



**FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT**

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**MEMORANDUM**

DATE: August 1, 2017

TO: George Tablack, CPA  
Chief Financial Officer

FROM: Lori Fortenberry, Investment & Finance Coordinator  
Finance and Administrative Services Department

FROM: Anna Owens, Investment & Finance Coordinator  
Finance and Administrative Services Department

RE: Portfolio and Economic Summary – June 30, 2017

As of June 30, 2017, the Broward County Portfolio had a par value of \$2.4 billion and a Yield to Maturity of 1.29%. In comparison, the Bank of America Merrill Lynch 1-3 Year U.S. Treasury & Agency Index benchmark (1.35% as of June 30, 2017) exceeded the yield on the County's portfolio by 5.7 basis points. In a rising rate environment, it is typical for Index yields to increase quicker as they can incorporate changes at a faster pace. The yield on the Broward County Portfolio will continue to increase as upcoming maturities are reinvested at higher yields.

On June 14, 2017, the Federal Reserve Bank (Fed) voted to increase short-term rates from 1.00% to 1.25%, the second rate hike of the year. While this action signifies the Fed's continued confidence in the economy, the below 2% target inflation rate pushes the likelihood of another hike to later this year or early next year. The rates remained unchanged at the FOMC meeting on July 26, 2017 and no action is expected at the next meeting scheduled September 20, 2017. During the last two meetings, the central bank signaled that it will begin reductions of its \$4.5 trillion balance sheet by gradually eliminating the reinvestment of bond proceeds in the coming year. As a result, the borrowing costs for consumers and businesses will likely raise.

U.S. Consumer Prices showed little change in June signaling it may take longer to reach the Fed's goal of 2% inflation. The smaller-than-forecast monthly advance of 1.6%, on a year-over-year basis, reflected declines in several categories including household furnishings, clothing, and hotel stays. The non-farm payrolls increased by 222,000 jobs in the month of June, however, the wage growth was almost nonexistent, at less than 0.2% for the average hourly earnings.

Please see the attached pages showcasing portfolio detail and key economic data as of the end of the period.



**Broward County  
Portfolio Management  
Portfolio Summary  
June 30, 2017**

| <b>Investments</b>                | <b>Par Value</b>        | <b>Market Value</b>     | <b>Book Value</b>       | <b>% of Portfolio</b> | <b>Term</b>  | <b>Days to Maturity</b> | <b>YTM 360 Equiv.</b> | <b>YTM 365 Equiv.</b> |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-----------------------|--------------|-------------------------|-----------------------|-----------------------|
| Commercial Paper Discount         | 232,478,000.00          | 232,326,092.96          | 232,326,092.96          | 9.62                  | 61           | 21                      | 1.118                 | 1.133                 |
| Federal Agency Coupon Securities  | 563,545,000.00          | 562,519,865.65          | 563,213,453.69          | 23.32                 | 1,069        | 544                     | 1.232                 | 1.249                 |
| Federal Agency Coupon - Callable  | 991,650,000.00          | 981,189,177.95          | 991,641,988.19          | 41.06                 | 1,358        | 971                     | 1.417                 | 1.437                 |
| Federal Agency Discount           | 91,280,000.00           | 90,838,207.59           | 90,888,384.18           | 3.76                  | 310          | 155                     | 0.921                 | 0.934                 |
| Treasury Coupon Securities        | 413,600,000.00          | 412,455,876.32          | 412,924,847.40          | 17.10                 | 977          | 479                     | 1.167                 | 1.184                 |
| Treasury Bills                    | 26,700,000.00           | 26,616,861.20           | 26,639,413.21           | 1.10                  | 298          | 110                     | 0.757                 | 0.767                 |
| World Bank Coupon Securities      | 90,000,000.00           | 89,015,745.00           | 90,002,930.00           | 3.73                  | 1,215        | 1,015                   | 1.425                 | 1.445                 |
| World Bank Discount               | 7,400,000.00            | 7,386,450.60            | 7,385,619.33            | 0.31                  | 81           | 66                      | 1.077                 | 1.092                 |
| <b>Investments</b>                | <b>2,416,653,000.00</b> | <b>2,402,348,277.27</b> | <b>2,415,022,728.96</b> | <b>100.00%</b>        | <b>1,040</b> | <b>654</b>              | <b>1.276</b>          | <b>1.293</b>          |
| <b>Cash and Accrued Interest</b>  |                         |                         |                         |                       |              |                         |                       |                       |
| Accrued Interest at Purchase      |                         | 43,646.41               | 43,646.41               |                       |              |                         |                       |                       |
| Subtotal                          |                         | 43,646.41               | 43,646.41               |                       |              |                         |                       |                       |
| <b>Total Cash and Investments</b> | <b>2,416,653,000.00</b> | <b>2,402,391,923.68</b> | <b>2,415,066,375.37</b> |                       | <b>1,040</b> | <b>654</b>              | <b>1.276</b>          | <b>1.293</b>          |

