

Quarterly Investment Report

June 30, 2017

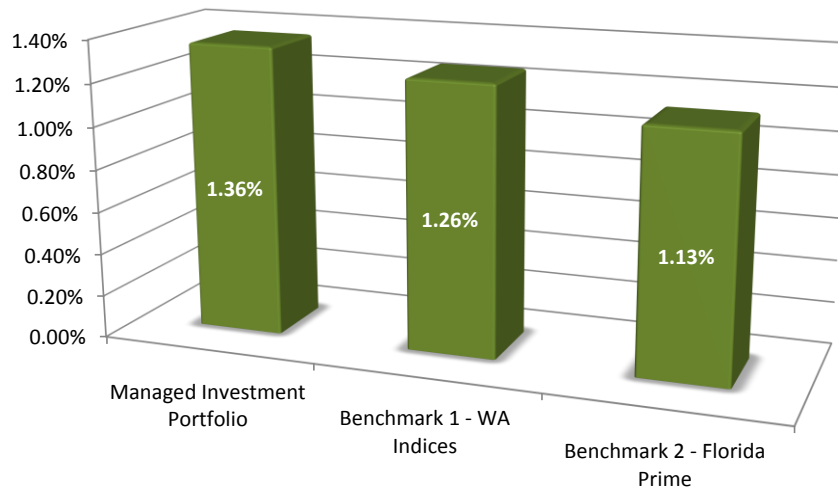


prepared by Cash Management Department

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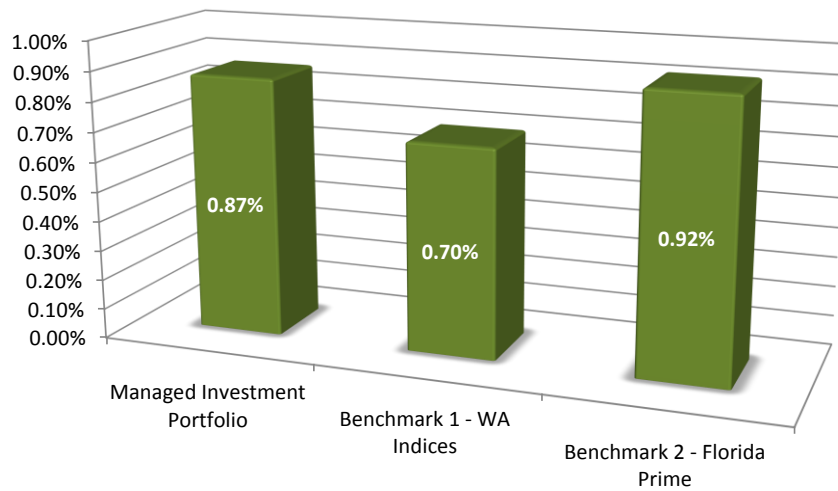
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Yield Comparison June 30, 2017



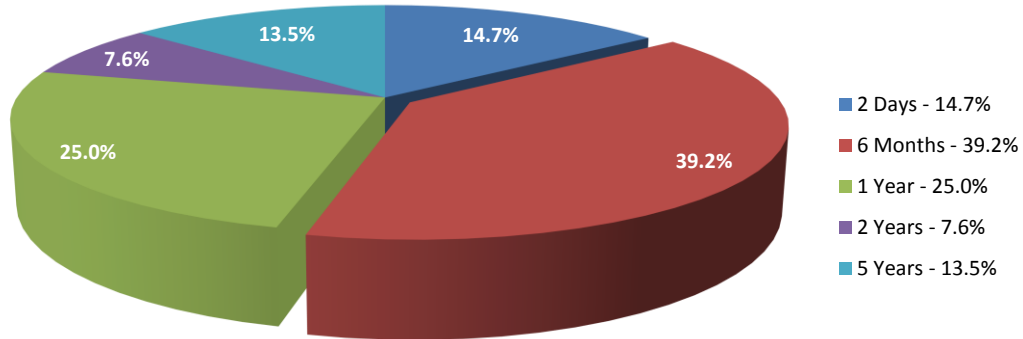
The yield on the district's managed investment program was 1.36% for the quarter ended June 30, 2017.

