



School District of Lake County



Investment Performance Review For the Quarter Ended September 30, 2018

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Tab I

QUARTERLY MARKET SUMMARY

SUMMARY

- U.S. growth remained healthy in the third quarter as the unemployment rate hit historical lows, confidence rose further and stocks surged. This occurred despite ongoing concerns about a trade war with China, a disorderly Brexit, Italian budget concerns, Iran sanctions, a Turkish debt crisis and other geopolitical risks.
- Positive domestic economic data included strong readings on the labor market, auto sales, industrial production, manufacturing and service sector purchasing manager surveys and consumer sentiment. On the weaker side, residential housing has slowed due to escalating prices and higher mortgage rates. Broad measures of inflation also moderated a bit during the quarter. Lastly, the twin deficits – the federal budget deficit and trade deficit – both portend long-term imbalances that could be problematic for sustainable long-term growth of the U.S. economy.
- Amid strong economic fundamentals, the Federal Reserve (Fed) stayed the course, raising the federal funds rate by 0.25% to a new target range of 2.00% to 2.25%. Despite the removal of longstanding language from the Federal Open Market Committee (FOMC) statement that previously characterized the stance of monetary policy as “accommodative,” updated FOMC forecasts indicated an additional 0.25% hike is expected in December, followed by two to four more hikes in 2019.
- The S&P 500 Index (S&P) soared by 7.7% during the quarter, lifting the year-to-date (YTD) return to 10.6%. But, prices may have gotten ahead of themselves, increasing the risk of a near-term pullback. International indices also posted healthy gains, despite a few struggling emerging market (EM) economies.

ECONOMIC SNAPSHOT

- Real gross domestic product (GDP) in the U.S. grew at an annualized rate of 4.2% in the second quarter, the fastest pace since 2014. Growth in the third quarter is expected to slow a bit, but remains healthy.
- U.S. labor market conditions remained strong during the quarter. The U.S. economy has added an average of more than 200,000 jobs per month this year, and the unemployment rate dropped to a 48-year low of 3.7%. Although there are a record number of job openings in the U.S., strong employment reports continue to suggest that the job market remains tight.
- On the inflation front, many gauges are now at or near the Fed’s 2% target. While job growth is solid, wage growth has been slower than in previous expansionary cycles, as companies continue to resist raising wages. Tariffs could, however, push prices higher as a result of the increased cost of raw materials and growing supply bottlenecks. Rising oil prices may nudge overall prices higher in coming quarters.

INTEREST RATES

- U.S. Treasury yields rose by 20-30 basis points (bps) (0.20% to 0.30%) in the quarter, with short-term yields outpacing longer-term yields. For example, the yield on the two-year Treasury note rose 29 bps to 2.82%, while the yield on the 10-year note rose 20 bps to end the quarter at 3.06%. The result was a flatter yield curve over the quarter, but the pace of flattening moderated near quarter-end.

- The yield curve remains very flat from a historical perspective (less incentive for investors to increase maturity). The yield difference between 10-year and two-year U.S. Treasury notes ended the quarter at 24 bps (0.24%), only 8 bps off of the decade low. While a flattening curve is not a foolproof indicator of future recession, it is one of many signals investors look at for indications of the future economy.
- As a result of rising yields, shorter Treasury indices outperformed longer-maturity ones. Although longer maturities provided higher yields, the small incremental benefit due to a flat yield curve was not sufficient to offset the adverse impact on market values due to increasing yields. For example, the three-month Treasury bill index generated a return of 0.49% for the quarter, while the five- and 10-year Treasury returned -0.26% and -1.1%, respectively.

SECTOR PERFORMANCE

- Although Treasury returns were muted by rising rates during the quarter, diversification into other sectors added value as most other investment-grade (IG), fixed-income asset classes outperformed Treasuries. Corporates and asset-backed securities (ABS) performed well, generating strong, positive excess returns.
- Despite very narrow spreads available in the federal agency sector, returns in the sector generated excess returns near double digits for the third quarter. Because of their incremental yield and shorter durations, callable agencies accounted for the majority of the excess returns from the sector.
- Supranational securities performed well, as the combination of tighter spreads and incremental income led to the sector posting attractive returns relative to both Treasuries and agencies.
- The corporate sector benefitted the most from incremental income, posting attractive excess returns for the third quarter. Record earnings, stable credit fundamentals and a generally positive economic environment continued to serve as tailwinds to the sector. Specifically, one- to three-year BBB-rated corporate issuers were one of the best-performing segments of the IG market during the third quarter.
- Similarly, AAA-rated ABS were a positive contributor to performance for the third quarter, posting excess returns on average in the 25-30 bps range.
- Mortgage-backed securities (MBS) generated positive excess returns for the second consecutive quarter, despite still being in the red YTD. Longer was better for the third quarter, as 30-year collateral pools outperformed their 15-year counterparts. Meanwhile, agency-backed commercial MBS (CMBS) was the best segment of the securitized asset class, as these structures are less sensitive to increasing interest rates.
- Commercial paper and certificate of deposit yield spreads grinded to one-year lows over the quarter. As a result, short-term credit instruments now look more expensive relative to U.S. Treasuries. Still, they offer incrementally higher yields relative to similar-maturity government alternatives.