| <b>Total Earnings</b>           | <b>June 30 Month Ending</b> | <b>Fiscal Year To Date</b> |
|---------------------------------|-----------------------------|----------------------------|
| Current Year                    | 2,690,954.04                | 20,585,946.49              |
| <b>Average Daily Balance</b>    | <b>2,561,819,890.22</b>     | <b>2,415,129,692.15</b>    |
| <b>Effective Rate of Return</b> | <b>1.28%</b>                | <b>1.14%</b>               |

Effective 06/30/2017

Current Modified Duration 1.733 (\$41,880,596) Current Effective Duration 0.803 (293 days)  
Total Bank Account Balance: \$ 184,566,070 Percentage of Total Portfolio: 7.6%

Diversification by Investment per Investment Policy:  
 US Treasuries/Agencies - 100% Maximum Commercial Paper - 25% Maximum  
 Florida PRIME - 50% Maximum World Bank Securities - 15% Maximum  
 Repurchase Agreements - 40% Maximum

George Tablack, CPA, Chief Financial Officer

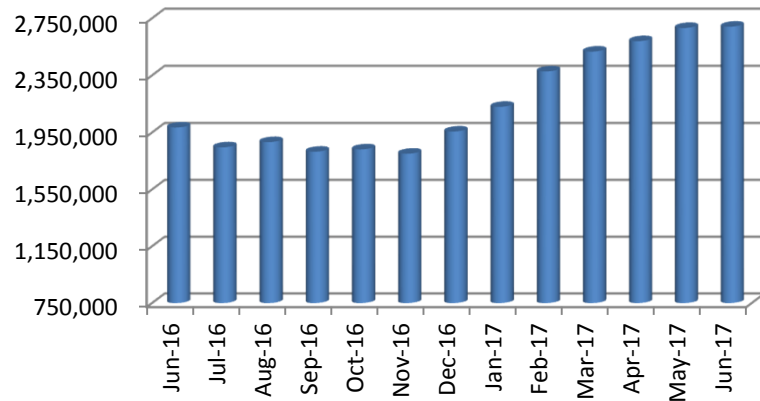
Reporting period 06/01/2017-06/30/2017

Run Date: 07/03/2017 - 13:22

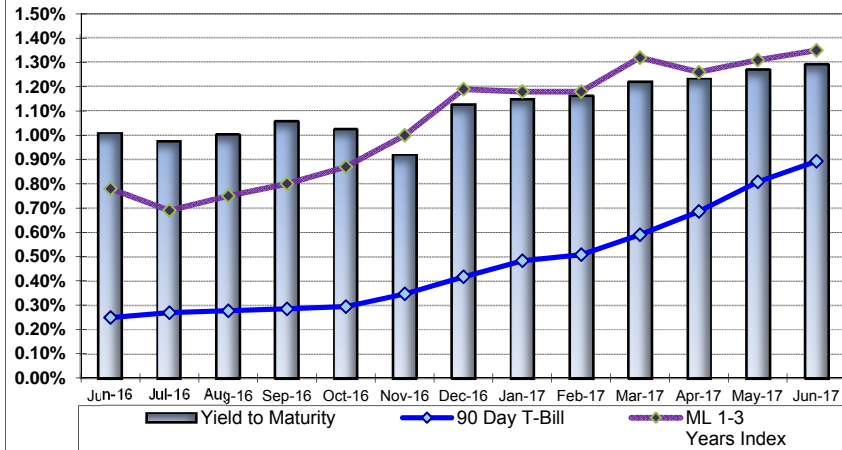
Portfolio BROW  
AP  
PM (PRF\_PM1) 7.3.0  
Report Ver. 7.3.6.1