Yield Comparison Year to Date through June 30, 2017



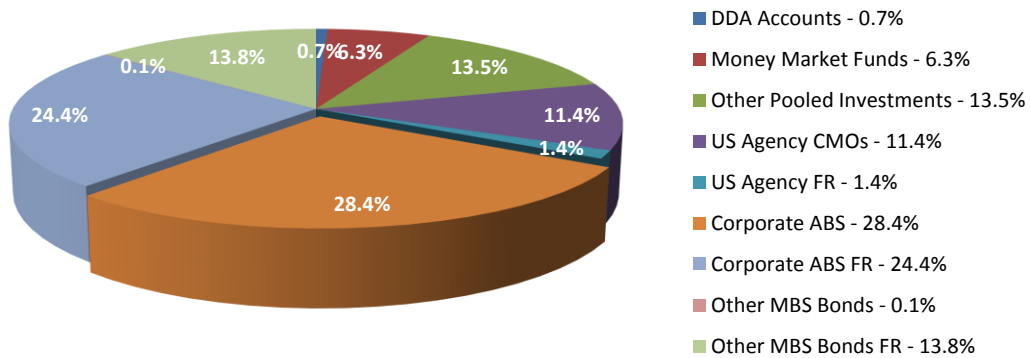
The yield on the district's managed investment program was 0.87% for the fiscal year ended June 30, 2017.

Investments by Duration June 30, 2017



The above chart breaks down the duration of the district’s investment by time frame. The largest category, 2 days duration, represents liquid cash that can be accessed within 2 days. The other categories represent investments whose modified duration falls within that time frame.

Investments by Type June 30, 2017



The above chart breaks down the district’s portfolio by investment type. For example, the largest category is Agency, GNMA, FNMA, FHLMC, etc..., Mortgage-Backed Securities (MBS) representing 41% of the portfolio.

Portfolio Assets	6/30/17			6/30/16
Investment in U.S. Treasury and Agency Securities:				
Investments (securities at market value)	\$208,878,831			\$202,483,371
Other Pooled Investments	35,405,452			32,114,690
State Board of Administration Fund B	0			38,381
Accrued Interest Receivable and Prepaid Interest	456,833			443,507
Total U.S. Treasury and Agency Securities	\$244,741,115			\$235,079,949
Cash Investments				
Money market funds	16,464,374			6,594,056
Pooled Cash Investments	0			0
Bank accounts (DDA & MMA)	1,859,682			6,726,605
Total Cash Investments	\$18,324,056			\$13,320,662
Total Managed Investment Portfolio Value	\$263,065,171			\$248,400,610
	Quarter End	Y-T-D		Prior Year
	6/30/17	6/30/17		6/30/16
Portfolio Income				
Interest Earned				
U.S. Government Securities & Other Pooled Accounts	1,422,645	3,790,969		5,641,219
Money Market Funds	261,847	888,735		25,941
Bank Accounts	0	0		30,051
Total Interest Earned	1,684,492	4,679,703		5,697,211
Net increase/(decrease) in fair value of investments - Note 2	(478,047)	(1,661,439)		(1,761,967)
Total Managed Investment Portfolio Earnings	\$1,206,444	\$3,018,264		\$3,935,244
	Quarter End	Y-T-D		Prior Year
	6/30/17	6/30/17		6/30/16
Yield Comparison - Page 5				
<i>Managed Investment Portfolio</i>				
Annualized Rate of Return	1.36%	0.87%		0.95%
<i>Benchmark 1 - Weighted Average of Comparable Indices</i>				
Annualized Rate of Return	1.26%	0.70%		0.31%
Managed Investment Portfolio Yield vs. Benchmark 1	0.10%	0.17%		0.64%
<i>Benchmark 2 - Florida Prime MMF (SBA LGIP)</i>				
Annualized Rate of Return	1.13%	0.92%		0.18%
Managed Investment Portfolio Yield vs. Benchmark 2	0.23%	-0.05%		0.77%

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June 30, 2017
Total Investment Value

