



Phil Diamond, CPA Orange County Comptroller Investment Report Fiscal Year 2016



AGENDA

- Authorization
- Objectives
- Revenue Sources and Uses
- Highlights
- Benchmarks
- Portfolio & Fed Funds Rate
- Treasury Yield Curves
- Economic Conditions
- Strategy
- Sub-portfolios
- Composition by Sub-portfolio
- Return by Sub-portfolio
- Portfolio Composition

STATUTES, ORDINANCE AND POLICY

- **Florida Statute 218.415**
 - **Local Government Investment Policies**
- **Orange County Code of Ordinances 17-5**
 - **Investment of County Funds**
- **Investment Policy**



INVESTMENT OBJECTIVES

- Safety
- Liquidity
- Yield

I am more concerned with the return *of* my money than the return *on* my money. ~ Will Rogers

Permitted Investments

Investment Type	Composition Limit	Maximum Maturity
Treasuries	100%	10 Years
Instrumentalities	45%	10 Years
CDs & Savings Accounts	30%	One Year
Repurchase Agreements	20%	30 Days
Bankers' Acceptances	15%	270 Days
Commercial Paper	15%	270 Days
Municipal Obligations	10%	Three Years
Money Market Mutual Funds	25%	NA
Florida PRIME – SBA	40%	NA
(Florida Local Government Surplus Funds Trust Fund)		