# Quarterly Portfolio Analysis - June 30, 2017

## Interest Earnings History

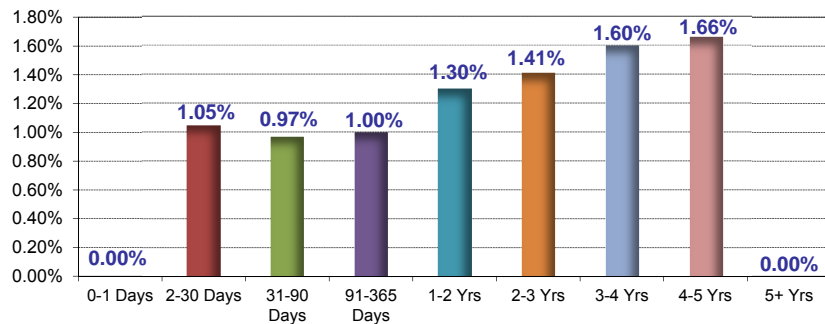


## Portfolio YTM Comparison to Benchmark<sup>1</sup>



<sup>1</sup>Note Investment Policy determined benchmark is ML 1 - 3 Yrs Index.

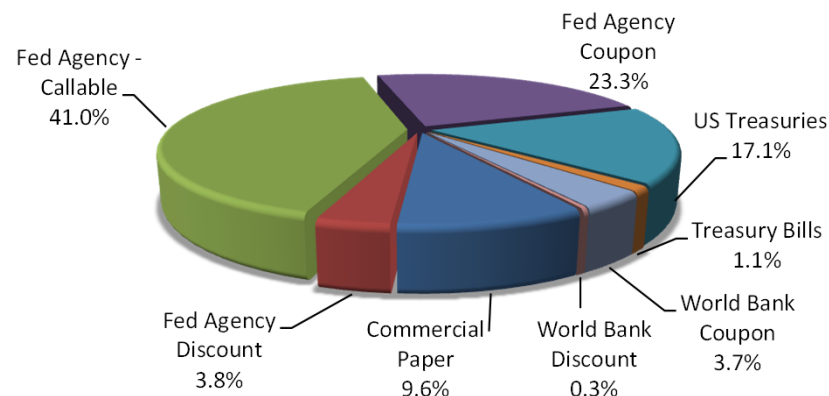
## Yield by Maturity Breakdown



## Key Economic Data:

|                              | Jun-17   | Jun-16   | % change |
|------------------------------|----------|----------|----------|
| *Fed Funds Rate -            | 1.25%    | 0.50%    | 150.0%   |
| *Rolling 90 Day T-Bill - AVG | 1.011%   | 0.259%   | 290.9%   |
| *Prime Rate -                | 4.25%    | 3.50%    | 21.4%    |
| *DJIA -                      | 21,350   | 17,930   | 19.1%    |
| *Crude Oil -                 | 46.04    | 48.33    | -4.7%    |
| *Gold (\$/oz) -              | 1,241.55 | 1,322.20 | -6.1%    |
| *10 Year Treasury Note -     | 2.30%    | 1.47%    | 56.7%    |
| *Total Portfolio Yield -     | 1.29%    | 1.01%    | 27.9%    |
| * ML 1-3 YR Yield -          | 1.35%    | 0.78%    | 73.1%    |

## Portfolio Composition



## Maturity Schedule by Percentage Comparison to Benchmark

