



Broward County School District

Cash Flow Analysis

November 6, 2019

PFM Asset Management
Steven Alexander, CTP, CGFO, CPPT
Managing Director
300 South Orange Ave,
1170
Orlando, FL 32729



Ivan Perrone
Treasurer
Broward Board School Board
600 SE 3rd Avenue, 2nd Floor
Ft. Lauderdale, Florida

Dear Mr. Perrone:

pfm

300 S. Orange Avenue
Suite 1170
Orlando, FL 32801
407.648.2208

pfm.com

I have enclosed the Updated Cash Flow analysis for the Broward County School Board ("Board"), for your review. The purpose of the analysis is to identify an allocation between funds required for short-term cash needs and funds that could be invested longer-term to potentially generate higher rates of return.

The important element of the cash flow analysis is the determination of the "core" cash balance, which serves as one of the building blocks of the Board's investment program. The "core" balance represents the minimum balance of funds the Board has maintained during the defined historical period. Fundamentally, the Cash Flow analysis attempts to calculate an approximate amount of "core" funds, which may be invested more strategically than funds that are needed on a short-term basis, such as operational funds. This balance often represents funds that could be invested more aggressively to potentially enhance the Board's rate of return. It is important to note the Cash Flow analysis is based on historical data and therefore is only estimated.

This analysis is based on monthly cash balances by fund as provided by the Board's finance staff. The funds are considered appropriate for possible longer-term investment strategies. The Cash Flow analysis indicates that the estimated core balance for all funds is \$323,682,770, which may be invested in securities that have longer maturities, possibly earning a higher return.

The cash flow model assumes a 20 percent cushion on the portfolio leaving a core portfolio (the blue shaded area of the cash flows) carried over the years. This cushion results in the model calculating a 20 percent decrease in the core value, to provide a more conservative estimate of the core balance.

The Short-Term and Core Portfolios are calculated as follows:



Short-Term Portfolio

If a positive net cash flow is anticipated, the short-term portfolio equals the cushion percentage.

- 1) If a positive net cash flow is anticipated, the short-term portfolio equals the cushion percentage.
- 2) If a negative net cash flow is anticipated, the short-term portfolio equals the projected negative net cash flow plus the cushion percentage.

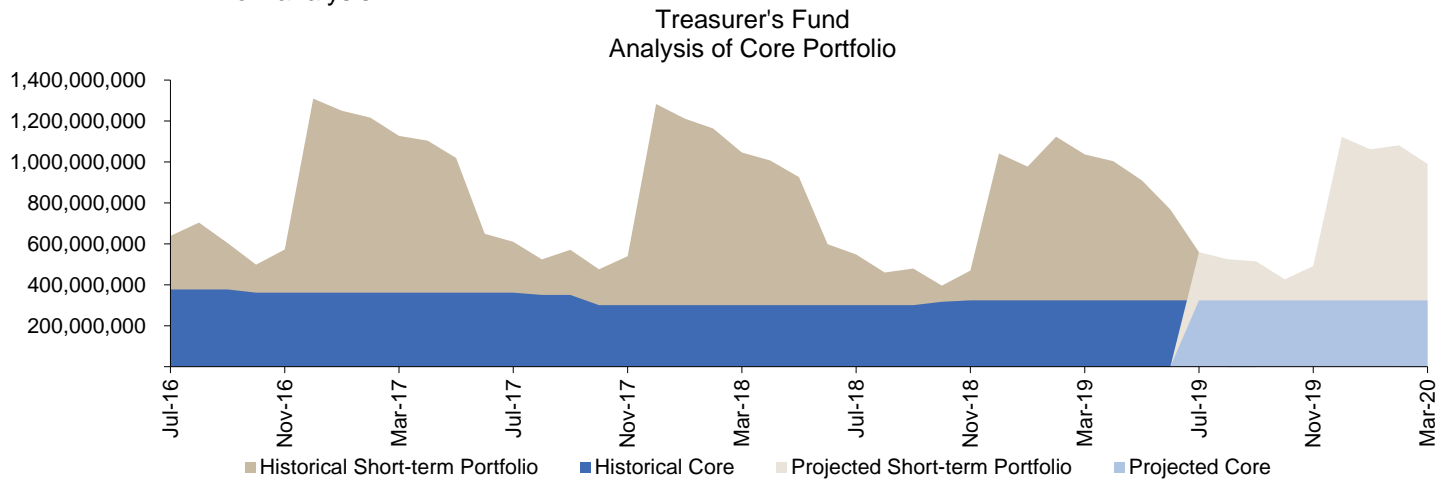
Core Portfolio

The core is computed in two steps, as follows:

Step 1: Subtract the short-term portfolio allocation from the total portfolio balance. This is the "monthly core."

Step 2: Compute the minimum monthly core for the next 12 months. This is the actual core. The core is always a rolling 12-month average of the minimum monthly core.