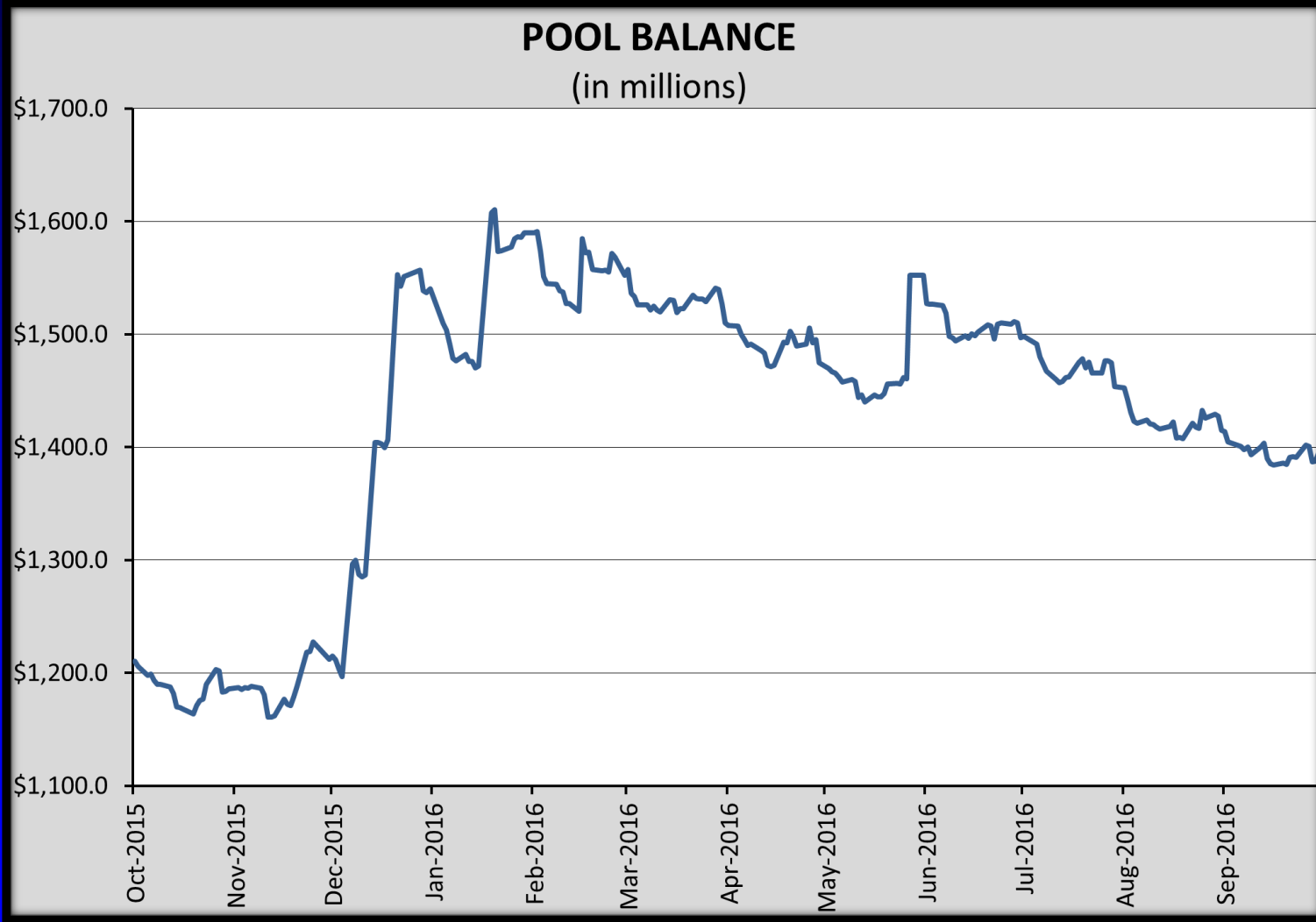
REVENUE SOURCES AND USES

- Final FY 2016 budget of \$4 billion. Revenue sources include:
 - Ad Valorem Tax
 - Tourist Development Tax
 - Water Utilities System Revenues
 - Sales Taxes

- Uses of funds include:
 - Reserves
 - Public Safety
 - Physical Environment
 - Economic Environment
 - Transportation
 - Human Services
 - Debt Service



ANNUAL CASH FLOW





HIGHLIGHTS

	<u>FY 2015</u>	<u>FY 2016</u>
Earnings	\$ 10,017,233	\$ 12,843,864
Earnings Budgeted	\$ 5,395,915	\$ 6,337,750
Effective Rate of Return	0.72%	0.87%
Average Daily Balance	\$1,389,461,315	\$1,473,824,375