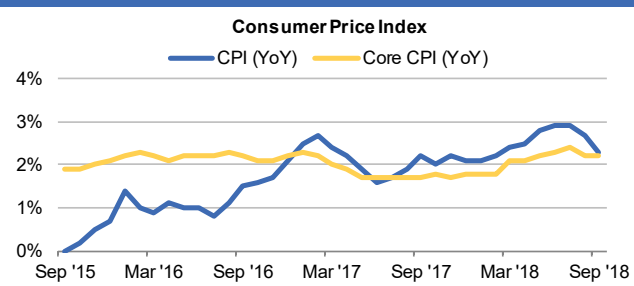
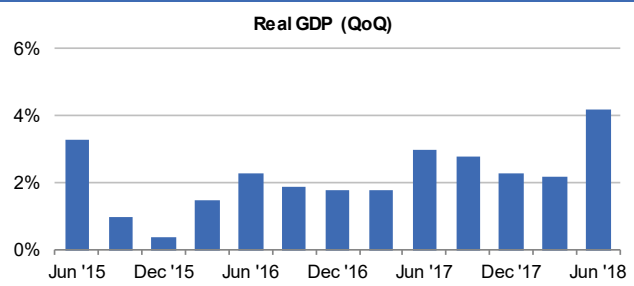
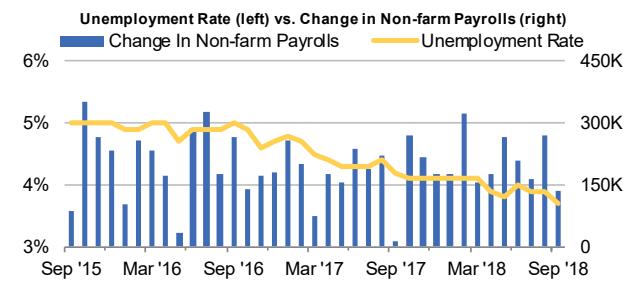
QUARTERLY MARKET SUMMARY

Economic Snapshot

Labor Market	Latest	Jun '18	Sep '17	
Unemployment Rate	Sep'18	3.7%	4.0%	4.2%
Change In Non-farm Payrolls	Sep'18	134,000	208,000	14,000
Average Hourly Earnings (YoY)	Sep'18	2.8%	2.8%	2.8%
Personal Income (YoY)	Aug'18	4.7%	4.9%	4.6%
Initial Jobless Claims (week)	10/6/18	214,000	232,000	254,000

Growth	Latest	Jun '18	Sep '17	
Real GDP (QoQ SAAR)	2018Q2	4.2%	2.2% ¹	3.0% ²
GDP Personal Consumption (QoQ SAAR)	2018Q2	3.8%	0.5% ¹	2.9% ²
Retail Sales (YoY)	Sep'18	4.7%	6.1%	5.2%
ISM Manufacturing Survey (month)	Sep'18	59.8	60.2	60.2
Existing Home Sales SAAR (month)	Aug'18	5.34 mil.	5.38 mil.	5.37 mil.

Inflation / Prices	Latest	Jun '18	Sep '17	
Personal Consumption Expenditures (YoY)	Aug'18	2.2%	2.3%	1.8%
Consumer Price Index (YoY)	Sep'18	2.3%	2.9%	2.2%
Consumer Price Index Core (YoY)	Sep'18	2.2%	2.3%	1.7%
Crude Oil Futures (WTI, per barrel)	Sep 30	\$73.25	\$74.15	\$51.67
Gold Futures (oz.)	Sep 30	\$1,192	\$1,255	\$1,282



