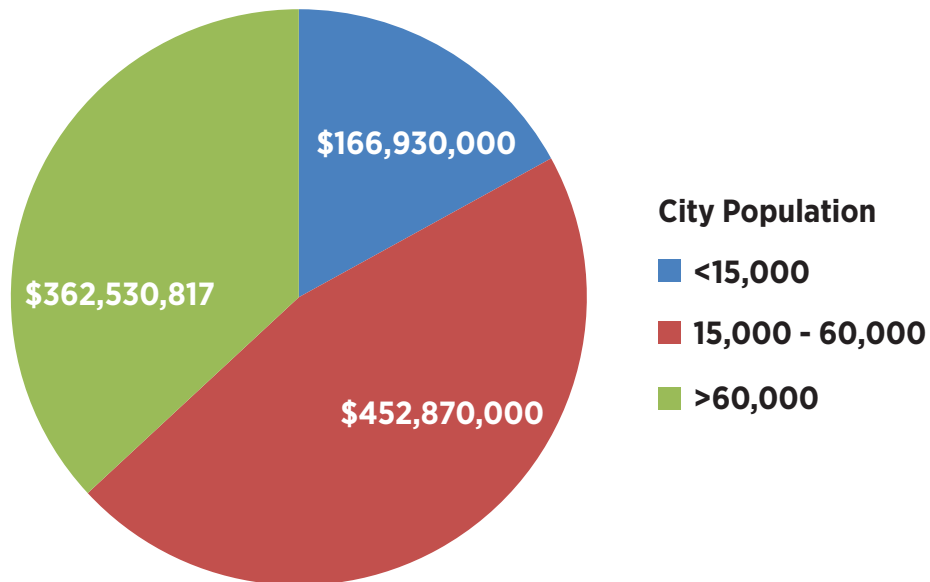
**Type of Borrower, FY 1999-2018**



Florida Municipal Loan Council  
**Number of Loans by Population\***  
 As of September 30, 2018



Florida Municipal Loan Council  
**Amounts Borrowed by Population\***  
 As of September 30, 2018



\*The Council has issued more than \$1 billion in bonds to make 130 loans and also facilitated 16 additional bank loans totaling \$51 million through the Capital Access Program. These charts do not include loans closed through the Capital Access Program, the Series 2012 revenue bonds or the Series 2017B City of Cocoa Beach CRA bonds.

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

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

The Administrator also maintains an investor relations page, accessible via the Florida League of Cities website, [www.floridaleagueofcities.com](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 Public Resources Advisory Group and involve bond market updates and monitoring of each public bond sale. A summary of each bond sale is provided and presented to the Board. Additionally, Waters & Company assists in arbitrage rebate compliance.

## FISCAL YEAR 2018

In December 2017, Congress adopted and the President signed the Tax Cuts and Jobs Act. While tax-exempt private activity bonds were ultimately preserved, two areas of this legislation affected municipal issuers: Effective January 1, 2018, i) tax-exempt advance refundings were eliminated; and ii) the top corporate tax rate was changed from 35% to one flat rate of 21%, thereby potentially affecting bank loan rates.

The reduction in the corporate tax rate had an immediate impact on municipal issuers with bank loans containing provisions that allowed lenders to maintain the same taxable-equivalent yields earned prior to the tax cuts. Municipal borrowers may be required to pay higher ("grossed up") interest rates to banks. Municipal

tax-exempt bank loans have become more expensive to borrowers due to the Tax Cuts and Jobs Act.

However, despite these tax law changes, bank loans continued to be attractive during the fiscal year, especially for bank-qualified issuers. Despite a rising interest rate environment, rates remained relatively low during the fiscal year thus providing borrowers with favorable conditions for financing new capital projects.

In fiscal year 2018, the Council closed its 27th series of fixed-rate bonds, Series 2018A, issuing \$7.595 million of bonds to the City of Bradenton. The Council also facilitated a bank loan in the amount of \$1.8 million to the City of Belleair Beach. Additionally, the Council refunded, defeased or cancelled \$15.49 million in loans or 7.8% of outstanding bonds.

## 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 2018. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrator for the Florida Municipal Loan Council, 301 South Bronough Street, Suite 300, Tallahassee, FL 32301.

Respectfully submitted,



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



Government Finance Officers Association

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

Presented to

**Florida Municipal Loan Council**

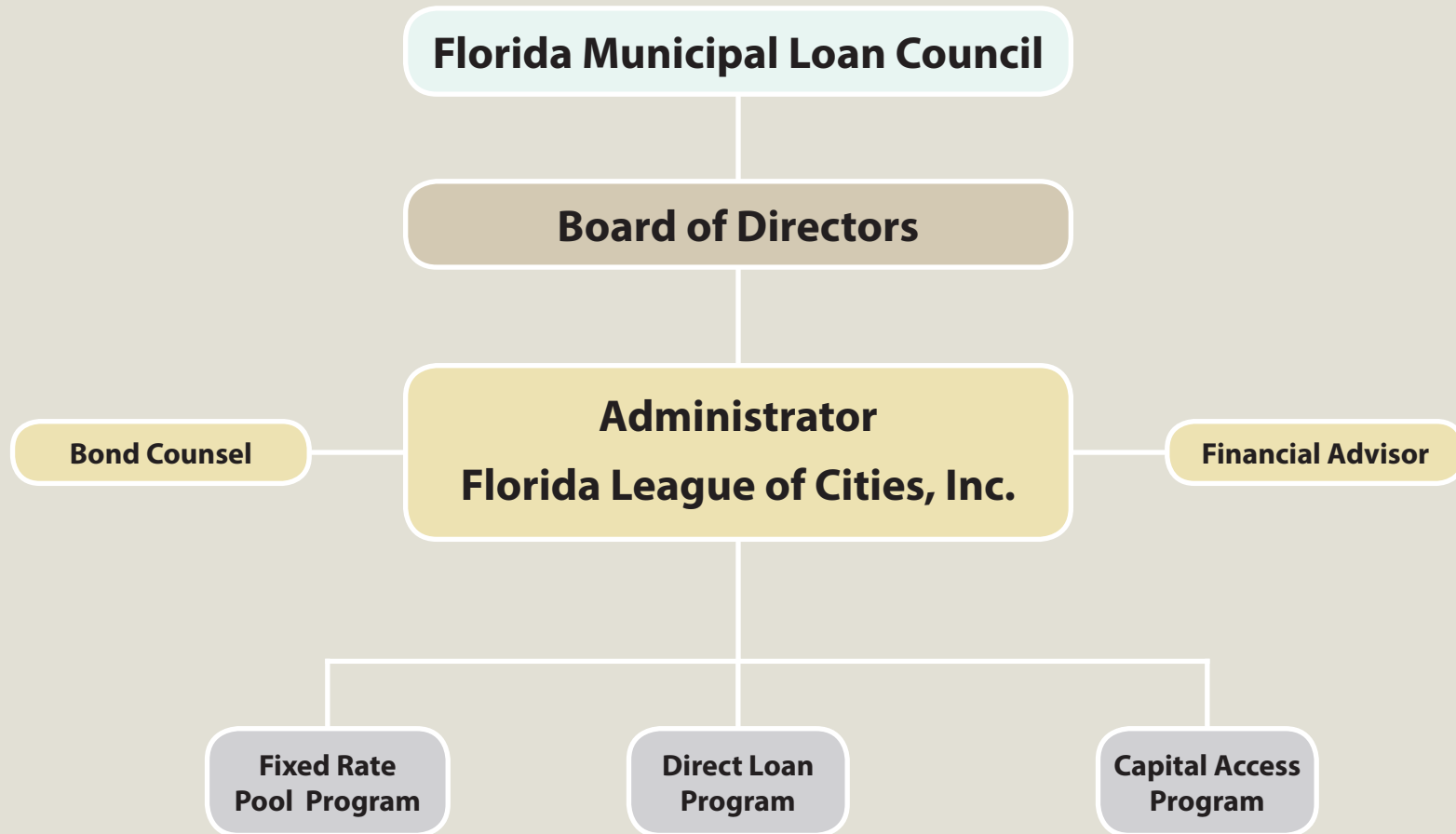
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# Florida Municipal Loan Council Organizational Chart



**Florida Municipal Loan Council  
Board of Directors**

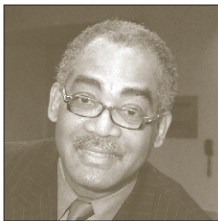
As of September 30, 2018



**Isaac Salver**  
**Chair**  
Councilmember  
Town of Bay Harbor Islands



**Susan Starkey**  
**Vice-Chair**  
Councilmember  
Town of Davie



**Leo E. Longworth**  
Mayor  
City of Bartow



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



**Anne Gerwig**  
Mayor  
Village of Wellington



**Kevin Ruane**  
Mayor  
City of Sanibel



**Teresa Watkins Brown**  
Councilmember  
City of Fort Myers

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

**Michael Sittig**  
Executive Director  
*Service since July 12, 1971*

**Jeannie Garner**  
Executive Director-Designate  
*Service since June 1, 1994*

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

**Molly Button**  
Senior Financial Analyst, Financial Services  
*Service since February 16, 2011*

**Dana Anderson**  
Investment Analyst, Financial Services  
*Service since June 1, 2012*

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

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

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

**Joseph Adams**  
Accountant I, Accounting  
*Service since September 29, 2014*







## Financial Section

**FLORIDA MUNICIPAL LOAN COUNCIL**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2018**

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

JACK F. SHORSTEIN, C.P.A., J.D. (1929-2014)  
SAMUEL R. SHORSTEIN  
MARK J. SHORSTEIN, C.P.A.  
BENJAMIN I. SHORSTEIN, C.P.A.  
MICHAEL K. PARRISH, C.P.A.  
BARBARA J. HOUSTON, C.P.A.  
JOAN B. MOELL, C.P.A.

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MELISSA R. STEPHENS, C.P.A.  
JEFFREY C. PHILLIPS, C.P.A.  
PHILLIP H. CAMPBELL, C.P.A.  
JEWEL A. MCCANCE, C.P.A.  
BEVERLY W. PARKER, C.P.A.

March 7, 2019

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Florida Municipal Loan Council, which comprise the statements of net position as of September 30, 2018, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Florida Municipal Loan Council as of September 30, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the Council's financial statements as a whole. The introductory section, statistical section, investment section and Schedule of Issues Outstanding are presented for the purpose of additional analysis and are not 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

The introductory, statistical and investment sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Shostein & Shostein, P.A.*

**Florida Municipal Loan Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

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, 2018. 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 2018 are as follows:

- On August 23, 2018, the Trust closed its 27<sup>th</sup> series of fixed-rate bonds, Series 2018A, issuing \$7.595 million of bonds. Using the combined purchasing power of the FMLC's bond pool program, the Series 2018A bonds were issued on behalf of the City of Bradenton to finance the costs of constructing a public parking garage.
- Program borrowers refunded, defeased, or cancelled \$15.49 million in loans representing 7.8% of total bonds outstanding at the beginning of the fiscal year.
- Total assets and deferred outflows were \$188,258,738 and total liabilities and deferred inflows were \$188,068,394 resulting in a net position of \$190,344. Assets and liabilities declined over the prior fiscal year as a result of scheduled debt service and members refunding and cancelling loans prior to original maturity.
- Total operating revenues were \$8.7 million, compared to \$9.1 million in the prior fiscal year, a decrease of 4.7%. Total operating expenses were \$8.6 million, declining 6.0% over the prior fiscal year. Revenues and expenses declined due to a reduction in outstanding bonds over the prior fiscal year. Additionally, investment earnings increased as a result of the rising interest rate environment.
- Due to a non-recurring revenue item of \$100,608, the Council's net position increased from \$112,171 to \$190,344.