Security Description	CUSIP	Book Value	Market Value	Unrealized Gain/Loss	Prepaid & Accrued Interest	Total Investment Value	Rtg	Mod. Dur.	% of Port
US Agency CMOs									
FHMS K711 A2	3137AVE86	20,118,750	20,004,600	(114,150)	28,833	\$20,033,433	Aaa	1.85	7.6%
GNR 13-130 JA	38378UBS5	10,030,695	10,011,218	(19,476)	20,636	\$10,031,854	Aaa	0.98	3.8%
subtotal		\$30,149,445	\$30,015,818	(\$133,626)	\$49,469	\$30,065,288	AAA	1.56	11.4%
US Agency FR									
FNR 04-79 FP	31394BFD1	3,649,408	3,645,577	(3,830)	803	\$3,646,380	Aaa	0.15	1.4%
subtotal		\$3,649,408	\$3,645,577	(\$3,830)	\$803	\$3,646,380	AAA	0.15	1.4%
Corporate ABS									
2014-5 A2	02005AER5	20,348,644	20,294,058	(54,586)	14,428	\$20,308,486	Aaa	0.29	7.7%
2014-4 B	03065JAE4	16,450,192	16,426,568	(23,624)	19,593	\$16,446,161	Aaa	0.57	6.3%
CNH 14-A A4	12591BAD7	10,023,663	10,001,600	(22,063)	6,667	\$10,008,267	Aaa	0.86	3.8%
EFF 17-1 A1	29372EBU1	4,971,378	4,967,225	(4,154)	1,595	\$4,968,819	A-1+	0.27	1.9%
FORDF 12-5 A	34528QBY9	23,063,474	22,999,770	(63,704)	15,231	\$23,015,001	Aaa	0.21	8.8%
subtotal		\$74,857,351	\$74,689,221	(\$168,131)	\$57,514	\$74,746,735	AAA	0.40	28.4%
Corporate ABS FR									
AMOT 15-2 A1	02005AFD5	15,016,376	15,067,050	50,674	10,394	\$15,077,444	Aaa	0.22	5.7%
2014-5 A1	02005AEQ7	10,025,364	10,008,500	(16,864)	7,328	\$10,015,828	AAA	0.21	3.8%
FORDF 14-2 A	34528QDA9	10,899,185	10,938,836	39,650	8,031	\$10,946,866	Aaa	0.22	4.2%
FORDF 2014-4 A2	34528QDM3	10,513,122	10,502,730	(10,392)	7,041	\$10,509,771	AAA	0.00	4.0%
GEDFT 14-1 A	36159LCKO	9,688,512	9,676,064	(12,447)	4,109	\$9,680,173	Aaa	0.00	3.7%
NGN 2010-R3 1A	62888WAA4	8,015,991	8,006,838	(9,153)	8,238	\$8,015,076	Aaa	0.20	3.0%
subtotal		\$64,158,550	\$64,200,018	\$41,468	\$45,141	\$64,245,159	AAA	0.15	24.4%
Other MBS Bonds									
JPMCC 04-LN2 A2	46625YCV3	154,131	151,035	(3,097)	644	\$151,678	Aaa	0.16	0.1%
subtotal		\$154,131	\$151,035	(\$3,097)	\$644	\$151,678	AAA	0.16	0.1%
Other MBS Bonds FR									
SBA 522179	83165AUC6	7,041,630	6,908,779	(132,850)	49,793	\$6,958,573	Aaa	0.42	2.6%
SBA 522328	83165AYZ1	16,194,130	16,059,099	(135,031)	116,208	\$16,175,308	Aaa	0.55	6.1%