The Historical and Projected Analysis of the Core Portfolio below presents the historical cash flow balances and adds two years of projected cash flows for each particular fund on to the cash flow analysis.



Please give me a call with any questions and I look forward to meeting with you to discuss the analysis in further detail.

Sincerely,

PFM Asset Management LLC

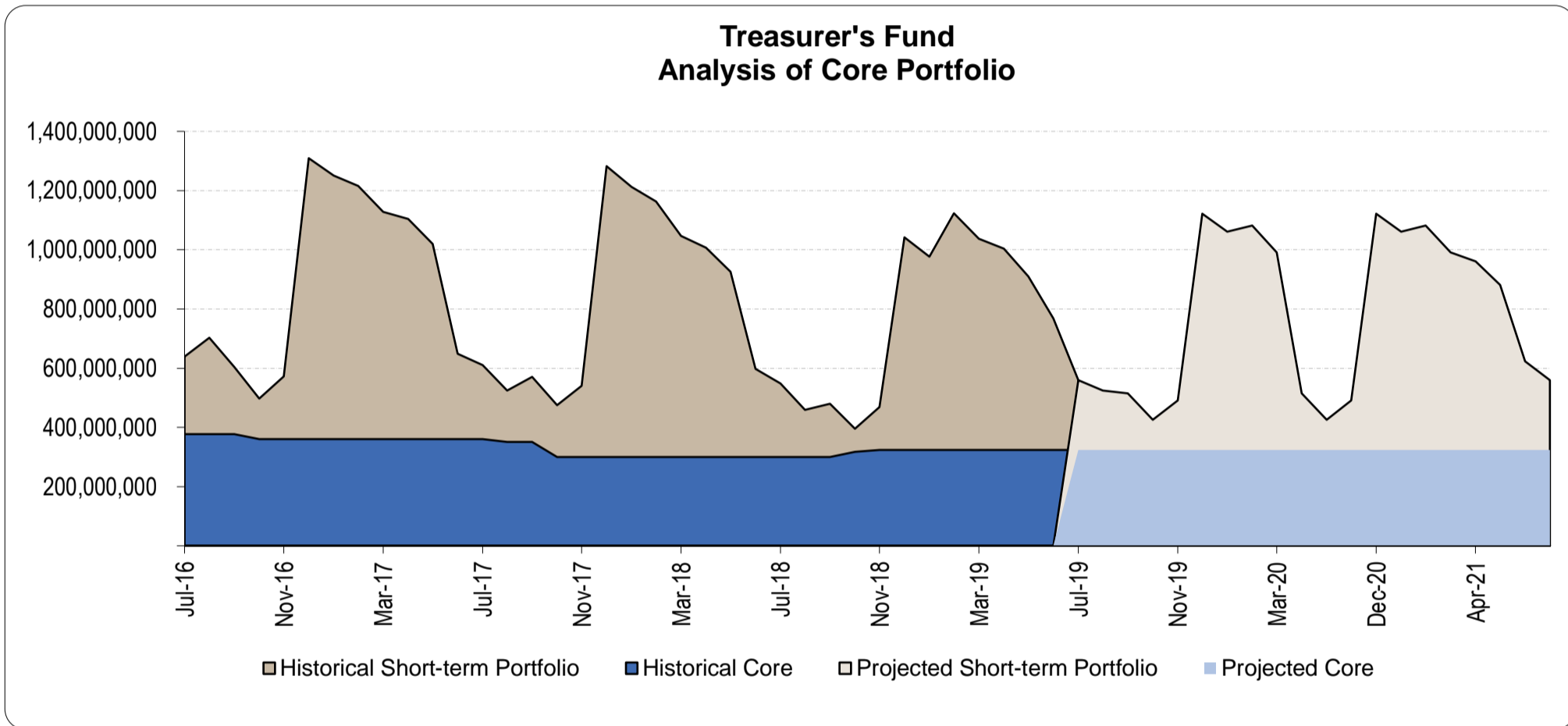
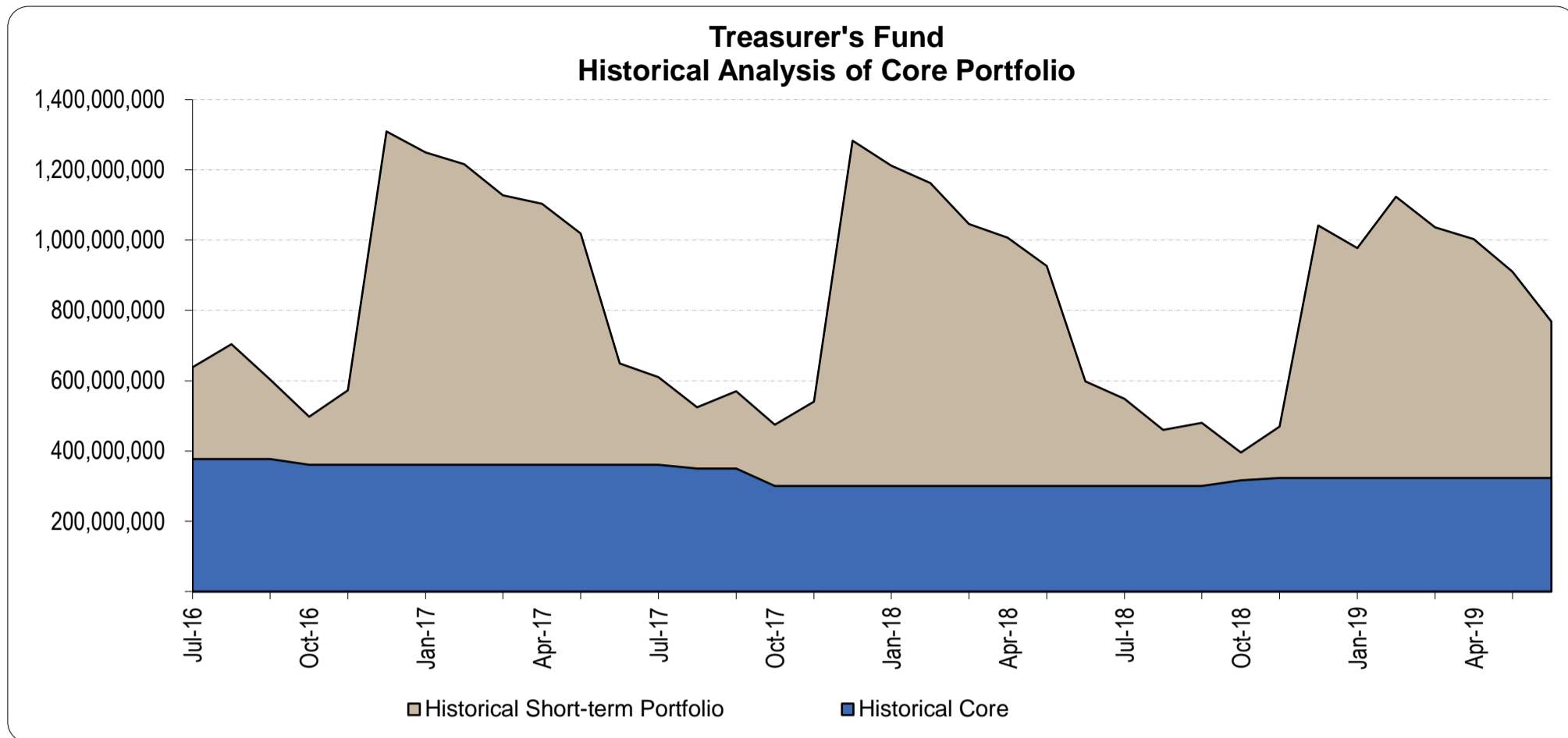
Steven Alexander, CTP, CGFO, CPPT
Managing Director