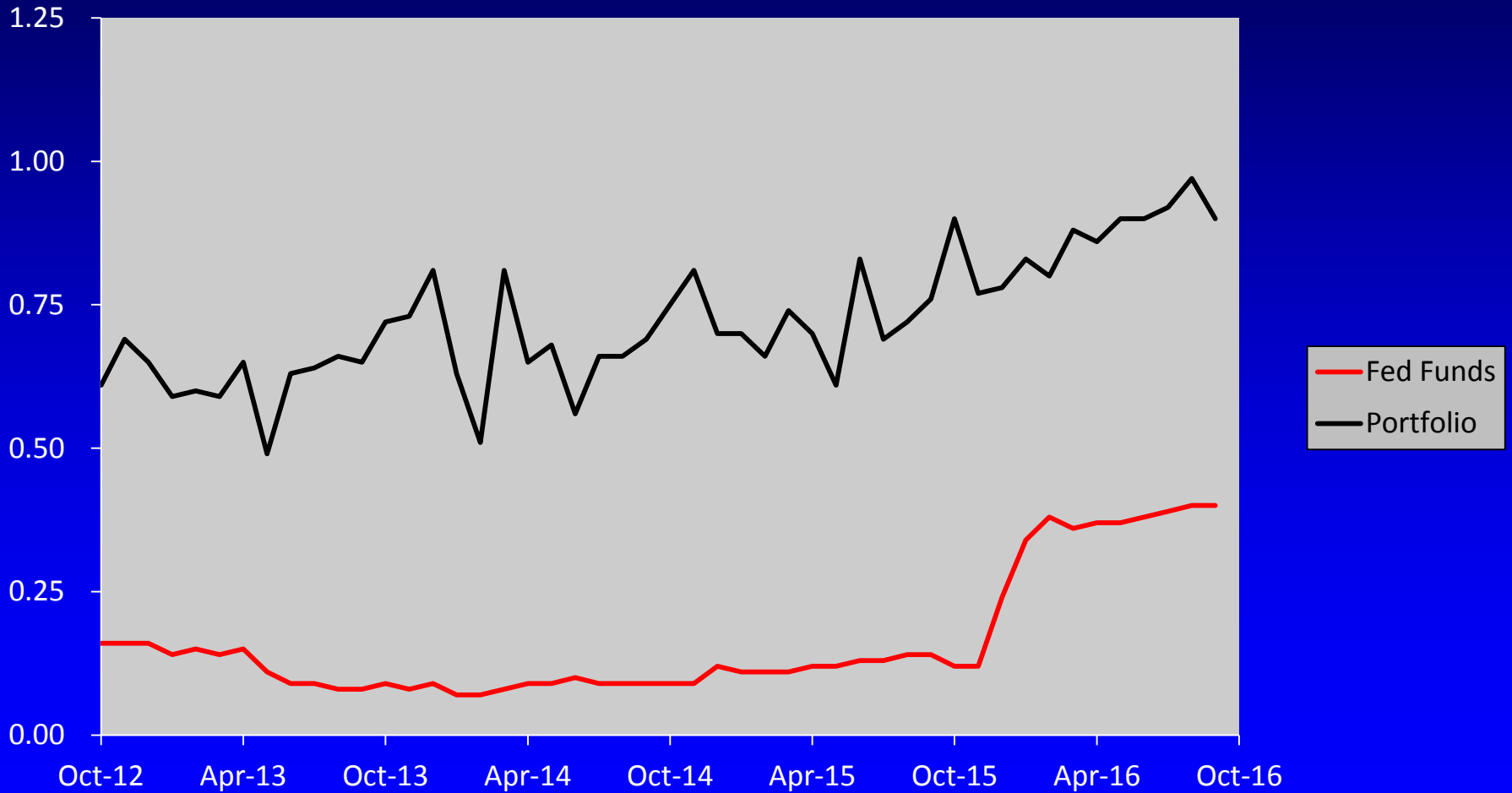
BENCHMARKS

<u>Benchmark</u>	<u>FY 2015</u>	<u>Variance</u>	<u>FY 2016</u>	<u>Variance</u>
Portfolio Rate of Return	0.72%		0.87%	
3-Month Treasury	0.03%	0.69%	0.24%	0.63%
6-Month Treasury	0.11%	0.61%	0.40%	0.47%
ML 0-1 Treasury Index	0.16%	0.56%	0.45%	0.42%
1-Year Treasury	0.24%	0.48%	0.54%	0.33%
2-Year Treasury	0.61%	0.11%	0.79%	0.08%
Effective Federal Funds	0.12%	0.60%	0.32%	0.55%
Committee Benchmark	0.43%	0.29%	0.61%	0.26%



