

**BOARD OF COUNTY COMMISSIONERS  
HIGHLANDS COUNTY, FLORIDA  
Quarterly Investment Report for FY 18-19  
September 30, 2019**

**INTRODUCTION**

The formal written investment policy sets forth the investment objectives and parameters for investment decisions made by the Highlands County Clerk of Courts (Clerk). The investment policy applies to all cash and investments, under the direct control of the Highlands County Board of County Commissioners (Board), in excess of those required to meet current expenses. This policy does not apply to any funds held on behalf of any of the other Constitutional Officers.

In accordance with the investment policy, this investment report is being submitted to the Clerk of Courts and the Board of County Commissioners.

**SIGNIFICANT CHANGES TO BOARD'S PORTFOLIO**

There were no significant changes to the Board's portfolio during the quarter ending September 30, 2019.

**PORTFOLIO SUMMARY**

The primary objectives of the Board's investment activities are Safety, Liquidity, and Yield. The following is a summary of the Board's portfolio as of September 30, 2019. A comprehensive table of the Board's investment portfolio can be found in the appendix.

**Safety**

Safety of principal is the foremost objective of the Board's investment policy. The Board's investment policy sets diversification limits to minimize the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer or bank. To quickly evaluate portfolio percentage limitations, please see Tables 1 and 2 below. These tables show the actual percentages invested, compared to the maximum allowed percentages as indicated in the policy.

**Table 1: Portfolio Institution Limitations**

| Institution  | Investment Actual | Policy Limitation |
|--------------|-------------------|-------------------|
| TD Bank      | 21.20%            | 80.00%            |
| Regions Bank | 3.94%             | 25.00%            |
| FL PRIME     | 15.44%            | 30.00%            |
| FLGIT        | 1.59%             | 30.00%            |
| FL PALM      | 29.50%            | 30.00%            |
| FL CLASS     | 6.75%             | 30.00%            |
| FL SAFE      | 7.52%             | 30.00%            |
| FL FIT       | 14.06%            | 30.00%            |

**Table 2: Portfolio Instrument Type Limitations**

| Instrument Type                   | Investment Actual | Policy Limitation |
|-----------------------------------|-------------------|-------------------|
| Public Funds Depository Accounts  | 11.05%            | 80.00%            |
| Certificates of Deposit           | 14.09%            | 50.00%            |
| Local Government Investment Pools | 74.86%            | 75.00%            |

As shown in Table 1, the Board’s portfolio is compliant with its institution diversification policy limitations as of September 30, 2019. As shown in Table 2, as of September 30, all instrument type limitations were also met.

State Statutes require that public funds only be deposited in financial institutions that are certified as a qualified public depository (QPD) by the State of Florida. The QPD program is a voluntary, statewide collateralization program that provides protection of public funds, similar to FDIC insurance. All funds deposited with TD Bank and Regions Bank are fully collateralized under the QPD program.

**Liquidity**

The Board’s Investment Portfolio consists largely of investments with active secondary or resale markets to allow for dynamic liquidity to ensure all cash demands are met. As of September 30, 2019, the weighted average maturity (WAM) of the portfolio is 45 days.

**Yield**

The Investment Portfolio is limited to relatively low risk investments in anticipation of earning a fair return relative to the risk assumed. As of September 30, 2019, the portfolio’s 30-day weighted average yield is 0.163% which is 0.005% lower than our benchmark (S&P Rated Government Investment Pool Index) of 0.168%. The portfolio’s 12-month weighted average yield is 2.104% which is 0.094% higher than our 12-month yield benchmark of 2.010%.

**TRANSACTIONS**

Table 3 on the following page provides a summary of the transactions that occurred during the quarter ending September 30, 2019.