**Florida Municipal Loan Council  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**Basic Financial Statements**

The Council operates as an enterprise fund under governmental accounting rules that require the preparation of a series of financial statements. The Statement of Net Position provides information regarding assets and liabilities as of September 30, 2018. The Statement of Revenues, Expenses and Changes in Net Position provides information about our revenues and expenses for the year October 2017 through September 2018. The Statement of Cash Flows provides information about the various cash activities incurred throughout the fiscal year, and is presented using the direct method with a reconciliation of operating cash flows to operating income. The Council uses the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

**Financial Analysis**

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>Change</u>	<u>% Change</u>
<b>Assets</b>				
Current Assets	\$ 35,440,610	\$ 33,895,325	\$ 1,545,285	4.56 %
Noncurrent Assets	<u>152,578,597</u>	<u>173,120,246</u>	<u>(20,541,649)</u>	(11.87) %
Total Assets	<u>188,019,207</u>	<u>207,015,571</u>	<u>(18,996,364)</u>	(9.18) %
<b>Deferred Outflows of Resources</b>				
Deferred Amount on Refunding	<u>239,531</u>	<u>283,484</u>	<u>(43,953)</u>	(15.50) %
<b>Liabilities</b>				
Current Liabilities	13,628,553	15,596,224	(1,967,671)	(12.62) %
Noncurrent Liabilities	<u>174,346,841</u>	<u>191,489,495</u>	<u>(17,142,654)</u>	(8.95) %
Total Liabilities	<u>187,975,394</u>	<u>207,085,719</u>	<u>(19,110,325)</u>	(9.23) %
<b>Deferred Inflows of Resources</b>				
Deferred Amount on Refunding	<u>93,000</u>	<u>101,165</u>	<u>(8,165)</u>	(8.07) %
<b>Net Position</b>	<u>\$ 190,344</u>	<u>\$ 112,171</u>	<u>\$ 78,173</u>	69.69 %

**Florida Municipal Loan Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

**Financial Analysis** (Continued)

	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>Change</u>	<u>% Change</u>
<b>Operating Revenues</b>				
Loan Interest and Member Reimbursements	\$ 8,212,184	\$ 8,706,025	\$ (493,841)	(5.67) %
Investment Earnings	154,677	47,136	107,541	228.15 %
Allocation to Members	206,012	350,423	(144,411)	(41.21) %
Other Income	<u>100,608</u>	<u>-</u>	<u>100,608</u>	N/A
Total Operating Revenues	<u>8,673,481</u>	<u>9,103,584</u>	<u>(430,103)</u>	(4.72) %
<b>Operating Expenses</b>				
Interest Expense	7,588,588	8,151,733	(563,145)	(6.91) %
Administrative Fees	41,932	43,865	(1,933)	(4.41) %
Trustee Fees and Other Fees	45,469	32,754	12,715	38.82 %
Cost of Issuance Expenses	180,950	317,484	(136,534)	(43.01) %
Allocation to Members	607,593	448,399	159,194	35.50 %
FMLC General Operating Expenses	<u>130,776</u>	<u>149,740</u>	<u>(18,964)</u>	(12.66) %
Total Operating Expenses	<u>8,595,308</u>	<u>9,143,975</u>	<u>(548,667)</u>	(6.00) %
Change in Net Position	78,173	(40,391)	118,564	293.54 %
Net Position Beginning of Year	<u>112,171</u>	<u>152,562</u>	<u>(40,391)</u>	(26.48) %
Net Position End of Year	<u>\$ 190,344</u>	<u>\$ 112,171</u>	<u>\$ 78,173</u>	69.69 %

**Florida Municipal Loan Council  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

The Council extinguished, defeased, or cancelled \$15,488,139 of outstanding debt for fiscal year ending 2018. The table below lists the members that refunded, extinguished, or cancelled debt during the year.

<u>Borrower</u>	<u>Series</u>	<u>Original Par</u>	<u>Refunded/ Extinguished/ Cancelled Principal Amount</u>
City of Deerfield Beach	2006	\$ 5,965,000	\$ 4,140,000
City of Deerfield Beach	2008A	<u>17,028,786</u>	<u>11,348,139</u>
Total		<u>\$ 22,993,786</u>	<u>\$ 15,488,139</u>

**Debt Outstanding**

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

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

Series 2010ABCD, Series 2011D, Series 2012A (2018-2033 maturities), Series 2012 B-1 (2019-2032 maturities), and Series 2017B are insured by a municipal bond insurance policy issued by Assured Guaranty Municipal Corporation.

There is no insurance or reserve fund associated with the private placement bonds, Series 2011 B-2, Series 2012 B-2 and Series 2018A. Additional information on the Council's debt can be found in Note 5 to the financial statements.



**Florida Municipal Loan Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

**Debt Outstanding** (Continued)

At September 30, 2018, the Council had 13 fixed-rate bond issues or tranches and 2 direct loans with total debt outstanding of \$184,545,607 as shown below.

The Council had the following change in debt:

	<u>2018</u>	<u>2017</u>	<u>% Change</u>
Revenue Bonds, Series 2000A	\$ 7,660,976	\$ 8,692,053	(11.86) %
Revenue Bonds, Series 2000B	2,800,085	2,644,523	5.88 %
Revenue Bonds, Series 2003B	170,000	335,000	(49.25) %
Revenue Bonds, Series 2005B	730,000	1,065,000	(31.46) %
Revenue Bonds, Series 2006	1,650,000	6,440,000	(74.38) %
Revenue Bonds, Series 2007A	-	1,160,000	(100.00) %
Revenue Bonds, Series 2008A (Direct Loan)	-	12,112,730	(100.00) %
Revenue Bonds, Series 2009 St Aug Bch (Direct Loan)	536,751	571,920	(6.15) %
Revenue Bonds, Series 2010 ABCD	23,335,000	24,035,000	(2.91) %
Revenue Bonds, Series 2010BB (Direct Loan)	810,000	870,000	(6.90) %
Revenue Bonds, Series 2011 B-1 & B-2	1,125,000	1,185,000	(5.06) %
Revenue Bonds, Series 2011D	44,235,000	45,220,000	(2.18) %
Revenue Bonds, Series 2012A	34,165,000	35,745,000	(4.42) %
Revenue Bonds, Series 2012 B-1 & B-2	26,615,000	28,280,000	(5.89) %
Revenue Bonds, Series 2016	22,935,000	24,520,000	(6.46) %
Revenue Bonds, Series 2017B	6,790,000	6,790,000	0.00 %
Revenue Bonds, Series 2018A	<u>7,595,000</u>	<u>-</u>	N/A
Total Debt Outstanding	181,152,812	199,666,226	
Bond Premium/Discount (Net)	<u>3,392,795</u>	<u>3,472,774</u>	
Bonds Payable	<u>\$184,545,607</u>	<u>\$203,139,000</u>	

## Florida Municipal Loan Council MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2018

### 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, as well as the existing financial market conditions.

As reported by PRAG, the Council's Financial Advisor, the U.S. economy exhibited strength during the fiscal year, and the Federal Reserve continued to gradually increase its target for the benchmark federal funds interest rate. The Fed raised its target level by 0.25% each quarter to reach a range of 2.00% to 2.25% by fiscal year-end. The September 2018 rate hike was the eighth increase since the Fed began normalizing policy in December 2015. The U.S. unemployment rate continued to decline and finished the fiscal year at a 50-year low (3.7%, which is below the Federal Reserve Board's long-term objective).

While the U.S. economy experienced historically low unemployment and record high equities, both the U.S. Treasury and municipal bond yield curves flattened during the 2018 fiscal year. Typically, in a healthy economy these yield curves slope upward, rewarding investors for lending money over longer periods of time for taking on the risk that inflation and interest rates will move higher. As spreads between short-term and long-term rates narrow, the yield curve flattens, as it did during the fiscal year.

Looking at the 10-year maturity on the yield curve, the benchmark 10-year Treasury yield rose during the fiscal year, beginning at 2.34% and ending at 3.05%, a 71-basis point increase. The 10-year AAA MMD (industry benchmark for tax-exempt municipal debt) also rose during the fiscal year, beginning at 2.01% and ending at 2.58%, a 57-basis point increase. Overall, the spread between the 10-year AAA MMD and 10-year Treasury yield widened from 33 basis points to 47 basis points.

The market experienced notable volatility between November 2017 through January 2018 amid the unveiling of and subsequent adoption of tax reform. In December 2017, Congress adopted and the President signed the Tax Cuts and Jobs Act. While tax-exempt private activity bonds were ultimately preserved, two areas of this legislation affected municipal issuers: Effective January 1, 2018, i) tax-exempt advance refundings were eliminated; and ii) the top corporate tax rate was changed from 35% to one flat rate of 21%, thereby potentially affecting bank loan rates.

The elimination of the use of tax-exempt debt for advance refundings led municipal issuers to rush to the markets to lock in savings and advance refund eligible debt prior to the January 1, 2018 effective date. Thomson Reuters reported muni volume of a record high \$62.5 billion in 1,168 transactions during December 2017. Beginning in calendar year 2018, the elimination of the use of tax-exempt debt for advance refundings limited the ability of municipal issuers to refinance debt and thus manage their debt portfolio. Municipal debt volume from January 2018 through September 2018 was down 16% compared to the same period in 2017.

The reduction in the corporate tax rate had an immediate impact on municipal issuers with bank loans containing provisions that allowed lenders to maintain the same taxable-equivalent yields earned prior to the tax cuts. Municipal borrowers may be required to pay higher ("grossed up") interest rates to banks. Municipal tax-exempt bank loans have become more expensive to borrowers due to the Tax Cuts and Jobs Act.

However, despite these tax law changes, bank loans continued to be attractive during the fiscal year, especially for bank-qualified issuers. Despite a rising interest rate environment, rates remained low during the fiscal year, thus providing borrowers with favorable conditions for financing new capital projects.

**Florida Municipal Loan Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2018**

**Request for Information**

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

**Florida Municipal Loan Council**  
**\*STATEMENTS OF NET POSITION**  
**September 30, 2018**

<u>ASSETS</u>	Series 2000A	Series 2000B	Series 2003B	Series 2005B	Series 2006	Series 2009 St. Aug Bch
<u>Current Assets</u>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Assets:						
Cash and Cash Equivalents	2,531	-	2	134	499,534	-
Investments	-	403,516	-	-	-	-
Loans Receivable	1,516,028	315	172,822	370,274	43,531	44,330
Accounts Receivable - Administrator Fees	-	-	-	-	-	-
Prepaid Expenses	-	104	208	104	-	-
Total Current Assets	<u>1,518,559</u>	<u>403,935</u>	<u>173,032</u>	<u>370,512</u>	<u>543,065</u>	<u>44,330</u>
<u>Noncurrent Assets</u>						
Loans Receivable	6,143,696	2,396,571	-	375,000	1,146,373	499,694
Total Assets	<u>7,662,255</u>	<u>2,800,506</u>	<u>173,032</u>	<u>745,512</u>	<u>1,689,438</u>	<u>544,024</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Deferred Amount on Refunding	-	-	-	-	-	-
<u>LIABILITIES</u>						
<u>Current Liabilities</u>						
Bonds Payable	1,517,280	-	170,000	355,000	460,124	37,057
Accrued Interest Expense	-	-	2,975	15,208	37,459	7,206
Accrued Administrator Fees	1,279	421	57	304	738	67
Accrued Expenses	-	-	-	-	-	-
Total Current Liabilities	<u>1,518,559</u>	<u>421</u>	<u>173,032</u>	<u>370,512</u>	<u>498,321</u>	<u>44,330</u>
<u>Noncurrent Liabilities</u>						
Bonds Payable	6,143,696	2,800,085	-	375,000	1,191,117	499,694
Total Liabilities	<u>7,662,255</u>	<u>2,800,506</u>	<u>173,032</u>	<u>745,512</u>	<u>1,689,438</u>	<u>544,024</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Amount on Refunding	-	-	-	-	-	-
<u>NET POSITION</u>						
Net Position - Unrestricted	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

**Florida Municipal Loan Council**  
**\*STATEMENTS OF NET POSITION**  
**September 30, 2018**  
**(Continued)**

<b><u>ASSETS</u></b>	Series 2010 ABCD	Series 2010BB	Series 2011 B-1 & B-2	Series 2011D	Series 2012A	Series 2012 B-1 & B-2
<b><u>Current Assets</u></b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Assets:						
Cash and Cash Equivalents	3,025,819	-	93,882	2,172,939	1,764	2,150,647
Investments	-	-	-	-	-	3,742,763
Loans Receivable	740,000	76,418	63,749	1,048,747	2,258,720	1,767,501
Accounts Receivable - Administrator Fees	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	208	-
Total Current Assets	<u>3,765,819</u>	<u>76,418</u>	<u>157,631</u>	<u>3,221,686</u>	<u>2,260,692</u>	<u>7,660,911</u>
<b><u>Noncurrent Assets</u></b>						
Loans Receivable	20,011,029	740,510	981,214	41,918,926	34,261,057	19,665,536
Total Assets	<u>23,776,848</u>	<u>816,928</u>	<u>1,138,845</u>	<u>45,140,612</u>	<u>36,521,749</u>	<u>27,326,447</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>						
Deferred Amount on Refunding	-	9,490	-	-	-	230,041
<b><u>LIABILITIES</u></b>						
<b><u>Current Liabilities</u></b>						
Bonds Payable	719,000	60,000	62,888	996,430	1,852,946	1,804,703
Accrued Interest Expense	497,841	16,200	27,069	1,143,094	606,005	418,209
Accrued Administrator Fees	11,257	218	563	13,594	9,688	9,904
Accrued Expenses	-	-	-	-	-	-
Total Current Liabilities	<u>1,228,098</u>	<u>76,418</u>	<u>90,520</u>	<u>2,153,118</u>	<u>2,468,639</u>	<u>2,232,816</u>
<b><u>Noncurrent Liabilities</u></b>						
Bonds Payable	22,548,750	750,000	1,048,325	42,987,494	34,012,297	25,323,672
Total Liabilities	<u>23,776,848</u>	<u>826,418</u>	<u>1,138,845</u>	<u>45,140,612</u>	<u>36,480,936</u>	<u>27,556,488</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Deferred Amount on Refunding	-	-	-	-	40,813	-
<b><u>NET POSITION</u></b>						
Net Position - Unrestricted	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