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Total Investment Value

Security Description	CUSIP	Book Value	Market Value	Unrealized Gain/Loss	Prepaid & Accrued Interest	Total Investment Value	Rtg	Mod. Dur.	% of Port
LBUBS 08-C1 A2	50180LAC4	13,529,413	13,209,283	(320,130)	45,157	\$13,254,439	Aaa	0.51	5.0%
subtotal		\$36,765,173	\$36,177,161	(\$588,011)	\$211,158	\$36,388,320	AAA	0.51	13.8%
Cash, MMFs, & Investment Pools									
Bank Accounts ¹	N/A	1,859,682	1,859,682	0	0	1,859,682	NR	1d	0.7%
Money Market Funds ¹	N/A	16,455,229	16,464,374	9,144	7,742	16,472,116	AAAm	35d	6.3%
FL FIT (CP Portfolio) ¹	140021420B	0	0	0	0	0		0d	0.0%
FL FIT (1-3 Yr Portfolio)	140021420	35,561,574	35,405,452	(156,123)	0	35,405,452	AA	2.36	13.5%
subtotal		\$53,876,486	\$53,729,508	(\$146,978)	\$7,742	\$53,737,250	AA	2.36	20.5%
Managed Investment Program		\$263,610,544	\$262,608,338	(\$1,002,205)	\$372,472	\$262,980,810	AAA-	0.77	

¹Figure shown is Weighted Average Maturity, or WAM, instead of Modified Duration
Unrealized Gain/Loss as a percent of total market value:

-0.38%

	Quarter End 6/30/17	Y-T-D 6/30/17	Prior Year 6/30/16
Average Invested Value of Managed Investment Portfolio	\$391,549,299	\$347,324,451	\$415,617,146
Managed Investment Portfolio Yield			
Total Managed Investment Portfolio Earnings	\$1,325,690	\$3,018,264	\$3,935,244
<i>Managed Investment Portfolio Annualized Rate Of Return</i>	1.36%	0.87%	0.95%
Benchmark 1 - Weighted Average of Comparable Indices			
Pro Forma Interest Earnings:			
Quarter Ended 6/30/17	1,227,082	1,227,082	1,295,583
Quarter Ended 3/31/17		865,230	
Quarter Ended 12/31/16		103,736	
Quarter Ended 9/30/16		230,970	
Total Pro Forma Benchmark 1 Earnings	\$1,227,082	\$2,427,018	\$1,295,583
<i>Benchmark 1 Annualized Rate Of Return</i>	1.26%	0.70%	0.31%
Benchmark 2 - Florida Prime (SBA LGIP)			
Pro Forma Interest Earnings:			
Quarter Ended 6/30/17	1,100,501	1,100,501	554,804
Quarter Ended 3/31/17		1,157,361	
Quarter Ended 12/31/16		532,358	
Quarter Ended 9/30/16		410,737	
Total Pro Forma Benchmark 2 Earnings	\$1,100,501	\$3,200,957	\$554,804
<i>Benchmark 2 Annualized Rate Of Return</i>	1.13%	0.92%	0.18%
Earnings Comparison			
<i>Annualized Rate of Return</i>			
Managed Investment Portfolio vs. Benchmark 1	0.10%	0.17%	0.64%
Managed Investment Portfolio vs. Benchmark 2	0.23%	-0.05%	0.77%
<i>Dollar Earnings</i>			
Managed Investment Portfolio vs. Benchmark 1	\$98,608	\$591,246	\$2,639,661
Managed Investment Portfolio vs. Benchmark 2	\$225,189	(\$182,693)	\$3,380,440

Note 1 – Securities Valuation

Starting June 30, 1997, Investments are valued at current market value. Prior to August 12, 1992 all cash was invested with the SBA. The Managed Investment Program (MIP) refers to assets actively managed for higher earnings than what would be achieved if all surplus district cash were held in a deposit account. Cash needed for current expenditures is held in interest bearing deposit accounts, money market funds, and pooled investment accounts. Bonds are priced by comparing the current coupon to the yield an investor would get if they purchased a similar bond in the open market as of the pricing date. An inverse relationship exists between yield and price. When yields rise, market prices fall, conversely when yields fall, market prices rise. The district uses the custodian’s market prices to value its securities at month-end. The custodian purchases its pricing from IDC, Interactive Data Corporation. IDC is a provider of global investment market data to the financial industry.