PORTFOLIO & FED RATES

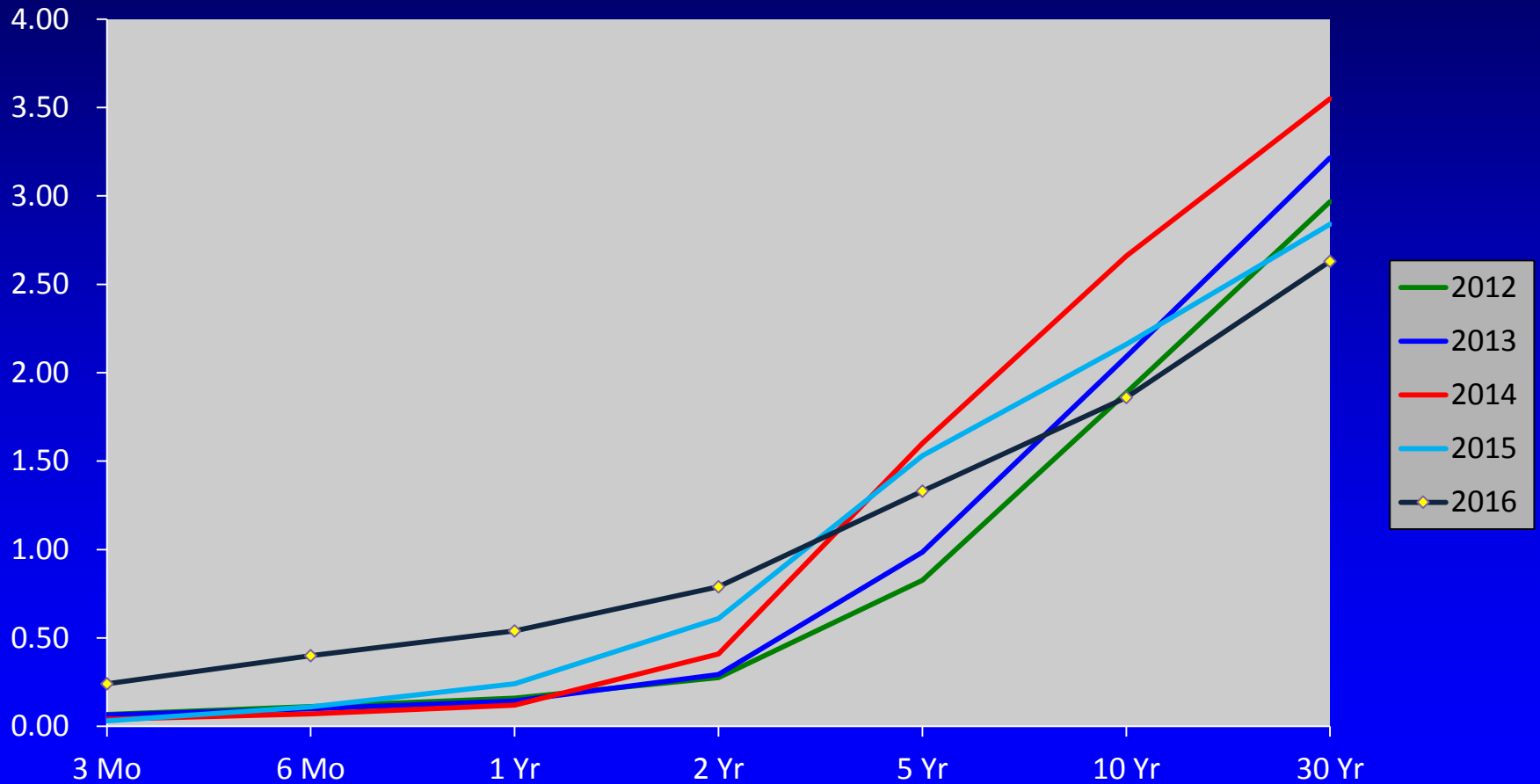
PORTFOLIO AND FEDERAL FUNDS RATES





TREASURY YIELD CURVES

AVERAGE U.S. TREASURY YIELD CURVES





ECONOMIC CONDITIONS

- Moderate GDP growth
- Improving labor market
- Rising short-term interest rates
- Firming inflation pressure
- Strong U.S. dollar
- Proposed infrastructure spending, tax cuts and less regulation
- Geopolitical risk





STRATEGY

- Approximately 89% of portfolio in Treasuries and money market mutual funds comprised of Treasuries and Treasury-backed securities
- Match maturities to cash flow
- Maximize yield:
 - ❑ Longer-term investments
 - ❑ Florida PRIME, Agencies and CDs