**Florida Municipal Loan Council**  
**\*STATEMENTS OF NET POSITION**  
**September 30, 2018**  
**(Continued)**

<b>ASSETS</b>	Series 2016	Series 2017B	Series 2018A	General Operations	Non-Major Funds	Total
<b><u>Current Assets</u></b>						
Cash	\$ -	\$ -	\$ -	\$ 179,543	\$ -	\$ 179,543
Restricted Assets:						
Cash and Cash Equivalents	2,010,672	5,242,238	5,699,961	-	-	20,900,123
Investments	-	-	-	-	-	4,146,279
Loans Receivable	1,668,998	349,788	41,751	-	-	10,162,972
Accounts Receivable - Administrator Fees	-	-	-	51,069	-	51,069
Prepaid Expenses	-	-	-	-	-	624
Total Current Assets	<u>3,679,670</u>	<u>5,592,026</u>	<u>5,741,712</u>	<u>230,612</u>	<u>-</u>	<u>35,440,610</u>
<b><u>Noncurrent Assets</u></b>						
Loans Receivable	20,217,863	1,924,712	2,296,416	-	-	152,578,597
Total Assets	<u>23,897,533</u>	<u>7,516,738</u>	<u>8,038,128</u>	<u>230,612</u>	<u>-</u>	<u>188,019,207</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>						
Deferred Amount on Refunding	-	-	-	-	-	239,531
<b><u>LIABILITIES</u></b>						
<b><u>Current Liabilities</u></b>						
Bonds Payable	1,713,333	419,533	30,472	-	-	10,198,766
Accrued Interest Expense	362,525	146,544	33,379	-	-	3,313,714
Accrued Administrator Fees	12,145	3,623	802	-	-	64,660
Accrued Expenses	-	3,575	7,570	40,268	-	51,413
Total Current Liabilities	<u>2,088,003</u>	<u>573,275</u>	<u>72,223</u>	<u>40,268</u>	<u>-</u>	<u>13,628,553</u>
<b><u>Noncurrent Liabilities</u></b>						
Bonds Payable	21,768,197	6,932,609	7,965,905	-	-	174,346,841
Total Liabilities	<u>23,856,200</u>	<u>7,505,884</u>	<u>8,038,128</u>	<u>40,268</u>	<u>-</u>	<u>187,975,394</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Deferred Amount on Refunding	41,333	10,854	-	-	-	93,000
<b><u>NET POSITION</u></b>						
Net Position - Unrestricted	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 190,344</u>	<u>\$ -0-</u>	<u>\$ 190,344</u>

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

**Florida Municipal Loan Council**  
**\*STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the Year Ended September 30, 2018**

	Series 2000A	Series 2000B	Series 2003B	Series 2005B	Series 2006	Series 2009 St. Aug Bch
<b><u>OPERATING REVENUES</u></b>						
Loan Interest and Member Reimbursements	\$ 488,613	\$ 157,115	\$ 11,664	\$ 39,305	\$ 177,577	\$ 30,325
Investment Earnings	1,124	5,163	14	197	315	-
Allocation to Members	-	-	-	2,016	-	-
Other Income	-	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>489,737</b>	<b>162,278</b>	<b>11,678</b>	<b>41,518</b>	<b>177,892</b>	<b>30,325</b>
<b><u>OPERATING EXPENSES</u></b>						
Interest Expense	487,641	155,562	10,369	39,912	162,797	30,240
Program Administration Fee - FLC	846	303	59	252	1,109	85
Other Expenses	1,250	1,250	1,250	1,354	12,615	-
Cost of Issuance Expenses	-	-	-	-	-	-
Allocation to Members	-	5,163	-	-	1,371	-
FMLC General Operating Expenses	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>489,737</b>	<b>162,278</b>	<b>11,678</b>	<b>41,518</b>	<b>177,892</b>	<b>30,325</b>
<b>Change in Net Position</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>Net Position, Beginning of Year</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>Net Position, End of Year</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

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

**Florida Municipal Loan Council**  
**\*STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the Year Ended September 30, 2018**  
**(Continued)**

	Series 2010 ABCD	Series 2010BB	Series 2011 B-1 & B-2	Series 2011D	Series 2012A	Series 2012 B-1 & B-2
<b><u>OPERATING REVENUES</u></b>						
Loan Interest and Member Reimbursements	\$ 1,006,724	\$ 33,731	\$ 57,334	\$ 2,294,765	\$ 1,497,927	\$ 843,947
Investment Earnings	24,806	-	141	828	1,765	48,802
Allocation to Members	-	1,763	2,250	19,033	-	-
Other Income	-	-	-	-	-	-
<b>Total Operating Revenues</b>	<b>1,031,530</b>	<b>35,494</b>	<b>59,725</b>	<b>2,314,626</b>	<b>1,499,692</b>	<b>892,749</b>
<b><u>OPERATING EXPENSES</u></b>						
Interest Expense	1,001,915	35,363	56,387	2,305,220	1,267,570	784,558
Program Administration Fee - FLC	6,754	131	338	8,156	7,163	5,942
Other Expenses	5,000	-	3,000	1,250	1,250	2,500
Cost of Issuance Expenses	-	-	-	-	-	-
Allocation to Members	17,861	-	-	-	223,709	99,749
FMLC General Operating Expenses	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>1,031,530</b>	<b>35,494</b>	<b>59,725</b>	<b>2,314,626</b>	<b>1,499,692</b>	<b>892,749</b>
<b>Change in Net Position</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>Net Position, Beginning of Year</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>Net Position, End of Year</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

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



**Florida Municipal Loan Council**  
**\*STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**For the Year Ended September 30, 2018**  
**(Continued)**

	Series 2016	Series 2017B	Series 2018A	General Operations	Non-Major Funds	Total
<b><u>OPERATING REVENUES</u></b>						
Loan Interest and Member Reimbursements	\$ 742,493	\$ 300,970	\$ 33,620	\$ 108,341	\$ 387,733	\$ 8,212,184
Investment Earnings	843	69,380	-	-	1,299	154,677
Allocation to Members	-	-	180,950	-	-	206,012
Other Income	-	-	-	100,608	-	100,608
<b>Total Operating Revenues</b>	<b>743,336</b>	<b>370,350</b>	<b>214,570</b>	<b>208,949</b>	<b>389,032</b>	<b>8,673,481</b>
<b><u>OPERATING EXPENSES</u></b>						
Interest Expense	622,764	208,271	33,379	-	386,640	7,588,588
Program Administration Fee - FLC	7,286	2,174	241	-	1,093	41,932
Other Expenses	11,000	3,750	-	-	-	45,469
Cost of Issuance Expenses	-	-	180,950	-	-	180,950
Allocation to Members	102,286	156,155	-	-	1,299	607,593
FMLC General Operating Expenses	-	-	-	130,776	-	130,776
<b>Total Operating Expenses</b>	<b>743,336</b>	<b>370,350</b>	<b>214,570</b>	<b>130,776</b>	<b>389,032</b>	<b>8,595,308</b>
<b>Change in Net Position</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>78,173</b>	<b>-0-</b>	<b>78,173</b>
<b>Net Position, Beginning of Year</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>112,171</b>	<b>-0-</b>	<b>112,171</b>
<b>Net Position, End of Year</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 190,344</b>	<b>\$ -0-</b>	<b>\$ 190,344</b>

\*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, 2018**

	Series 2000A	Series 2000B	Series 2003B	Series 2005B	Series 2006	Series 2009 St. Aug Bch
<u>Cash Flows from Operating Activities:</u>						
Loans Made to Members	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Member Loan Repayments	1,518,718	-	165,000	335,000	460,000	-
Loan Interest and Member Reimbursements	2,947	2,260	14,745	47,392	88,503	-
Expenses Paid	(4,332)	(2,260)	(1,671)	(2,634)	(18,794)	-
Cash Provided (Used) by Operating Activities	<u>1,517,333</u>	<u>-</u>	<u>178,074</u>	<u>379,758</u>	<u>529,709</u>	<u>-</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>						
Proceeds from Bonds Issued	-	-	-	-	-	-
Redemption of Bonds	(1,518,718)	-	(165,000)	(335,000)	(650,000)	-
Interest Paid	-	-	(13,257)	(44,876)	(180,704)	-
Cash Provided (Used) by Non-Capital Financing Activities	<u>(1,518,718)</u>	<u>-</u>	<u>(178,257)</u>	<u>(379,876)</u>	<u>(830,704)</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>						
Interest and Dividends Collected	1,124	-	14	197	315	-
Cash Provided (Used) by Investing Activities	<u>1,124</u>	<u>-</u>	<u>14</u>	<u>197</u>	<u>315</u>	<u>-</u>
<u>Net Change in Cash and Cash Equivalents</u>	<u>(261)</u>	<u>-</u>	<u>(169)</u>	<u>79</u>	<u>(300,680)</u>	<u>-</u>
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>2,792</u>	<u>-</u>	<u>171</u>	<u>55</u>	<u>800,214</u>	<u>-</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 2,531</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 134</u>	<u>\$ 499,534</u>	<u>\$ -</u>
<u>Cash Flows from Operating Activities:</u>						
<u>Change in Net Position</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Reconciliation of Change in Net Position to Cash</u>						
<u>Provided (Used) by Operating Activities:</u>						
Amortization of Discount (Premium)	-	-	-	(1,119)	(1,656)	-
Amortization of Refunding	-	-	-	3,135	-	-
Accretion of Interest on Capital Appreciation Bonds	487,641	155,562	-	-	-	-
Issuance Costs Netted from Proceeds	-	-	-	-	-	-
Interest Paid	-	-	13,257	44,876	180,704	-
Investment Income	(1,124)	(5,163)	(14)	(197)	(315)	-
(Increase) Decrease in Receivables - Net	1,031,078	(150,399)	167,942	340,484	459,243	-
(Increase) Decrease in Prepaid Expenses	-	-	-	104	-	-
Increase (Decrease) in Payables - Net	(262)	-	(3,111)	(7,525)	(108,267)	-
Cash Provided (Used) by Operating Activities	<u>\$ 1,517,333</u>	<u>\$ -</u>	<u>\$ 178,074</u>	<u>\$ 379,758</u>	<u>\$ 529,709</u>	<u>\$ -</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, 2018**  
**(Continued)**

	Series 2010 ABCD	Series 2010BB	Series 2011 B-1 & B-2	Series 2011D	Series 2012A	Series 2012 B-1 & B-2
<u>Cash Flows from Operating Activities:</u>						
Loans Made to Members	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Member Loan Repayments	725,000	-	65,000	1,015,000	1,580,000	1,720,000
Loan Interest and Member Reimbursements	1,022,482	-	63,363	2,313,797	1,541,779	857,810
Expenses Paid	(27,852)	-	(11,490)	(28,741)	(25,576)	(22,926)
Cash Provided (Used) by Operating Activities	<u>1,719,630</u>	<u>-</u>	<u>116,873</u>	<u>3,300,056</u>	<u>3,096,203</u>	<u>2,554,884</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>						
Proceeds from Bonds Issued	-	-	-	-	-	-
Redemption of Bonds	(700,000)	-	(60,000)	(985,000)	(1,580,000)	(1,665,000)
Interest Paid	(1,008,181)	-	(55,038)	(2,300,961)	(1,517,614)	(869,719)
Cash Provided (Used) by Non-Capital Financing Activities	<u>(1,708,181)</u>	<u>-</u>	<u>(115,038)</u>	<u>(3,285,961)</u>	<u>(3,097,614)</u>	<u>(2,534,719)</u>
<u>Cash Flows from Investing Activities:</u>						
Interest and Dividends Collected	24,806	-	141	828	1,765	914
Cash Provided (Used) by Investing Activities	<u>24,806</u>	<u>-</u>	<u>141</u>	<u>828</u>	<u>1,765</u>	<u>914</u>
<u>Net Change in Cash and Cash Equivalents</u>	<u>36,255</u>	<u>-</u>	<u>1,976</u>	<u>14,923</u>	<u>354</u>	<u>21,079</u>
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>2,989,564</u>	<u>-</u>	<u>91,906</u>	<u>2,158,016</u>	<u>1,410</u>	<u>2,129,568</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 3,025,819</u>	<u>\$ -</u>	<u>\$ 93,882</u>	<u>\$ 2,172,939</u>	<u>\$ 1,764</u>	<u>\$ 2,150,647</u>
<u>Cash Flows from Operating Activities:</u>						
<u>Change in Net Position</u>	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>Reconciliation of Change in Net Position to Cash</u>						
<u>Provided (Used) by Operating Activities:</u>						
Amortization of Discount (Premium)	6,234	-	2,249	19,034	(218,466)	(90,916)
Amortization of Refunding	-	-	-	-	(5,244)	39,055
Accretion of Interest on Capital Appreciation Bonds	-	-	-	-	-	-
Issuance Costs Netted from Proceeds	-	-	-	-	-	-
Interest Paid	1,008,181	-	55,038	2,300,961	1,517,614	869,719
Investment Income	(24,806)	-	(141)	(828)	(1,765)	(48,802)
(Increase) Decrease in Receivables - Net	742,860	-	67,992	995,967	1,830,846	1,819,747
(Increase) Decrease in Prepaid Expenses	-	-	-	-	-	-
Increase (Decrease) in Payables - Net	(12,839)	-	(8,265)	(15,078)	(26,782)	(33,919)
Cash Provided (Used) by Operating Activities	<u>\$ 1,719,630</u>	<u>\$ -</u>	<u>\$ 116,873</u>	<u>\$ 3,300,056</u>	<u>\$ 3,096,203</u>	<u>\$ 2,554,884</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, 2018**  
**(Continued)**