Note 2 – Calculation of Net increase/(decrease) in fair value of investments

The Governmental Accounting Standards Board (GASB) Statement 31 requires that all Governmental entities must adjust the book value of most investment securities to current market value. Securities with a fixed coupon and a final maturity of less than one year are exempt. Since most securities held by money market funds meet the above criteria, investments in money market funds are also exempt. The amount of the adjustment will be netted against interest earned for the reporting period. Securities exempt from GASB 31 will be recorded on the books at amortized cost.

At month end, the market prices from the district’ custodian, will be used to calculate the change in fair value from the prior month. The changes in value and interest earnings are booked to the general ledger in separate revenue functions. Since the district’s strategy is to buy and hold, over time, the net of the change in value and interest earnings should closely approximate the purchase yield of the portfolio. The following table summarizes the relationship between realized gains and losses and the adjustment to fair value per GASB 31.

June 30, 2017	<u>Quarter End</u>	<u>Fiscal Y-T-D</u>	<u>Prior Fiscal Year</u>
Realized Gains/Losses	0	110,484	(4,736,553)
MV Adjustment for Period	(358,802)	(1,771,923)	2,974,586
Net Incr/(Decr) in fair value of investments	<u>(358,802)</u>	<u>(1,661,439)</u>	<u>(1,761,967)</u>

Note 3 – Cumulative Return Over the SBA

For the fiscal year-to-date, the Managed Investment Portfolio’s (MIP) earnings were less than the State Board of Administration’s (SBA) local government investment pool by (\$182,693). Since August 1992, the MIP’s cumulative earnings were over the SBA by 34,836,294.

Note 4 – Effect of Unrealized Gains and Losses on Income

The district’s MIP currently has an unrealized loss of \$1,002,205. This figure has been netted against interest income. If the district’s bonds were priced at par (100) as of June 30, 2017, the district’s cumulative earnings over the SBA would be \$35,838,500.

Note 5 – Implied Ratings on US Agency Mortgage-Backed Securities

Mortgage-backed securities (MBS), including pools and Collateralized Mortgage Obligations (CMO), issued by US government agencies (GNMA, FNMA, and FHLMC) are not rated by the any rating agency. This is due to the implicit, in the case of FNMA and FHLMC, and explicit, in the case of GNMA, backing of

the United States government. An implied rating based on the sovereign rating of US government issued debt is used. Currently this rating is AAA.

Credit Risk

The district's Investment Policy (6144) permits investments in US government and US government guaranteed bonds, Federal agency (Government Sponsored Enterprise, GSE) bonds, collateralized bonds, and short-term, money market investments. The district has \$138,889,239 in corporate asset-backed securities. The credit enhancements, short duration, and high ratings of these bonds demonstrate the safety and liquidity of these bonds. Securities in the Exempt category include U.S. Government obligations and obligations with an explicit U.S. Government guarantee. The non-compliant category consists of the district's investment in SBA Fund B accounts. This investment is frozen by the SBA. Money is distributed as the investments in the fund return principal or mature.

Credit Risk

Investment Category	Market Value	Average Rating
Cash	\$53,729,508	AA
US Agency CMOs	\$30,015,818	AAA
US Agency FR	\$3,645,577	AAA
Corporate ABS	\$74,689,221	AAA
Corporate ABS FR	\$64,200,018	AAA
Other MBS Bonds	\$151,035	AAA
Other MBS Bonds FR	\$36,177,161	AAA
Portfolio	\$262,608,338	AAA-

Concentration of Credit Risk

The district's Investment Policy (6144) permits investments in US government and US government guaranteed bonds, Federal agency (Government Sponsored Enterprise, GSE) bonds, collateralized bonds, and short-term, money market investments. For this reason, the Policy does not separately address concentration of credit risk. The Manager, Cash & Investments is allowed to invest up to 5% of the total portfolio value in bonds that are not otherwise permitted under the Funds Management Policy. The concentration risk of these investments is 5%.

Securities exempt from Concentration of Credit Risk disclosure include U.S. Government obligations and obligations with an explicit U.S. Government guarantee. In addition, investment pools and money market fund investments are also exempt.