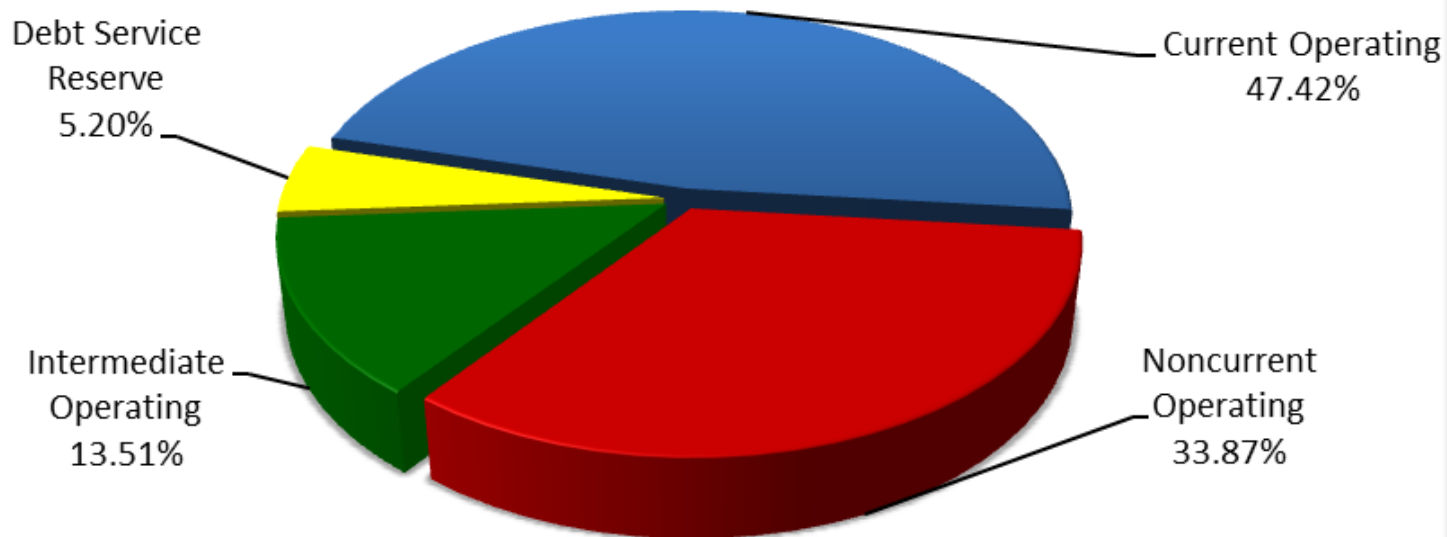
SUB-PORTFOLIOS

- Current Operating
 - ▣ Maximum maturity of 13 months
 - ▣ All authorized investment types
- Intermediate Operating
 - ▣ 3-year monthly ladder - Treasuries
- Noncurrent Operating
 - ▣ 5-year monthly ladder - Treasuries
- Debt Service Reserve
 - ▣ Bond covenants
 - ▣ Maturities less than one year
 - ▣ Treasuries and money markets



COMPOSITION BY SUB-PORTFOLIO

FY 2016 AVERAGE PORTFOLIO COMPOSITION BY SUB-PORTFOLIO



The Noncurrent and Intermediate sub-portfolios represented 47% of investments...but generated 70% of returns.