	Series 2016	Series 2017B	Series 2018A	General Operations	Non-Major Funds	Total
<u>Cash Flows from Operating Activities:</u>						
Loans Made to Members	\$ -	\$ (1,320,612)	\$ (2,123,035)	\$ -	\$ -	\$ (3,443,647)
Member Loan Repayments	1,625,000	340,000	-	-	-	9,548,718
Loan Interest and Member Reimbursements	759,491	305,767	-	215,887	(1,856)	7,234,367
Expenses Paid	(36,013)	(88,486)	(117,681)	(94,618)	(101,097)	(584,171)
Cash Provided (Used) by Operating Activities	<u>2,348,478</u>	<u>(763,331)</u>	<u>(2,240,716)</u>	<u>121,269</u>	<u>(102,953)</u>	<u>12,755,267</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>						
Proceeds from Bonds Issued	-	-	7,940,677	-	-	7,940,677
Redemption of Bonds	(1,585,000)	-	-	-	(1,160,000)	(10,403,718)
Interest Paid	(740,900)	(148,986)	-	-	(29,000)	(6,909,236)
Cash Provided (Used) by Non-Capital Financing Activities	<u>(2,325,900)</u>	<u>(148,986)</u>	<u>7,940,677</u>	<u>-</u>	<u>(1,189,000)</u>	<u>(9,372,277)</u>
<u>Cash Flows from Investing Activities:</u>						
Interest and Dividends Collected	843	69,380	-	-	1,299	101,626
Cash Provided (Used) by Investing Activities	<u>843</u>	<u>69,380</u>	<u>-</u>	<u>-</u>	<u>1,299</u>	<u>101,626</u>
<u>Net Change in Cash and Cash Equivalents</u>	<u>23,421</u>	<u>(842,937)</u>	<u>5,699,961</u>	<u>121,269</u>	<u>(1,290,654)</u>	<u>3,484,616</u>
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>1,987,251</u>	<u>6,085,175</u>	<u>-</u>	<u>58,274</u>	<u>1,290,654</u>	<u>17,595,050</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 2,010,672</u>	<u>\$ 5,242,238</u>	<u>\$ 5,699,961</u>	<u>\$ 179,543</u>	<u>\$ -</u>	<u>\$ 21,079,666</u>
<u>Cash Flows from Operating Activities:</u>						
<u>Change in Net Position</u>	\$ -0-	\$ -0-	\$ -0-	\$ 78,174	\$ -0-	\$ 78,174
<u>Reconciliation of Change in Net Position to Cash</u>						
<u>Provided (Used) by Operating Activities:</u>						
Amortization of Discount (Premium)	(101,386)	(85,238)	-	-	-	(471,264)
Amortization of Refunding	(900)	(2,021)	-	-	-	34,025
Accretion of Interest on Capital Appreciation Bonds	-	-	-	-	-	643,203
Issuance Costs Netted from Proceeds	-	-	55,700	-	-	55,700
Interest Paid	740,900	148,986	-	-	29,000	6,909,236
Investment Income	(843)	(69,380)	-	-	(1,299)	(154,677)
(Increase) Decrease in Receivables - Net	1,727,280	(824,731)	(2,338,167)	6,937	-	5,877,079
(Increase) Decrease in Prepaid Expenses	-	-	-	-	-	104
Increase (Decrease) in Payables - Net	(16,573)	69,053	41,751	36,158	(130,654)	(216,313)
Cash Provided (Used) by Operating Activities	<u>\$ 2,348,478</u>	<u>\$ (763,331)</u>	<u>\$ (2,240,716)</u>	<u>\$ 121,269</u>	<u>\$ (102,953)</u>	<u>\$ 12,755,267</u>

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

**Florida Municipal Loan Council**  
**\*STATEMENT OF CASH FLOWS**  
**SUPPLEMENTAL SCHEDULE OF NONCASH TRANSACTIONS**  
**For the Year Ended September 30, 2018**

**Series 2000B** - The increase in the fair value of the investments was \$5,163.

**Series 2006** - The Council refunded debt issued in 2007. The \$4,243,959 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$4,140,000 of outstanding revenue bond principal and \$103,959 of interest.

**Series 2008A** - Loans receivable and bonds payable of \$764,591 were reduced by a direct payment from the member to the lender. Interest of \$682,806 was paid by the member directly to the lender. The remaining balance of \$11,348,139 was refinanced by the issuance of a revenue refunding note by the member in exchange for the Series 2008A bonds. The member paid administrative fees of \$6,422 directly to the administrator.

**Series 2009 St. Augustine Bch** - Loans receivable and bonds payable of \$35,169 were reduced by a direct payment from the member to the lender. Interest of \$30,712 was paid by the member directly to the lender. The member paid administrative fees of \$286 directly to the administrator.

**Series 2010BB** - Loans receivable and bonds payable of \$60,000 were reduced by a direct payment from the member to the lender. Interest of \$34,800 was paid by the member directly to the lender. The member paid administrative fees of \$435 directly to the administrator.

**Series 2012 B-1 & B-2** - The increase in the fair value of the investments was \$47,888.

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

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**Note 1 – Organization and Significant Accounting Policies**

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

The Council is authorized to issue commercial paper notes, providing that the aggregate principal amount of the commercial paper outstanding at any one time shall not exceed \$200,000,000. As of September 30, 2018, there is no commercial paper outstanding.

On November 17, 2006, the Board of Directors approved a resolution authorizing the issuance of bonds to finance the cost of supplies of natural gas for agencies within and without the state of Florida, providing that the aggregate amount of the principal outstanding at any one time does not exceed \$2,000,000,000. As of September 30, 2018, no gas bonds have been issued.

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

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

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

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

A. Organization and Purpose (Continued)

The Council had the following programs during the year ended September 30, 2018:

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

*Series 2000B* - This program was financed with revenue bonds in the amount of \$42,845,184 issued November 15, 2000 with a final maturity of November 1, 2030. In a prior fiscal year, Marco Island, New Smyrna Beach, North Miami Beach, and Oakland Park provided funds to extinguish their share of the bonds, and the Council issued \$34,860,000 in revenue refunding bonds to advance refund certain 2000B revenue bonds. Capital appreciation bonds with a final maturity of November 1, 2026 are still outstanding. The remaining participant is Deerfield Beach.

*Series 2003B* - This program was financed with revenue bonds in the amount of \$46,805,000 issued December 17, 2003 with a final maturity of December 1, 2033. In a prior fiscal year, the Council issued \$34,860,000 and \$24,520,000 in revenue refunding bonds to advance refund certain 2003B revenue bonds, Bay Harbor Islands provided funds to extinguish a portion of its share of the bonds, and Gadsden County and North Miami Beach provided funds to extinguish their share of the bonds. The remaining participant is Apopka.

*Series 2005B* - This program was financed with revenue bonds in the amount of \$18,145,000 issued May 26, 2005 with a final maturity of November 1, 2029. These bonds were issued to advance refund certain bonds of Series 1999B. In a prior fiscal year, the Council issued \$24,520,000 and \$6,790,000 in revenue refunding bonds to advance refund certain 2005B revenue bonds, and Destin and Haines City provided funds to extinguish their share of the bonds. The remaining participant is Plant City.

*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. In a prior fiscal year, the Council issued \$24,520,000 in revenue refunding bonds to advance refund certain 2006 revenue bonds, Gadsden County provided funds to extinguish its share of the bonds, and South Miami provided funds to extinguish a portion of its share of the bonds. On March 29, 2018, Deerfield Beach provided funds to extinguish its share of the bonds. The remaining participants are South Miami and St. Pete Beach.

*Series 2007A* - This program was financed with revenue bonds in the amount of \$50,815,000 issued September 6, 2007 with a final maturity of October 1, 2032. In a prior fiscal year, Hallandale Beach provided funds to extinguish a portion of its share of the bonds, and Haines City provided funds to extinguish its share of the bonds. In the current year, Hallandale Beach paid its remaining balance. The remaining participant was Hallandale Beach.

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

A. Organization and Purpose (Continued)

*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. On June 13, 2018, Deerfield Beach refinanced these bonds by issuing a revenue refunding note in exchange for the Series 2008A bonds, and the Series 2008A bonds were cancelled. The participant was Deerfield Beach.

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

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

*Series 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 was issued to advance refund certain bonds of Series 1999A. In a prior fiscal year, Pinecrest provided funds to extinguish a portion of its share of the bonds. 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.

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

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

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



**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

A. Organization and Purpose (Continued)

*Series 2017B* - This program was financed with revenue bonds in the amount of \$6,790,000 issued September 28, 2017 with a final maturity of October 1, 2037. A portion of these bonds was issued to advance refund certain bonds of Series 2005B. The participants are Cocoa Beach CRA, Melbourne Beach, and Valparaiso.

*Series 2018A* - This program was financed with revenue bonds in the amount of \$7,595,000 issued August 23, 2018 with a final maturity of October 1, 2043. The participant is Bradenton.

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

In order to obtain credit market acceptance for all programs, except for the private placement bonds (*Series 2008A*, *Series 2009 St. Augustine Beach*, and *Series 2010BB*), *Series 2011B*, *Series 2012 B-2*, and *Series 2018A* 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.

- B. The Council is exempt from income taxes under the provisions of Section 115 of the Internal Revenue Code.
- C. Reporting Entity and Basis of Accounting - The Council is an independent reporting entity accounted for as an enterprise fund under U.S. generally accepted accounting principles for governments as established by the Governmental Accounting Standards Board (GASB). The Council uses the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. The programs reported as separate columns in the Council's financial statements are considered major funds. The programs that were fully defeased or paid by year-end are aggregated and reported as non-major funds.
- D. Pursuant to the trust indentures, all earnings are credited to and all expenses are reimbursed by the members. The Council considers all its activities as operating activities.
- E. Cash and Cash Equivalents - Cash and cash equivalents include short-term investments with original maturities of three months or less.
- F. Investments – Investments are reported at fair value and transactions are recorded on a trade date basis. Interest income is recognized on the accrual basis. Fair value increases and decreases include both realized gains and losses and the change in unrealized gains and losses during the period.

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

- G. Deferred Outflows and Inflows of Resources – The Council classifies deferred loss on debt refunding as a deferred outflow of resources and deferred gain on debt refunding as a deferred inflow of resources in a separate section of the statement of net position. A deferred gain or loss results from the difference in the carrying value of refunded debt and its reacquisition price. The gain or loss is deferred and amortized over the shorter of the remaining life of the refunded (old) debt or the refunding (new) debt.

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

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

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

- B. 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.
- C. Rebate Funds - In order to ensure 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, except for the general operations account. At September 30, 2018, unrestricted cash was composed of demand deposits in the amount of \$179,543. Restricted cash and cash equivalents in the amount of \$20,900,123 and restricted investments in the amount of \$4,146,279 are held by the Trustee and restricted as to use pursuant to the trust indentures. The restricted cash and cash equivalents include cash accounts and a money market fund held by the Trustee. The fund is rated AAA and has a weighted average maturity (WAM) of 30 days at year-end. The cash is held within a trust department of a bank, which under Florida Statutes, Chapter 280, public deposits in a bank or savings association held by a trust department are fully secured under trust business laws. All demand deposits with financial institutions were 100% insured by Federal Depository Insurance Corporation. Details of investments held at September 30, 2018 are shown below:

	Series 2000B	Series 2012 B-1 & B-2
<u>Investments</u>		
Florida Municipal Investment Trust (FMIvT) 0-2 Yr High Quality Bd Fd	\$ 403,516	\$ 3,742,763
Total Investments	<u>\$ 403,516</u>	<u>\$ 3,742,763</u>

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

The Project Loan Funds are invested in the FMIvT 0-2 Year High Quality Bond Fund and the money market fund. The investments authorized by the trust indentures include direct obligations of the United States of America, evidence of ownership of a proportionate interest in obligations of the federal government, interest bearing demand or time deposits which are fully insured by the Federal Deposit Insurance Corporation or fully collateralized by obligations of the federal government, certain investment agreements or repurchase agreements, the 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 fund.