Cash Flow Analysis Inputs (Inputs in Blue may be changed)

Municipality:	Escambia County
Account Name:	Treasurer's Fund
Number of Separate Accounts (max 50):	1
Start Date (must be month-end):	7/31/2016
End Date (must be month-end):	6/30/2019
Frequency (Always set at "1"):	1
First Projection Date (must be month-end date):	7/31/2019
Last Projection Date (must be month-end date):	7/31/2021
Projection Period (In Months)	24
Quality of Cash Flow Model	Excellent Cash Flow Reliability - 10
If you would like to project growth, enter "yes" and select a growth option	
Project Growth? (Yes or No)	no
Growth Rate (Enter 1, 2, or 3):	1
Option 1=Historical Period Growth (annual rate):	0.5%
<i>Average Monthly Change:</i>	313,877
Option 2=Growth rate during a specific period:	#N/A
<i>Average Monthly Change:</i>	#N/A
<i>Month End - Begin Date</i>	6/30/2013
<i>Month End - End Date</i>	6/30/2014
Option 3=Your Choice (Annual Growth Rate)	10.0%
<i>Average Monthly Change:</i>	6,398,920
Short-Term Portfolio Cushion:	20.0%
Compensating Balance Requirement:	0.00
Core Date:	9/30/2017
Core Balance:	350,246,123

Short-Term Portfolio Analysis Inputs

Maximum Maturity Range of Short-term Portfolio:	12 Months
As of (month-end date):	June-19
Maximum Weighted Average Maturity - Short Term Portfolio	45
Maximum Weighted Average Maturity - Short Term Portfolio	45
Combined Portfolio Weighted Average Maturity Requirement (Y/N)	N
If Yes (fill in the following)	
Combined Portfolio Target Weighted Average Maturity (in days):	365
Core Target Average Maturity (in days):	730
Short-Term Portfolio (in days):	99
Short-Term Allocation:	444,329,721
Core Allocation:	323,682,770
Total Portfolio:	768,012,490



Note: Projected cash flows are based on the statistical trends of historic data. Actual cash flow patterns may vary.