RETURN BY SUB-PORTFOLIO

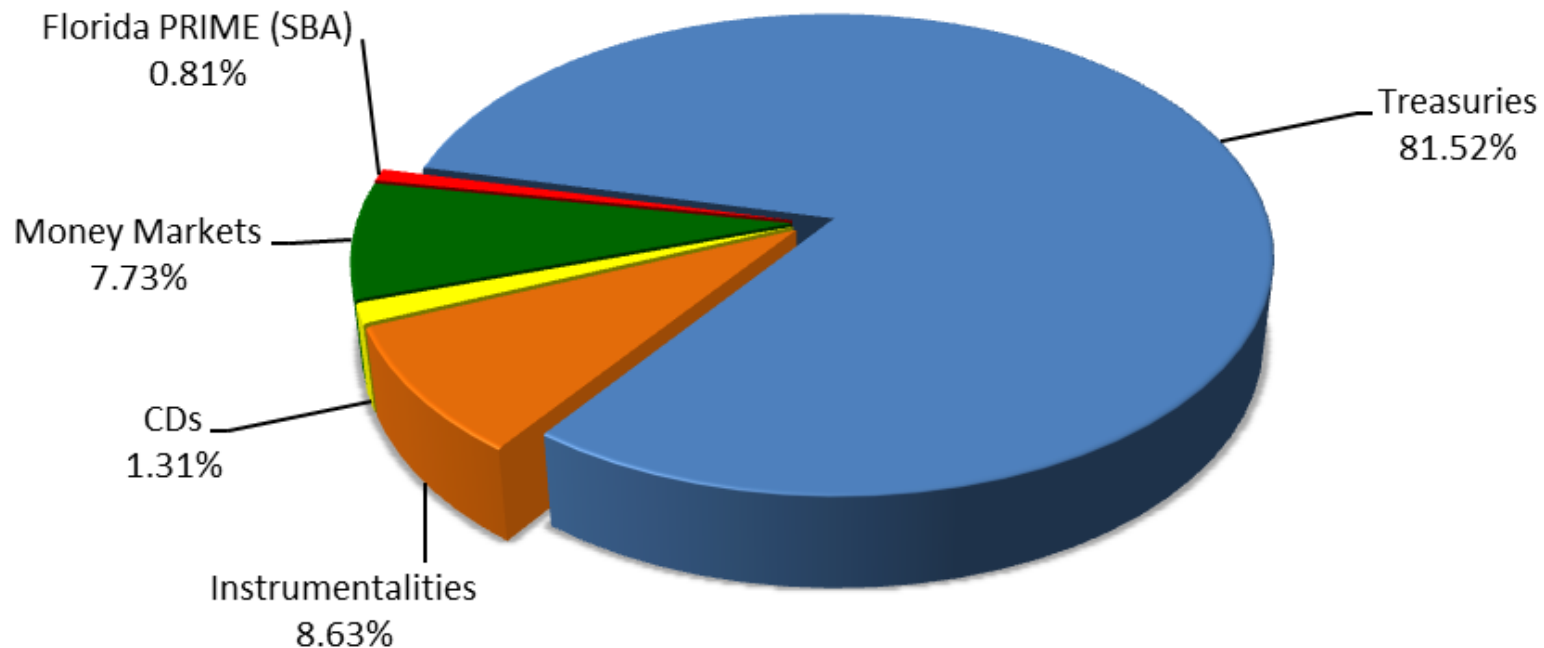
FISCAL YEAR 2016

Sub-portfolio	Average Book Value	Earnings	Rate of Return
Current Operating	\$ 698,844,534	\$ 3,454,701	0.49%
Noncurrent Operating	499,125,868	6,743,258	1.35%
Intermediate Operating	199,143,747	2,241,096	1.13%
Debt Service Reserve	76,710,226	404,409	0.53%
Total	<u>\$1,473,824,375</u>	<u>\$12,843,864</u>	0.87%



PORTFOLIO COMPOSITION

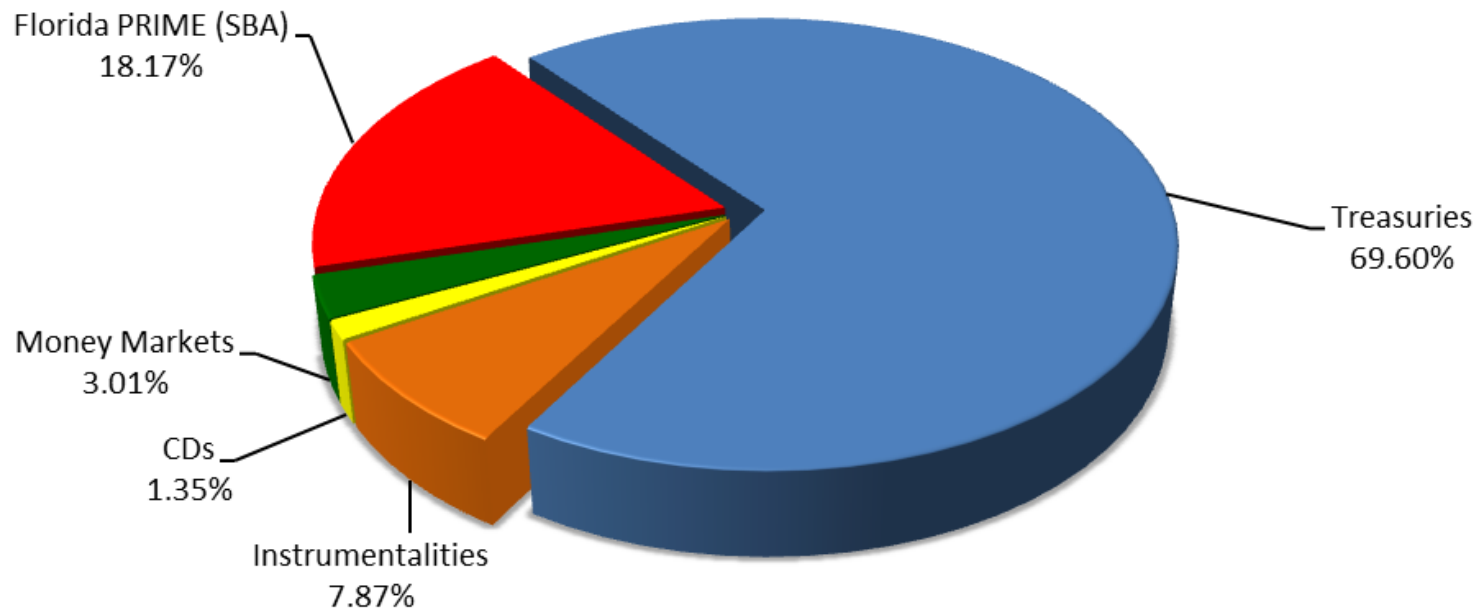
FY 2016 AVERAGE PORTFOLIO COMPOSITION





CURRENT PORTFOLIO COMPOSITION

**PORTFOLIO COMPOSITION
MARCH 31, 2017**





FY 2016 ANNUAL INVESTMENT REPORT

Interest Earned	\$12.8 million
Effective Rate of Return	0.87%

The Fiscal Year 2017
effective rate of return?



REPORT ONLINE

FY 2016 ANNUAL INVESTMENT REPORT

<http://www.occompt.com/finance/financial-reports/annual-investment-reports>