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

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

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses from rising interest rates, the Council's investment policy employs portfolio diversification, controlled duration strategies, and maturity durations as the primary methods of controlling risk. The Council's investment policy does not limit the duration of governmental investment funds. The FMIvT 0-2 Year High Quality Bond Fund has a modified duration of 0.67 years at year-end.

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

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

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

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

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

**Note 4 – Loans Receivable**

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

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**Note 5 – Bonds Payable**

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

Bonds Payable decreased during the year ended September 30, 2018 as follows:

Bonds Payable October 1, 2017	\$203,139,000
Bonds Issued	7,996,377
Accretion on Capital Appreciation Bonds	643,203
Bonds Redeemed or Cancelled	(22,611,617)
Bonds Defeased or Extinguished	(4,140,000)
Reduction of Bond Premium/Discount (Net)	<u>(481,356)</u>
Bonds Payable September 30, 2018	<u>\$184,545,607</u>

Series 2000A

The Series 2000A bonds are composed of capital appreciation bonds of \$2,558,004 plus accreted interest of \$5,102,972. The bonds bear interest at rates ranging from 6.02% to 6.08%. Interest is payable only at maturity or earlier redemption. The accreted amount will include both the original principal amount and interest compounded semi-annually on each April 1 and October 1.

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 494,238	\$ 1,023,042	\$ 1,517,280
2020	466,610	1,053,390	1,520,000
2021	437,061	1,082,939	1,520,000
2022	410,902	1,109,098	1,520,000
2023	386,232	1,133,768	1,520,000
2024	<u>362,961</u>	<u>1,157,039</u>	<u>1,520,000</u>
Totals	<u>\$ 2,558,004</u>	<u>\$ 6,559,276</u>	<u>\$ 9,117,280</u>

Series 2000B

The Series 2000B bonds are composed of capital appreciation bonds of \$1,010,184 plus accreted interest of \$1,789,901. The bonds bear interest at rates ranging from 5.75% to 5.85%. Interest is payable only at maturity or earlier redemption. The accreted amount will include both the original principal amount and interest compounded semi-annually on each May 1 and November 1.

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ -	\$ -
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024-2027	1,010,184	3,184,816	4,195,000
Totals	<u>\$ 1,010,184</u>	<u>\$ 3,184,816</u>	<u>\$ 4,195,000</u>

Series 2003B

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

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 170,000	\$ 4,463	\$ 174,463
Totals	<u>\$ 170,000</u>	<u>\$ 4,463</u>	<u>\$ 174,463</u>

Series 2005B

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

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 355,000	\$ 27,625	\$ 382,625
2020	375,000	9,375	384,375
Totals	<u>\$ 730,000</u>	<u>\$ 37,000</u>	<u>\$ 767,000</u>

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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

Series 2006

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

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 460,000	\$ 63,419	\$ 523,419
2020	45,000	51,019	96,019
2021	45,000	49,191	94,191
2022	50,000	47,231	97,231
2023	50,000	45,169	95,169
2024-2028	290,000	191,287	481,287
2029-2033	360,000	120,825	480,825
2034-2037	350,000	32,625	382,625
Totals	<u>\$ 1,650,000</u>	<u>\$ 600,766</u>	<u>\$ 2,250,766</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>
2019	\$ 37,057	\$ 28,824	\$ 65,881
2020	39,047	26,834	65,881
2021	41,144	24,737	65,881
2022	43,353	22,527	65,880
2023	45,681	20,199	65,880
2024-2028	267,946	61,457	329,403
2029	62,523	3,357	65,880
Totals	<u>\$ 536,751</u>	<u>\$ 187,935</u>	<u>\$ 724,686</u>

Series 2010 ABCD

These bonds bear interest at rates ranging from 2.50% to 5.00%. Interest is payable each April 1 and October 1 until final maturity.

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**Note 5 – Bonds Payable** (Continued)Series 2010 ABCD (Continued)

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 725,000	\$ 983,169	\$ 1,708,169
2020	745,000	957,706	1,702,706
2021	775,000	930,331	1,705,331
2022	800,000	900,731	1,700,731
2023	840,000	870,978	1,710,978
2024-2028	4,675,000	3,845,694	8,520,694
2029-2033	5,220,000	2,750,647	7,970,647
2034-2038	5,565,000	1,582,478	7,147,478
2039-2041	3,990,000	287,882	4,277,882
Totals	<u>\$ 23,335,000</u>	<u>\$ 13,109,616</u>	<u>\$ 36,444,616</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>
2019	\$ 60,000	\$ 32,400	\$ 92,400
2020	65,000	30,000	95,000
2021	65,000	27,400	92,400
2022	65,000	24,800	89,800
2023	70,000	22,200	92,200
2024-2028	395,000	66,400	461,400
2029	90,000	3,600	93,600
Totals	<u>\$ 810,000</u>	<u>\$ 206,800</u>	<u>\$ 1,016,800</u>

Series 2011 B-1 & B-2

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.



**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

Series 2011 B-1 & B-2 (Continued)

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 65,000	\$ 53,081	\$ 118,081
2020	65,000	50,887	115,887
2021	70,000	48,000	118,000
2022	70,000	44,500	114,500
2023	75,000	40,875	115,875
2024-2028	450,000	141,250	591,250
2029-2031	330,000	25,250	355,250
Totals	<u>\$ 1,125,000</u>	<u>\$ 403,843</u>	<u>\$ 1,528,843</u>

In the prior year, the Council defeased \$1,690,000 of the Series 2011 B-1 & B-2 bonds by placing proceeds received from the borrower in an irrevocable trust to provide for all future debt service payment 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, 2018, \$1,145,000 of bonds outstanding are considered defeased.

Series 2011D

These bonds bear interest at rates ranging from 3.25% 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>
2019	\$ 1,015,000	\$ 2,269,694	\$ 3,284,694
2020	1,050,000	2,226,950	3,276,950
2021	1,105,000	2,178,600	3,283,600
2022	1,150,000	2,133,500	3,283,500
2023	1,195,000	2,086,600	3,281,600
2024-2028	6,835,000	9,532,150	16,367,150
2029-2033	8,800,000	7,525,262	16,325,262
2034-2038	11,435,000	4,840,875	16,275,875
2039-2042	11,650,000	1,324,950	12,974,950
Totals	<u>\$ 44,235,000</u>	<u>\$ 34,118,581</u>	<u>\$ 78,353,581</u>

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

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

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,645,000	\$ 1,454,412	\$ 3,099,412
2020	1,710,000	1,388,612	3,098,612
2021	1,795,000	1,303,113	3,098,113
2022	1,885,000	1,213,362	3,098,362
2023	1,980,000	1,119,113	3,099,113
2024-2028	11,360,000	4,131,850	15,491,850
2029-2033	13,790,000	1,711,000	15,501,000
Totals	<u>\$ 34,165,000</u>	<u>\$ 12,321,462</u>	<u>\$ 46,486,462</u>

Series 2012 B-1 & B-2

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

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,720,000	\$ 813,169	\$ 2,533,169
2020	1,770,000	758,419	2,528,419
2021	1,830,000	702,069	2,532,069
2022	1,885,000	647,231	2,532,231
2023	1,950,000	587,481	2,537,481
2024-2028	12,705,000	1,893,816	14,598,816
2029-2033	4,755,000	227,762	4,982,762
Totals	<u>\$ 26,615,000</u>	<u>\$ 5,629,947</u>	<u>\$ 32,244,947</u>

Series 2016

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

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

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

The following is a schedule of debt service requirements:

Maturities	Principal	Interest	Total
2019	\$ 1,625,000	\$ 700,675	\$ 2,325,675
2020	1,680,000	642,700	2,322,700
2021	1,745,000	582,925	2,327,925
2022	1,505,000	534,175	2,039,175
2023	1,540,000	480,800	2,020,800
2024-2028	5,890,000	1,933,212	7,823,212
2029-2033	6,005,000	1,015,125	7,020,125
2034-2038	2,355,000	183,750	2,538,750
2039-2043	310,000	71,175	381,175
2044-2047	280,000	18,688	298,688
Totals	<u>\$ 22,935,000</u>	<u>\$ 6,163,225</u>	<u>\$ 29,098,225</u>

Series 2017B

These bonds bear interest at rates ranging from 3.00% to 5.00%. Interest is payable each April 1 and October 1 until final maturity.

The following is a schedule of debt service requirements:

Maturities	Principal	Interest	Total
2019	\$ 340,000	\$ 286,288	\$ 626,288
2020	350,000	272,488	622,488
2021	365,000	256,363	621,363
2022	385,000	237,612	622,612
2023	405,000	217,862	622,862
2024-2028	2,325,000	758,812	3,083,812
2029-2033	2,135,000	219,950	2,354,950
2034-2038	485,000	43,075	528,075
Totals	<u>\$ 6,790,000</u>	<u>\$ 2,292,450</u>	<u>\$ 9,082,450</u>

Series 2018A

These bonds bear interest at rates ranging from 3.00% to 5.00%. Interest is payable each April 1 and October 1 until final maturity.

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**Note 5 – Bonds Payable** (Continued)Series 2018A (Continued)

The following is a schedule of debt service requirements:

<u>Maturities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 191,492	\$ 191,492
2020	140,000	313,425	453,425
2021	180,000	307,025	487,025
2022	190,000	299,625	489,625
2023	195,000	291,925	486,925
2024-2028	1,130,000	1,304,375	2,434,375
2029-2033	1,425,000	1,010,466	2,435,466
2034-2038	1,730,000	702,256	2,432,256
2039-2043	2,125,000	314,359	2,439,359
2044	480,000	9,600	489,600
Totals	<u>\$ 7,595,000</u>	<u>\$ 4,744,548</u>	<u>\$ 12,339,548</u>

**Note 6 – Other Income**

Pursuant to Sections 5.05 and 11.01 of the Series 2012 trust indenture, after payment of the bonds, any remaining amounts in the Reserve Fund, the Project Fund, the Bond Fund, or the Revenue Fund shall be paid to the Trustee to repay any unpaid obligations to the Trustee, then to reimburse the Contractor for any Required Payments made under the Funding Agreement, and any remainder shall be paid to the Issuer (Council). It was determined that \$100,608 was payable to the Council, and this amount is recognized as revenue in the Council's general operations.

**Note 7 – Program Administration Fee**

Pursuant to an administrative agreement, members are charged a program administration fee of up to 10 basis points per annum on the bonds outstanding, plus additional fees upon issuance of bonds or notes. Thirty percent of these fees are paid to the League, and the remaining seventy percent is retained by the Council to fund its general operations.

**Note 8 – Related Party Transactions**

Pursuant to an administrative agreement as described in Note 7, the League administers the Council's programs. Fees incurred under this agreement were \$46,432, which includes cost of issuance expenses in the amount of \$3,000. At September 30, 2018, \$15,238 was due to the League.

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.

**Florida Municipal Loan Council**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**Note 8 – Related Party Transactions** (Continued)

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

**Note 10 – Surety Bonds**

On September 6, 2007, MBIA Insurance Corporation issued its debt service reserve fund surety bond (the "Existing Surety Bond") in connection with the Florida Municipal Loan Council Revenue Bonds, Series 2001A, 2002A, 2003A, 2003B, 2004A-1, 2005A, 2005B, 2005C, 2005D, 2006, and 2007A ("Prior Bonds"). In connection with the issuance of the Council's Refunding and Improvement Revenue Bonds, Series 2016 (the "Series 2016 Bonds"), the Existing Surety Bond was amended and reissued on September 29, 2016 (the "Current Surety Bond"), by National Public Finance Guarantee Corporation. The Current Surety Bond funds the respective reserve accounts in amounts required to satisfy the respective reserve requirements of the Prior Bonds and the Series 2016 Bonds.

In connection with the issuance of the Council's Refunding and Improvement Revenue Bonds, Series 2017B, a new surety bond was issued on September 28, 2017, by Assured Guaranty Municipal Corp. (AGM). The surety bond issued by AGM funds the respective reserve accounts in amounts required to satisfy the respective reserve requirements of the Series 2017B bonds.