**Table 3: Summary of Investment Transactions**

| <b>Date</b> | <b>Amount</b>  | <b>Transferred From</b> | <b>Transferred To</b> |
|-------------|----------------|-------------------------|-----------------------|
| 7/26/2019   | \$1,835,108.00 | FL PALM Term            | TD Bank Clearing      |
| 8/6/2019    | \$3,464,405.19 | FL PALM Term            | TD Bank Clearing      |
| 8/16/2019   | \$7,187,560.67 | FL PALM Term            | TD Bank Clearing      |
| 8/19/2019   | \$4,000,000.00 | TD Bank Clearing        | FL PRIME              |
| 8/19/2019   | \$1,953,000.00 | TD Bank Clearing        | FL CLASS              |
| 8/28/2019   | \$2,500,000.00 | TD Bank Clearing        | FL PALM Term          |
| 8/28/2019   | \$1,000,000.00 | TD Bank Clearing        | FL PALM Daily         |
| 8/30/2019   | \$3,960,736.95 | FL PALM Term            | FL PALM Daily         |
| 9/16/2019   | \$6,000,000.00 | FL CLASS                | TD Bank Clearing      |
| 9/16/2019   | \$5,000,000.00 | TD Bank Clearing        | FL PALM Term          |
| 9/20/2019   | \$4,306,000.00 | TD Bank Clearing        | FL PALM Daily         |
| 9/20/2019   | \$5,700,142.26 | FL PALM Term (Rollover) | FL PALM Term          |

**HIGHLANDS COUNTY BOARD OF COUNTY COMMISSIONERS**  
**4<sup>th</sup> QUARTER INVESTMENT REPORT**  
**SEPTEMBER 30, 2019**  
**Appendix: Investment Portfolio Summary**