Concentration of Credit Risk

Issuer	Percent of Total	Market Value	Issuer Full Name
EX	20.46%	\$53,729,508	Exempt
FHLMC	7.62%	20,004,600	Federal Home Loan Mgte Corp
ALLY	17.28%	45,369,608	ALLY Master Owner Trust
AMCAR	6.26%	16,426,568	Americredit Auto Receivables T
FORDF	16.92%	44,441,336	Ford Credit Floorplan Master O
SBAD	8.75%	22,967,879	Small Business Administration
LBUBS	5.03%	13,209,283	LB UBS Commercial Mortgage Tru

Securities Where Issuer Represents More Than 5% of Portfolio

Issuer	CUSIP	Market Value	Description
FORDF	34528QBY9	23,010,350.00	FORDF 12-5 A
ALLY	02005AER5	20,308,666.80	2014-5 A2
SBAD	83165AYZ1	16,347,575.61	SBA 522328
ALLY	02005AFD5	15,060,300.00	AMOT 15-2 A1
FORDF	34528QDA9	10,946,242.16	FORDF 14-2 A
FORDF	34528QDM3	10,507,770.00	FORDF 2014-4 A2
ALLY	02005AEQ7	10,010,800.00	2014-5 A1
SBAD	83165AUC6	7,042,810.21	SBA 522179

Interest Rate Risk

The district's Investment Policy (6144) requires the average duration of the portfolio to be less than five years.

Modified Duration Risk

Modified duration expresses the amount of time in years until half of the principal is returned. This calculation takes into account the coupon rate, interest and principal payment frequency, call options, and sensitivity of price to changes in interest rates. Factors that extend the return of principal, or make it more time uncertain, increase the duration. Factors that quicken the return of principal, or make it more time certain, decrease the duration. Duration will also change as the level of interest rates in the economy rise and fall. With the current level of interest rates, the above table indicates that the district will receive 50% of invested principal in 0.77 years, or 9.24months.

Floating/Adjustable Interest Rate Risk

The district currently has \$104,022,757 invested in securities with floating or adjustable interest rate risk. \$104,022,757 is invested in floating rate bonds. The coupon on these bonds resets monthly, or quarterly, based on an index rate. The coupons on these bonds range from 0.41% to 6.30%.

Call Option Risk

There are three types of call options, "one-time" calls, "discrete" calls and "continuous" calls. These are listed in order of increasing risk. A one-time call means that at one specified time before maturity, the issuer of a bond has the option to call the bond, or buy it back from investors. A discrete call means that at specific times, usually either quarterly or semi-annually, before maturity, the issuer can call the bond.

A continuous call means that starting at a specified point in time, usually an interest payment date, and at any time thereafter, up to the maturity date, the issuer can call the bond. The district currently has no callable bonds.

MBS/ABS Prepayment Risk

There are two types of Mortgage-Backed Securities (MBSs) in which the district invests. Agency pools are collections, or pools, of mortgages in which the investor receives the principal and interest payments in the same proportion as the borrowers pay them. CMO bonds are backed by mortgage pools, however, the principal payment of the bond has been altered to be either more or less time certain than the underlying mortgages. ABS bonds are securities that are collateralized by financial products other than residential mortgages. For example car loans/leases, commercial mortgages, or credit card loans. MBSs have a unique type of "call" risk, in that homeowners may opt to prepay their mortgage at any time. While there are many factors which determine whether a homeowner will prepay their mortgage, one of the most significant is the level of interest rates. When rates fall it is more advantageous to the homeowner to refinance their mortgage to a lower rate. When rates rise, this type of prepayment will decrease.

The duration on the District's portfolio ranges from 0 years to 2.36 years. The duration on the District's ABS/MBS bonds ranges from 0.15 years to 1.85 years.

Interest Rate Risk

Investment Category	Market Value	Mod. Dur.
Exempt	\$18,324,056	0.00
Investment Pool	\$35,405,452	2.36
US Agency CMOs	\$30,015,818	1.56
US Agency FR	\$3,645,577	0.15
Corporate ABS	\$74,689,221	0.40
Corporate ABS FR	\$64,200,018	0.15
Other MBS Bonds	\$151,035	0.16
Other MBS Bonds FR	\$36,177,161	0.51
Portfolio	\$262,608,338	0.77