**Note 11 – Capital Access Program**

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

**Florida Municipal Loan Council  
Schedule of Issues Outstanding  
As of September 30, 2018**

	Original Par Amount of Bonds	9/30/18 Principal Outstanding	Years Amortized
<i>Revenue Bonds, Series 2000A - May 2000</i>			
Deerfield Beach	\$ 9,978,848	\$ 2,558,004	25
<b>TOTAL</b>	<u>\$ 9,978,848</u>	<u>\$ 2,558,004</u>	
 <i>Revenue Bonds, Series 2000B - November 2000</i>			
Deerfield Beach	\$ 2,820,184	\$ 1,010,184	27
<b>TOTAL</b>	<u>\$ 2,820,184</u>	<u>\$ 1,010,184</u>	
 <i>Revenue Bonds, Series 2003B - December 2003</i>			
Apopka	\$ 1,955,000	\$ 170,000	15
<b>TOTAL</b>	<u>\$ 1,955,000</u>	<u>\$ 170,000</u>	
 <i>Revenue Refunding Bonds, Series 2005B - May 2005</i>			
Plant City	\$ 3,180,000	\$ 730,000	14
<b>TOTAL</b>	<u>\$ 3,180,000</u>	<u>\$ 730,000</u>	
 <i>Revenue Bonds, Series 2006 - January 2007</i>			
South Miami	\$ 5,625,000	\$ 1,230,000	30
St. Pete Beach	3,915,000	420,000	12
<b>TOTAL</b>	<u>\$ 9,540,000</u>	<u>\$ 1,650,000</u>	
 <i>Revenue Bonds, Series 2009 St. Augustine Beach - July 2009</i>			
St. Augustine Beach	\$ 5,350,000	\$ 536,751	20
<b>TOTAL</b>	<u>\$ 5,350,000</u>	<u>\$ 536,751</u>	
 <i>Revenue Bonds, Series 2010 ABCD - August 2010</i>			
Palatka	\$ 7,665,000	\$ 6,620,000	30
Palmetto Bay	14,780,000	12,705,000	30
Valparaiso	1,465,000	1,250,000	30
West Melbourne	3,820,000	2,760,000	20
<b>TOTAL</b>	<u>\$ 27,730,000</u>	<u>\$ 23,335,000</u>	

**Florida Municipal Loan Council  
Schedule of Issues Outstanding  
As of September 30, 2018  
(Continued)**

	Original Par Amount of Bonds	9/30/18 Principal Outstanding	Years Amortized
<i>Revenue Refunding Bonds, Series 2010BB - December 2010</i>			
Eagle Lake	\$ 1,230,000	\$ 810,000	19
<b>TOTAL</b>	<b>\$ 1,230,000</b>	<b>\$ 810,000</b>	
<i>Revenue Refunding Bonds, Series 2011 B-1 &amp; Revenue Bonds, Series 2011 B-2 - March 2011</i>			
Pinecrest B-2	\$ 1,505,000	\$ 1,125,000	19
<b>TOTAL</b>	<b>\$ 1,505,000</b>	<b>\$ 1,125,000</b>	
<i>Revenue Bonds, Series 2011D - May 2011</i>			
Hialeah	\$ 48,235,000	\$ 44,235,000	30
<b>TOTAL</b>	<b>\$ 48,235,000</b>	<b>\$ 44,235,000</b>	
<i>Refunding and Improvement Revenue Bonds, Series 2012A - November 2012</i>			
Hialeah	\$ 41,620,000	\$ 34,165,000	20
<b>TOTAL</b>	<b>\$ 41,620,000</b>	<b>\$ 34,165,000</b>	
<i>Refunding and Improvement Revenue Bonds, Series 2012 B-1 &amp; Refunding Revenue Bonds, Series 2012 B-2 - December 2012</i>			
Deerfield Beach B-1	\$ 20,090,000	\$ 15,110,000	20
Deerfield Beach B-2	14,770,000	11,505,000	16
<b>TOTAL</b>	<b>\$ 34,860,000</b>	<b>\$ 26,615,000</b>	
<i>Refunding and Improvement Revenue Bonds, Series 2016 - September 2016</i>			
Bay Harbor Islands	\$ 3,085,000	\$ 3,080,000	18
Belle Isle	935,000	855,000	10
Eatonville	850,000	795,000	14
Lake Park	3,660,000	3,490,000	17
North Miami	2,265,000	1,915,000	6
Oakland	1,845,000	1,755,000	16
Port Richey	3,055,000	2,830,000	19
St. Augustine Beach CBA	4,810,000	4,605,000	30
St. Augustine Beach GO	1,610,000	1,495,000	12
Valparaiso	2,405,000	2,115,000	10
<b>TOTAL</b>	<b>\$ 24,520,000</b>	<b>\$ 22,935,000</b>	

**Florida Municipal Loan Council  
Schedule of Issues Outstanding  
As of September 30, 2018  
(Continued)**

	<u>Original Par Amount of Bonds</u>	<u>9/30/18 Principal Outstanding</u>	<u>Years Amortized</u>
<i>Refunding and Improvement Revenue Bonds, Series 2017B - September 2017</i>			
Cocoa Beach CRA	\$ 4,245,000	\$ 4,245,000	14
Melbourne Beach	1,050,000	1,050,000	12
Valparaiso	1,495,000	1,495,000	20
<b>TOTAL</b>	<u>\$ 6,790,000</u>	<u>\$ 6,790,000</u>	
 <i>Revenue Bonds, Series 2018A - August 2018</i>			
Bradenton	\$ 7,595,000	\$ 7,595,000	25
<b>TOTAL</b>	<u>\$ 7,595,000</u>	<u>\$ 7,595,000</u>	
 <b>TOTALS</b>	 <u>\$ 226,909,032</u>	 <u>\$ 174,259,939</u>	





## Statistical Section

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

### CONTENTS

#### **58 Financial Trends**

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

#### **59 Debt Capacity**

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

#### **61 Demographic and Economic Information**

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

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

Periods Ending September 30

OPERATING REVENUES

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Loan Interest and Member Reimbursements	\$ 8,212,184	\$ 8,706,025	\$ 11,901,398	\$ 15,482,873	\$ 17,341,866	\$ 19,845,549	\$ 24,146,696	\$ 29,427,454	\$ 29,934,952	\$ 30,396,954
Investment Earnings	154,677	47,136	54,430	27,841	57,191	226,907	123,137	96,874	205,450	1,015,487
Income Allocated to Members	206,012	350,423	846,090	119,523	153,086	1,214,190	1,131,001	-	-	-
Other Income	100,608	-	-	-	73,500	-	-	-	-	-
Rebatable Arbitrage	-	-	-	-	-	-	-	(11,041)	2,389	27,862
<b>Total Operating Revenues</b>	<b>8,673,481</b>	<b>9,103,584</b>	<b>12,801,918</b>	<b>15,630,237</b>	<b>17,625,643</b>	<b>21,286,646</b>	<b>25,400,834</b>	<b>29,513,287</b>	<b>30,142,791</b>	<b>31,440,303</b>

OPERATING EXPENSES

Interest Expense	7,588,588	8,151,733	11,302,824	14,812,298	16,586,293	19,090,935	23,319,981	27,987,768	28,625,695	29,093,696
Administrator Fees	41,932	43,865	58,611	75,823	86,846	132,699	231,969	511,375	510,617	532,991
Other Expenses	45,469	32,754	84,705	68,358	88,849	92,823	97,802	-	-	-
FMLC General Operating Expenses	130,776	149,740	163,603	178,832	188,725	183,247	187,950	-	-	-
Trustee Fees	-	-	-	-	-	-	-	198,760	38,469	49,999
Dealer Fees	-	-	-	-	-	-	-	7,606	10,692	10,849
Letter of Credit Fees	-	-	-	-	-	-	-	113,674	94,697	35,987
Cost of Issuance Expenses	180,950	317,484	789,956	-	-	1,272,736	960,448	1,122,650	691,574	49,200
Loss (Income) Allocated to Members	607,593	448,399	413,472	485,674	576,471	476,835	583,951	(428,546)	171,047	1,667,581
<b>Total Operating Expenses</b>	<b>8,595,308</b>	<b>9,143,975</b>	<b>12,813,171</b>	<b>15,620,985</b>	<b>17,527,184</b>	<b>21,249,275</b>	<b>25,382,101</b>	<b>29,513,287</b>	<b>30,142,791</b>	<b>31,440,303</b>
<b>Net Income</b>	<b>78,173</b>	<b>(40,391)</b>	<b>(11,253)</b>	<b>9,252</b>	<b>98,459</b>	<b>37,371</b>	<b>18,733</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Net Position, Beginning of Year</b>	<b>112,171</b>	<b>152,562</b>	<b>163,815</b>	<b>154,563</b>	<b>56,104</b>	<b>18,733</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>Fund Net Position, End of Year</b>	<b>\$ 190,344</b>	<b>\$ 112,171</b>	<b>\$ 152,562</b>	<b>\$ 163,815</b>	<b>\$ 154,563</b>	<b>\$ 56,104</b>	<b>\$ 18,733</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

Florida Municipal Loan Council  
SCHEDULE OF DEBT OUTSTANDING

Periods Ending September 30

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenue Bonds, Series 1999A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,315,000	\$ 2,400,000	\$ 43,485,000	\$ 46,080,000
Revenue Bonds, Series 1999B	-	-	-	-	-	-	-	-	-	1,020,000
Revenue Bonds, Series 2000A*	7,660,976	8,692,053	9,664,274	10,412,076	11,118,008	11,786,236	11,928,444	12,060,236	12,192,265	13,219,808
Revenue Bonds, Series 2000B*	2,800,085	2,644,523	2,497,602	2,358,844	2,227,794	2,394,026	3,967,133	3,966,735	35,432,469	36,328,995
Revenue Bonds, Series 2001A	-	-	-	4,215,000	6,185,000	6,525,000	9,240,000	58,015,000	62,745,000	66,720,000
Revenue Bonds, Series 2002A	-	-	-	1,870,000	5,305,000	5,480,000	5,645,000	31,500,000	35,455,000	37,590,000
Revenue Bonds, Series 2002B	-	-	-	-	-	-	62,125,000	63,630,000	65,075,000	65,580,000
Revenue Bonds, Series 2002C	-	-	-	-	-	-	1,705,000	18,630,000	19,840,000	21,000,000
Revenue Bonds, Series 2003A	-	-	-	3,705,000	3,830,000	3,950,000	60,445,000	62,610,000	64,670,000	66,635,000
Revenue Bonds, Series 2003B	170,000	335,000	490,000	3,695,000	3,835,000	4,370,000	32,905,000	34,865,000	36,755,000	38,595,000
Revenue Bonds, Series 2004A	-	-	-	1,945,000	6,565,000	10,535,000	11,180,000	11,805,000	15,215,000	18,510,000
Revenue Bonds, Series 2005A	-	-	-	28,555,000	35,420,000	39,825,000	46,005,000	47,535,000	49,005,000	50,425,000
Revenue Refunding Bonds, Series 2005B	730,000	1,065,000	2,640,000	6,605,000	12,985,000	13,790,000	14,845,000	16,140,000	17,400,000	17,585,000
Revenue Refunding Bonds, Series 2005C	-	-	-	615,000	7,925,000	11,730,000	12,835,000	13,910,000	14,950,000	15,050,000
Revenue Bonds, Series 2005D	-	-	-	6,070,000	12,335,000	17,730,000	18,595,000	19,425,000	20,235,000	21,015,000
Revenue Bonds, Series 2006	1,650,000	6,440,000	7,065,000	12,350,000	13,255,000	14,130,000	14,965,000	15,760,000	20,380,000	21,190,000
Revenue Bonds, Series 2007A	-	1,160,000	2,265,000	40,360,000	42,100,000	43,755,000	45,335,000	46,840,000	48,280,000	49,660,000
Revenue Bonds, Series 2008A	-	12,112,730	12,839,813	13,534,419	14,196,436	14,827,393	15,426,772	16,019,116	16,623,792	17,028,786
Revenue Bonds, Series 2009 St. Augustine Beach	536,751	571,920	605,296	636,971	667,032	695,561	722,636	748,331	5,194,825	5,350,000
Revenue Bonds, Series 2009 Seminole	-	-	-	-	-	3,606,086	4,112,476	4,594,569	5,053,531	5,500,000
Revenue Bonds, Series 2010ABCD	23,335,000	24,035,000	24,710,000	25,360,000	26,005,000	26,630,000	27,240,000	27,730,000	27,730,000	-
Revenue Bonds, Series 2010AA	-	-	-	1,470,000	1,545,000	1,620,000	1,690,000	1,755,000	-	-
Revenue Bonds, Series 2010BB	810,000	870,000	925,000	980,000	1,030,000	1,080,000	1,130,000	1,175,000	-	-
Revenue Bonds, Series 2011 B-1 & B-2	1,125,000	1,185,000	3,465,000	4,040,000	4,605,000	5,150,000	5,680,000	5,825,000	-	-
Revenue Bonds, Series 2011D	44,235,000	45,220,000	46,175,000	47,025,000	47,605,000	47,925,000	48,235,000	48,235,000	-	-
Revenue Bonds, Series 2012	-	-	8,600,000	50,150,000	59,110,000	59,110,000	59,110,000	-	-	-
Revenue Bonds, Series 2012A	34,165,000	35,745,000	37,265,000	38,725,000	40,130,000	41,490,000	-	-	-	-
Revenue Bonds, Series 2012 B-1 & B-2	26,615,000	28,280,000	29,880,000	31,600,000	33,270,000	34,860,000	-	-	-	-
Revenue Bonds, Series 2016	22,935,000	24,520,000	24,520,000	-	-	-	-	-	-	-
Revenue Bonds, Series 2017B	6,790,000	6,790,000	-	-	-	-	-	-	-	-
Revenue Bonds, Series 2018A	7,595,000	-	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	13,981,000	15,498,000
<b>TOTAL DEBT OUTSTANDING</b>	<b>181,152,812</b>	<b>199,666,226</b>	<b>213,606,985</b>	<b>336,277,310</b>	<b>391,249,270</b>	<b>422,994,302</b>	<b>517,382,461</b>	<b>565,173,987</b>	<b>629,697,882</b>	<b>629,580,589</b>
Bond Premium/Discount (Net)	3,392,795	3,472,774	3,264,709	3,951,538	4,735,392	5,447,757	3,902,563	6,050,593	6,998,734	8,034,871
<b>BONDS PAYABLE</b>	<b>\$ 184,545,607</b>	<b>\$ 203,139,000</b>	<b>\$ 216,871,694</b>	<b>\$ 340,228,848</b>	<b>\$ 395,984,662</b>	<b>\$ 428,442,059</b>	<b>\$ 521,285,024</b>	<b>\$ 571,224,580</b>	<b>\$ 636,696,616</b>	<b>\$ 637,615,460</b>