| Investment Name            | Book Value (General Ledger Balance) | Market Value (Statement Balance) | 30 Day Rate of Return | 12 Month Rate of Return | Quarterly Investment Earnings | YTD Investment Earnings | Quarterly Fees | Credit Rating | Purchase Date | Maturity Date | Average Maturity (In Days) |
|----------------------------|-------------------------------------|----------------------------------|-----------------------|-------------------------|-------------------------------|-------------------------|----------------|---------------|---------------|---------------|----------------------------|
| TD Bank - Clearing         | \$ 8,365,637.54                     | \$ 8,406,159.42                  | 0.063%                | 0.750%                  | \$ 12,535.26                  | \$ 44,699.51            | \$ 5,341.56    | (c) 4 stars   | N/A           | N/A           | 0                          |
| TD Bank - 12 month CD      | \$ -                                | \$ -                             | N/A                   | N/A                     | \$ -                          | \$ 23,644.02            | (c)            | Not Rated     | 1/5/2018      | 1/7/2019      | 0                          |
| TD Bank - 12 month CD      | \$ -                                | \$ -                             | N/A                   | N/A                     | \$ -                          | \$ 28,904.17            | (c)            | Not Rated     | 4/19/2018     | 4/19/2019     | 0                          |
| TD Bank - 12 month CD      | \$ 5,178,833.85                     | \$ 5,178,833.85                  | 0.203%                | 2.440%                  | \$ 92,435.79                  | \$ 92,435.79            | (c)            | Not Rated     | 1/7/2019      | 1/7/2020      | 99                         |
| TD Bank - 12 month CD      | \$ 2,552,750.00                     | \$ 2,552,750.00                  | 0.198%                | 2.380%                  | \$ 27,464.79                  | \$ 27,464.79            | (c)            | Not Rated     | 4/19/2019     | 4/18/2020     | 201                        |
| Regions Bank - 12 month CD | \$ -                                | \$ -                             | N/A                   | N/A                     | \$ -                          | \$ 91,770.55            | (c)            | Not Rated     | 6/12/2018     | 6/12/2019     | 0                          |
| Regions Bank - 12 month CD | \$ 3,000,000.00                     | \$ 3,000,000.00                  | 0.161%                | 1.930%                  | \$ 17,607.93                  | \$ 17,607.93            | (c)            | Not Rated     | 6/12/2019     | 6/11/2020     | 255                        |
| FL PRIME                   | \$ 11,760,972.55                    | \$ 11,760,972.55                 | 0.190%                | 2.310%                  | \$ 57,513.86                  | \$ 261,046.17           | (c)            | (b) AAAm      | Various       | N/A           | 1                          |
| FLGIT - Short-Term Bond    | \$ 608,000.82                       | \$ 608,000.82                    | -0.116%               | 4.224%                  | \$ 3,754.54                   | \$ 24,639.17            | (c)            | (b) AA Af     | Various       | N/A           | 3                          |
| FLGIT - Day to Day Fund    | \$ 598,407.93                       | \$ 598,407.93                    | 0.181%                | 2.440%                  | \$ 3,435.10                   | \$ 14,248.44            | (c)            | (b) AAAm      | Various       | N/A           | 1                          |
| FL PALM                    | \$ 9,279,966.75                     | \$ 9,279,966.75                  | 0.188%                | 2.260%                  | \$ 13,349.84                  | \$ 13,349.84            | (c)            | (b) AAAm      | Various       | N/A           | 1                          |
| FL PALM - Term Series      | \$ -                                | \$ -                             | N/A                   | N/A                     | \$ 36,704.32                  | \$ 36,704.32            | (c)            | (b) AA Af     | 7/25/2018     | 7/25/2019     | 0                          |
| FL PALM - Term Series      | \$ -                                | \$ -                             | N/A                   | N/A                     | \$ 64,285.15                  | \$ 64,285.15            | (c)            | (b) AA Af     | 12/6/2018     | 8/6/2019      | 0                          |
| FL PALM - Term Series      | \$ -                                | \$ -                             | N/A                   | N/A                     | \$ 156,365.53                 | \$ 156,365.53           | (c)            | (b) AA Af     | 9/6/2018      | 8/15/2019     | 0                          |
| FL PALM - Term Series      | \$ -                                | \$ -                             | N/A                   | N/A                     | \$ 80,736.95                  | \$ 80,736.95            | (c)            | (b) AA Af     | 12/12/2018    | 8/30/2019     | 0                          |
| FL PALM - Term Series      | \$ -                                | \$ -                             | N/A                   | N/A                     | \$ 141,154.83                 | \$ 141,154.83           | (c)            | (b) AA Af     | 9/20/2018     | 9/20/2019     | 0                          |
| FL PALM - Term Series      | \$ 5,000,000.00                     | \$ 5,000,000.00                  | 0.171%                | 2.050%                  | \$ 3,920.77                   | \$ 3,920.77             | (c)            | (b) AA Af     | 9/17/2019     | 12/13/2019    | 74                         |
| FL PALM - Term Series      | \$ 5,700,142.26                     | \$ 5,700,142.26                  | 0.167%                | 2.000%                  | \$ 3,426.31                   | \$ 3,426.31             | (c)            | (b) AA Af     | 9/20/2019     | 12/19/2019    | 80                         |
| FL PALM - Term Series      | \$ 2,500,000.00                     | \$ 2,500,000.00                  | 0.152%                | 1.820%                  | \$ 4,102.48                   | \$ 4,102.48             | (c)            | (b) AA Af     | 8/28/2019     | 4/24/2020     | 207                        |
| FL CLASS                   | \$ 5,145,071.29                     | \$ 5,145,071.29                  | 0.133%                | 2.210%                  | \$ 53,584.43                  | \$ 219,734.11           | (c)            | (b) AAAm      | Various       | N/A           | 1                          |
| FL SAFE - Stable NAV       | \$ 2,596,189.45                     | \$ 2,596,189.45                  | 0.178%                | 2.130%                  | \$ 14,440.96                  | \$ 72,664.06            | (c)            | (b) AA Am     | Various       | N/A           | 1                          |
| FL SAFE - Variable NAV     | \$ 3,130,800.00                     | \$ 3,130,800.00                  | 0.154%                | 3.120%                  | \$ 21,000.00                  | \$ 94,800.00            | (c)            | (b) AA Af     | 11/1/2017     | 12/31/2019    | 92                         |
| FL FIT - Cash Pool         | \$ 10,712,754.72                    | \$ 10,712,754.72                 | 0.187%                | 2.280%                  | \$ 64,032.65                  | \$ 97,754.72            | (c)            | (b) AA Af     | Various       | N/A           | 1                          |
| <b>Grand Total</b>         | <b>\$ 76,129,527.16</b>             | <b>\$ 76,170,049.04</b>          | <b>0.163%</b>         | <b>2.104%</b>           | <b>\$ 871,851.49</b>          | <b>\$ 1,615,459.61</b>  | <b>N/A</b>     | <b>N/A</b>    | <b>N/A</b>    | <b>N/A</b>    | <b>45</b>                  |

- (a) At Bauer Financial, banks are rated by stars. As of 6/30/2019, TD Bank was rated 4 stars. The rating system is: 5 star is Superior; 4 star is Excellent; 3 1/2 star is Good; 3 star is Adequate; 2 star is Problematic; 1 star is Troubled.
- (b) The Standard & Poor's rating scale is as follows, from excellent to poor: AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB-, BB+, BB, BB-, B+, B, B-, CCC+, CCC, CCC-, CC, C, D. Any rating lower than a BBB- is considered a speculative or junk bond.
- (c) All rates of return are reported net of fees.