\*Amounts include accreted interest

# Schedule of Ten Largest Borrowers by Amount Borrowed

## Florida Municipal Loan Council

### Schedule of Ten Largest Borrowers by Amount Borrowed, periods ending September 30

FY2018	
Borrower	% of All Loans
City of Hialeah	18.8%
City of North Miami Beach	11.0%
City of Deerfield Beach	9.6%
Infrastructure Development Partners	5.7%
City of Haines City	4.0%
City of Hallandale Beach	3.7%
City of Bonita Springs	3.5%
City of Sunny Isles Beach	2.7%
Village of Pinecrest*	2.4%
City of Aventura	2.0%
<b>TOTAL**</b>	<b>63.4%</b>

FY2017	
Borrower	% of All Loans
City of Hialeah	19.0%
City of North Miami Beach	11.1%
City of Deerfield Beach	9.7%
Infrastructure Development Partners	5.7%
City of Haines City	4.0%
City of Hallandale Beach	3.7%
City of Bonita Springs	3.5%
City of Sunny Isles Beach	2.7%
Village of Pinecrest*	2.4%
City of Aventura	2.0%
<b>TOTAL**</b>	<b>63.8%</b>

FY2016	
Borrower	% of All Loans
City of Hialeah	19.1%
City of North Miami Beach	11.2%
City of Deerfield Beach	9.7%
Infrastructure Development Partners	5.7%
City of Haines City	4.0%
City of Hallandale Beach	3.7%
City of Bonita Springs	3.5%
City of Sunny Isles Beach	2.7%
Village of Pinecrest*	2.4%
City of Aventura	2.0%
<b>TOTAL**</b>	<b>64.0%</b>

FY2015	
Borrower	% of All Loans
City of Hialeah	19.6%
City of North Miami Beach	11.5%
City of Deerfield Beach	10.0%
Infrastructure Development Partners	5.9%
City of Haines City	4.1%
City of Hallandale Beach	3.8%
City of Bonita Springs	3.6%
City of Sunny Isles Beach	2.8%
Village of Pinecrest*	2.5%
City of Aventura	2.1%
<b>TOTAL**</b>	<b>65.9%</b>

FY2014	
Borrower	% of All Loans
City of Hialeah	19.6%
City of North Miami Beach	11.5%
City of Deerfield Beach	10.0%
Infrastructure Development Partners	5.9%
City of Haines City	4.1%
City of Hallandale Beach	3.8%
City of Bonita Springs	3.6%
City of Sunny Isles Beach	2.8%
Village of Pinecrest*	2.5%
City of Aventura	2.1%
<b>TOTAL**</b>	<b>65.9%</b>

FY2013	
Borrower	% of All Loans
City of Hialeah	19.6%
City of North Miami Beach	11.5%
City of Deerfield Beach	10.0%
Infrastructure Development Partners	5.9%
City of Haines City	4.1%
City of Hallandale Beach	3.8%
City of Bonita Springs	3.6%
City of Sunny Isles Beach	2.8%
Village of Pinecrest*	2.5%
City of Aventura	2.1%
<b>TOTAL**</b>	<b>65.9%</b>

FY2012	
Borrower	% of All Loans
City of Hialeah	16.7%
City of North Miami Beach	12.4%
City of Deerfield Beach	7.1%
Infrastructure Development Partners	6.4%
City of Haines City	4.5%
City of Hallandale Beach	4.1%
City of Bonita Springs	3.9%
City of Sunny Isles Beach	3.0%
Village of Pinecrest*	2.7%
City of Aventura	2.3%
<b>TOTAL**</b>	<b>63.1%</b>

FY2011	
Borrower	% of All Loans
City of Hialeah	17.8%
City of North Miami Beach	13.3%
City of Deerfield Beach	7.5%
City of Haines City	4.8%
City of Hallandale Beach	4.4%
City of Bonita Springs	4.2%
City of Sunny Isles Beach	3.2%
Village of Pinecrest*	2.8%
City of Aventura	2.4%
City of Oakland Park	2.3%
<b>TOTAL**</b>	<b>62.7%</b>

FY2010	
Borrower	% of All Loans
City of North Miami Beach	14.2%
City of Hialeah	13.2%
City of Deerfield Beach	8.1%
City of Haines City	5.1%
City of Hallandale Beach	4.7%
City of Bonita Springs	4.5%
City of Sunny Isles Beach	3.4%
City of Aventura	2.6%
City of Oakland Park	2.5%
Village of Palm Springs	2.4%
<b>TOTAL**</b>	<b>60.7%</b>

FY2009	
Borrower	% of All Loans
City of North Miami Beach	14.7%
City of Hialeah	13.6%
City of Deerfield Beach	8.3%
City of Haines City	5.3%
City of Hallandale Beach	4.9%
City of Bonita Springs	4.7%
City of Sunny Isles Beach	3.5%
City of Aventura	2.7%
City of Oakland Park	2.6%
Village of Palm Springs	2.5%
<b>TOTAL**</b>	<b>62.8%</b>

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

\*\*The Council has issued more than \$1 billion in bonds to make 130 loans and also facilitated 16 additional bank loans totaling \$51 million through the Capital Access Program.

## Florida Municipal Loan Council

## List of Borrowers and Original Loan Amounts, as of September 30, 2018

Borrower	Population	# of Loans	Total Borrowed	Project Info
City of Apopka	51,676	1	1,955,000	City Hall, Fire Station
City of Aventura	37,790	1	21,000,000	Land Acquisition, City Hall
City of Avon Park	11,187	1	1,910,000	Street Improvements
City of Bartow	19,342	2	7,455,000	Main Street Redesign, Gymnasium
Town of Bay Harbor Islands	5,908	2	12,445,000	Street Improvements, Capital Projects, Refunding
City of Belle Isle	6,944	4	4,355,000	Capital Improvements, City Parks, Stormwater Project, Refunding
City of Bonita Springs	51,181	1	36,565,000	Street Improvements
City of Bradenton**	56,157	2	10,695,000	Street and Park Improvements, Parking Garage
City of Cape Coral	180,204	1	4,580,000	Refunding of Existing Bonds
City of Cocoa Beach CRA	N/A	1	4,245,000	Parking Structure
City of Dania Beach	31,755	1	6,775,000	Library, Fire & Police Station, Parks
City of Deerfield Beach	78,573	10	100,507,817	Land Acquisition, Community Center, Water & Sewer, Refunding, Street improvements, Public Works Facilities
City of DeFuniak Springs**	5,481	1	1,245,000	Natural Gas Project
City of Destin	13,289	2	14,760,000	Sports & Recreation Complex, Library, Public Works Facility, Refunding
City of Eagle Lake	2,574	2	2,765,000	Water System, Public Works Facility, City Hall improvements, Refunding
Town of Eatonville	2,323	3	4,195,000	Town Hall, Refunding
City of Fort Myers	81,868	2	12,575,000	Ferry Terminal Facility, Community Center, Infrastructure Projects, Refunding
City of Fort Walton Beach	20,830	2	3,295,000	Improving Pump Station, Land Acquisition
Gadsden County	47,828	2	11,265,000	Library, Capital Projects
Village of Golf	257	1	2,240,000	Membrane Water Plant
City of Haines City	24,298	4	41,605,000	Railroad Spur, CRA Projects, New Police Facility, Renovate City Hall, Refunding
City of Hallandale Beach	39,054	3	38,185,000	Water Treatment Plant, Land Acquisition, CRA Projects
City of Hialeah	238,906	5	197,080,000	Street Improvements, Courthouse, Water Plant
Town of Indian Shores**	1,470	1	5,930,000	Undergrounding of Utilities
City of Inverness	7,380	1	5,455,000	City Hall Complex
City of Keystone Heights	1,364	1	1,000,000	Street Improvements
Town of Lake Park	8,829	2	8,470,000	Marina Improvements, Refunding
City of Largo	83,526	1	9,250,000	Sewer System Improvements, Expansion of Public Works Complex
City of Lauderdale Lakes**	36,475	2	8,555,000	Community Center, Land Acquisition, Refunding
Town of Longboat Key	6,990	1	15,650,000	Beach Renourishment
City of Marco Island	17,094	1	985,000	Bridge Construction
Town of Melbourne Beach	3,095	3	4,520,000	City Hall Improvements, Refunding
Miami Shores Village**	10,784	1	3,200,000	New Aquatic Facility
City of New Smyrna Beach	26,407	1	1,985,000	Parks & Recreation Improvements
City of North Miami	63,517	3	11,145,000	Stormwater System, Refunding

# List of Borrowers and Original Loan Amounts

## Florida Municipal Loan Council

### List of Borrower and Original Loan Amounts, as of September 30, 2018 (Continued)

Borrower	Population	# of Loans	Total Borrowed	Project Info
City of North Miami Beach	45,612	6	115,500,000	Bike Trail, Refunding, Street & Water System Improvements, Capital Projects
Town of Oakland	3,119	2	4,390,000	Town Hall, Police, & Fire Facilities, Refunding
City of Oakland Park	45,276	2	20,310,000	Stormwater System, Water & Sewer System Improvements
City of Oldsmar	14,489	1	2,425,000	Land Acquisition, Capital Improvements
City of Palatka	10,649	1	7,665,000	Refunding
City of Palm Bay*	112,703	1	15,498,000	Street Improvements
Village of Palm Springs	23,448	2	19,440,000	Municipal Complex, Water & Sewer System Improvements
Village of Palmetto Bay**	24,144	2	16,275,000	Municipal Complex, Village Hall, Refunding
City of Parkland	32,742	1	2,775,000	CRA Projects
Village of Pinecrest**	18,490	5	24,795,000	Village Hall, Police Station, 10-acre Park, Parrot Jungle Conversion, Library, Capital Improvements, Refunding
City of Plant City	38,938	2	7,955,000	Sports Stadium Improvements, Refunding
City of Port Richey	2,879	4	10,445,000	New City Hall, Refunding, Water & Sewer System
City of Safety Harbor**	17,470	1	3,610,000	Refunding, Treatment Plant Improvements
City of Seminole**	18,865	3	13,155,000	Recreation Facility Improvements, Refunding, Emergency Operations Center & Public Works Projects
City of South Miami	12,664	3	14,325,000	Park Improvements, Parking Garage
Town of Southwest Ranches**	7,706	1	4,985,000	Town Hall
City of St. Augustine Beach	6,713	6	18,405,000	Street Improvements, City Hall, Land Acquisition, Refunding
City of St. Pete Beach	9,510	2	6,265,000	City Hall, Recreation Complex
City of Stuart	16,425	1	2,190,000	Stormwater Projects, Fire Station
City of Sunny Isles Beach	22,505	2	27,815,000	Refunding, City Hall, Street & Park Improvements, Police Station, Public Works Facility
City of Valparaiso	5,284	5	9,885,000	Refunding, Utility Projects, Cable System Upgrades, Wastewater & Sewer Treatment Plant, Park Upgrades, Street Improvements
Village of Wellington	62,304	2	11,895,000	Public Building, Street & Stormwater Improvements
City of West Melbourne**	21,990	2	8,730,000	Wastewater Plant, Water Line
Infrastructure Development Partners	N/A	1	\$59,110,000	Construction of State Road 9B
<b>TOTAL LOANS***</b>		<b>130</b>	<b>\$1,045,685,817</b>	

\*Commercial Paper

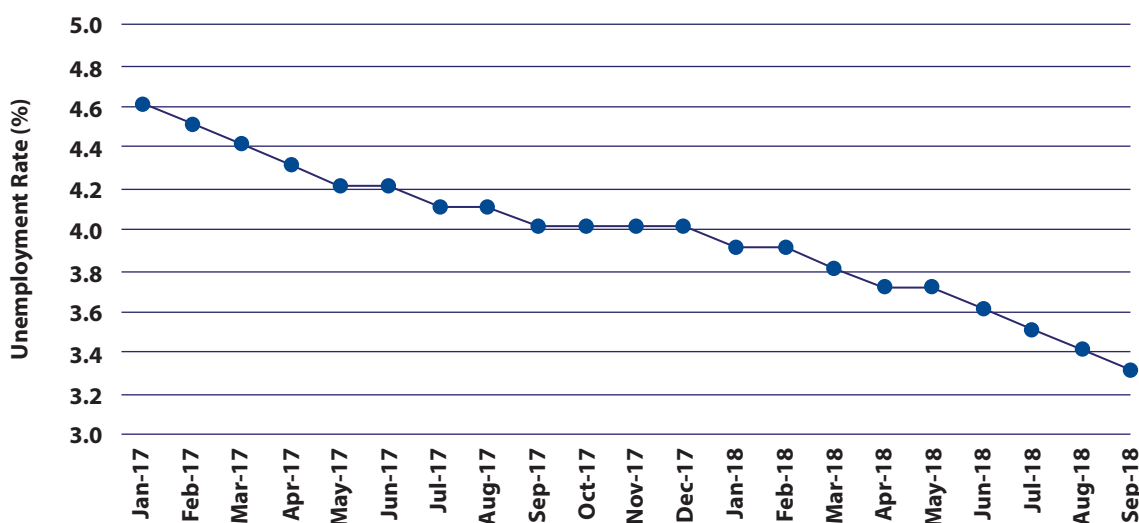
\*\*Borrower also closed a bank loan through the Capital Access Program. Amount not reflected in these totals. Harbour Waterway Special District and the City of Bellair Beach also closed bank loans through the Capital Access Program. Amount not reflected in these totals.

\*\*\*The Council has issued more than \$1 billion in bonds to make 130 loans and also facilitated 16 additional bank loans totaling \$51 million through the Capital Access Program.

### State of Florida Economy

According to the Florida Legislature Office of Economic and Demographic Research’s Economic Overview reports, the Florida economy continued to grow through the third quarter of FY2018. Florida’s population growth rate of 1.74% is significant to Florida’s economy, as it affects demand for nearly all goods and services produced in the state. Unemployment within the state continued to improve significantly over the past year. Florida’s average unemployment rate fell from 4.0% in October 2017 to 3.3% by September 2018, as illustrated in the chart below.

**STATE OF FLORIDA UNEMPLOYMENT RATE**  
(Monthly, 2017-2018)



Source: U.S. Department of Labor, Bureau of Labor Statistics

According to U.S. Department of Commerce, Bureau of Economic Analysis, Florida had a total personal income of \$1 trillion in 2017, which ranks the state 4th in the nation. However, per capita personal income in Florida was \$47,684, which ranks the state 27th in the nation, and was lower than the national average of \$51,640.

While there are numerous businesses operating in the state, Florida’s Department of Economic Opportunity (DEO), Bureau of Labor Market Statistics show the following as the top-10 employers in Florida for the past three years.\*

FY2016			FY2017			FY2018		
Employer Name	Number of Employees	% of Total Employment	Employer Name	Number of Employees	% of Total Employment	Employer Name	Number of Employees	% of Total Employment
PUBLIX SUPERMARKETS	119,907	1.27%	PUBLIX SUPERMARKETS	120,020	1.33%	PUBLIX SUPERMARKETS	114,104	1.27%
WALMART	108,092	1.15%	WALMART	108,042	1.20%	WALMART	109,014	1.22%
WALT DISNEY	54,600	0.58%	WALT DISNEY	55,330	0.61%	WALT DISNEY	58,635	0.65%
DADE COUNTY SCHOOLS	40,010	0.42%	US POST OFFICE	34,600	0.38%	DADE COUNTY SCHOOLS	39,959	0.45%
US POST OFFICE	31,399	0.33%	HOME DEPOT	29,769	0.33%	US POST OFFICE	34,406	0.38%
BROWARD COUNTY SCHOOLS	30,000	0.32%	US ARMED SERVICES	28,169	0.31%	BROWARD COUNTY SCHOOLS	31,873	0.36%
US ARMED SERVICES	28,322	0.30%	US VETERANS AFFAIRS DEPARTMENT	26,679	0.30%	HOME DEPOT	30,041	0.34%
HOME DEPOT	26,640	0.28%	MIAMI-DADE COUNTY	25,100	0.28%	US VETERANS AFFAIRS DEPARTMENT	29,287	0.33%
WINN DIXIE STORES INC	26,400	0.28%	DADE COUNTY SCHOOLS	23,000	0.25%	DEPT OF AIR FORCE	29,168	0.33%
US VETERANS AFFAIRS DEPARTMENT	25,017	0.27%	WINN DIXIE STORES INC	22,765	0.25%	MIAMI DADE COUNTY	27,862	0.31%

\*Employer Statistical Information is not available beyond what is shown, per the Department of Economic Opportunity.







## Investment Section

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

### ARBITRAGE REBATE COMPLIANCE

Arbitrage is the profit that results from investing lower-yielding tax-exempt proceeds in higher-yielding securities. The federal tax code requires that positive arbitrage earnings be rebated back to the federal government every five years for as long as the bonds are outstanding. The bond funds that 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 can invest loan proceeds in the following approved funds offered by the program:

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

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

\*As of 9/30/18, no FMLC borrowers have bond proceeds invested in this fund.

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

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

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

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

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

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

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

Periods Ending September 30, 2018

	1 Year	3 Years	5 Years	10 Years
BlackRock Liquidity Funds FedFund <sup>1</sup>	1.45%	0.75%	0.46%	0.30%
90 Day U.S. T-Bills Index <sup>1</sup>	1.58%	0.84%	0.52%	0.34%

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

As of September 30, 2018, the BlackRock Liquidity Funds FedFund held cash and 211 securities. The top 10 holdings are listed below.

#	Issue Name	Category	Yield or Coupon	Maturity Date	Amortized Cost
1	CASH	Cash	2.15%	10/1/18	\$3,175,000,000
2	TRI-PARTY J.P. MORGAN SECURITIES	U.S. Government Agency Repurchase Agreement	2.26%	10/1/18	2,540,000,000
3	TRI-PARTY WELLS FARGO SECURITIES	U.S. Government Agency Repurchase Agreement	2.26%	10/1/18	2,500,000,000
4	TRI-PARTY NOMURA SECURITIES	U.S. Government Agency Repurchase Agreement	2.27%	10/1/18	1,690,000,000
5	TREASURY BILL	U.S. Treasury Debt	2.20%	12/27/18	1,666,720,401
6	TRI-PARTY BARCLAYS BANK PLC	U.S. Government Agency Repurchase Agreement	2.17%	10/4/18	1,500,000,000
7	TRI-PARTY SOCIETE GENERALE	U.S. Treasury Repurchase Agreement	2.19%	10/5/18	1,420,000,000
8	TREASURY FLOATING RATE NOTE	U.S. Treasury Debt	2.24%	7/31/20	1,389,440,000
9	FHLB	U.S. Government Agency Debt	1.93%	10/3/18	1,362,643,059
10	TRI-PARTY MUFG SECURITIES AMERICAS	U.S. Government Agency Repurchase Agreement	2.20%	10/1/18	1,192,000,000
				TOTAL	\$18,435,803,460

## 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 has been actively managed by Atlanta Capital Management Company since April 1, 2009, and invests in government and high-quality debt securities while maintaining an average maturity of approximately one year. The portfolio is valued on the 15th and last business day of the month. If the 15th is not a business day, the valuation is the next succeeding business day. Management fees are 10 bps and administrative fees are 10.5 bps. Total expenses are approximately 23 bps. As of September 30, 2018, the 0-2 Year High Quality Bond Fund had a net position of \$184 million, representing 31 participants.

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

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

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

**Performance\*.** The fund rose 0.6% in the third quarter, modestly ahead of the performance of the Bank of America Merrill Lynch 1-Year Treasury Note Index (up 0.4%). In the 9 years since inception of this strategy, the portfolio advanced 0.8% on average annually, adding value over the BofA Merrill Lynch 1-Year Treasury Note Index (up 0.5%). The high quality focus proved challenging relative to the peer group of enhanced cash managers. This strategy is meeting the objective of providing consistent return enhancement over its benchmark, while maintaining a very favorable risk-adjusted return profile. This fund represents a strong short maturity complement to the other fixed income options within the FMIVT.

\*Returns presented are gross of fees and expenses

Performance Returns – Net of All Fees and Expenses						
Periods Ending September 30, 2018						
	Qtr.	1 Year	3 Years	5 Years	7 Years	10 Years
FMIVT 0-2 Year High Quality Bond Fund <sup>1</sup>	0.52%	1.27%	0.85%	0.60%	0.51%	N/A
ICE BofA ML 1 Year Treasury Note Index	0.41%	1.08%	0.74%	0.55%	0.47%	0.71%

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

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

As of September 30, 2018, the 0-2 Year High Quality Bond Fund held 100 securities. The top 10 holdings are listed below. The complete holdings report can be found at [www.fmivt.com](http://www.fmivt.com).

#	Issue Name	Fair Value (\$000s)	% of Account Fair Value
1	US Treasury Bill 2019	\$ 41,577	22.98%
2	US Treasury Bill 2019	35,626	19.69%
3	CNH Equipment Trust 2018-A A2 2.780% August 2021	3,797	2.10%
4	GM Financial Automobile Leasing 2018-1 A2A 2.390% April 2020	3,602	1.99%
5	GM Financial Securitized Term 2018-1 A2A 2.080% January 2021	3,593	1.99%
6	Barclays Drydock Issuance Trust 2016-1 A 1.520% May 2022	3,461	1.91%
7	Chase Issuance Trust 2016-A2 1.370% June 2021	3,219	1.78%
8	FHMS K709 A2 2.086% March 2019	3,116	1.72%
9	World Omni Automobile Lease 2018-B A2A 2.960% June 2021	2,800	1.55%
10	World Financial Network Credit 2012-C A 2.230% August 2022	2,800	1.55%
TOTAL		\$ 103,591	57.26%

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

The FMIvT 1-3 Year High Quality Bond Fund has been actively managed by Atlanta Capital Management Company since October 1, 1995, and invests in government and high quality debt securities while maintaining an average maturity of two years. The portfolio is valued on the 15th and last business day of the month. If the 15th is not a business day, the valuation is the next succeeding business day. Management fees are 10 bps and administrative fees are 10.5 bps. Total expenses are approximately 22 bps. As of September 30, 2018, the 1-3 Year High Quality Bond Fund had a net position of \$399 million, representing 36 participants.

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

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

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

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

**Performance\***. The fund advanced 0.5% in the third quarter, ahead of the Bank of America Merrill Lynch 1-3 Year Government Index (up 0.2%) in the third quarter. While this strategy has struggled to keep up with the peer group of short duration fixed income managers over the past several years, it has returned 1.4% annually on average over the past 10 years, outperforming its benchmark (up 1.2%) despite the lower risk profile.

\*Returns presented are gross of fees and expenses.

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

Periods Ending September 30, 2018

	Qtr.	1 Year	3 Years	5 Years	7 Years	10 Years
FMIvT 1-3 Year High Quality Bond Fund <sup>1</sup>	0.39%	0.59%	0.60%	0.62%	0.56%	1.30%
ICE BofA ML 1-3 Yr Government Index	0.20%	0.05%	0.40%	0.57%	0.55%	1.19%

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

As of September 30, 2018, the 1-3 Year High Quality Bond Fund held 126 securities. The top 10 holdings are listed below. The complete holdings report can be found at [www.fmivt.com](http://www.fmivt.com).

#	Issue Name	Fair Value (\$000s)	% of Account Fair Value
1	US Treasury Notes 1.375% September 2020	\$ 51,027	12.81%
2	US Treasury Notes 1.125% June 2021	24,088	6.05%
3	US Treasury Notes 1.000% June 2019	17,798	4.47%
4	US Treasury Notes 1.625% November 2020	17,541	4.40%
5	US Treasury Notes 1.125% August 2021	14,265	3.58%
6	CNH Equipment Trust 2015-C A4 2.050% August 2022	12,544	3.15%
7	World Omni Automobile Lease 2018-A A2 2.590% November 2020	10,842	2.72%
8	US Treasury Notes 2.750% August 2021	10,710	2.69%
9	US Treasury Notes 1.250% March 2021	10,576	2.66%
10	FHLB 1.125% June 2019	10,294	2.58%
	<b>TOTAL</b>	<b>\$ 179,685</b>	<b>45.11%</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.

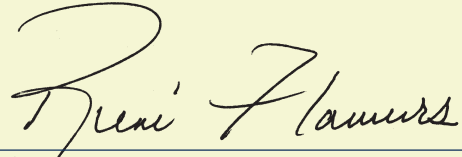
- (D) Investment agreements or repurchase agreements (the maturity of which is less than thirty (30) days) with a bank or trust company organized under the laws of any state of the United States or with a national banking association, insurance company or government bond dealer reporting to, trading 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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Rene 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



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