1. Data as of First Quarter 2018.

2. Data as of Second Quarter 2017.

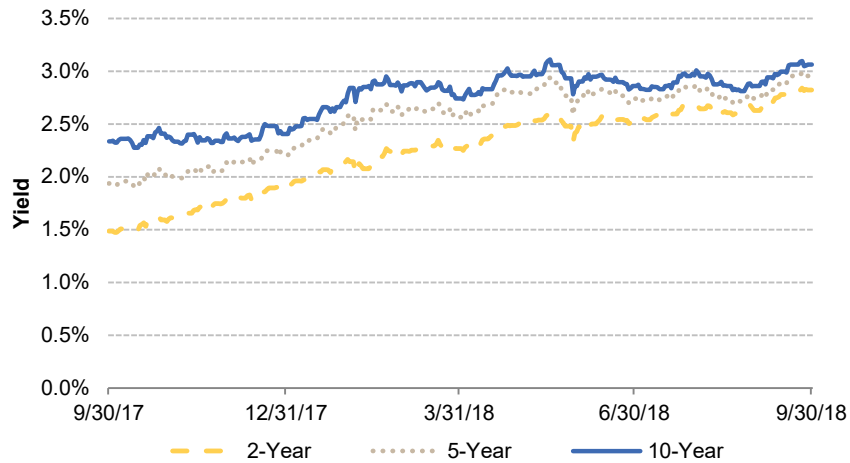
Note: YoY = year-over-year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.

Source: Bloomberg.

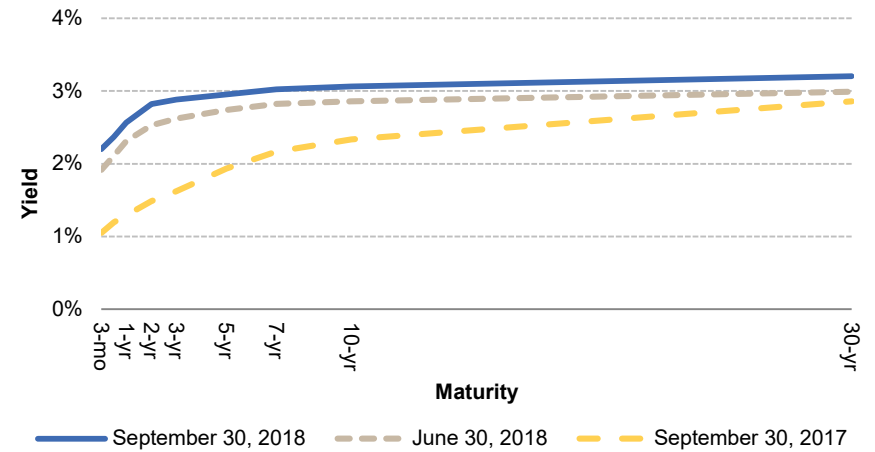
QUARTERLY MARKET SUMMARY

Interest Rate Overview

U.S. Treasury Note Yields



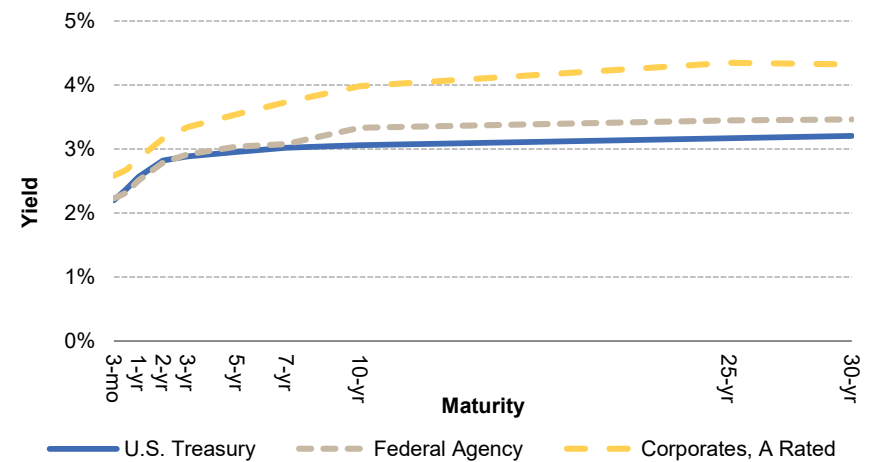
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	Sep '18	Jun '18	Change Over Quarter	Sep '17	Change Over Year
3-month	2.20%	1.92%	0.28%	1.05%	1.15%
1-year	2.57%	2.31%	0.26%	1.29%	1.28%
2-year	2.82%	2.53%	0.29%	1.49%	1.33%
5-year	2.95%	2.74%	0.21%	1.94%	1.01%
10-year	3.06%	2.86%	0.20%	2.33%	0.73%
30-year	3.21%	2.99%	0.22%	2.86%	0.35%

Yield Curves as of 9/30/18



Source: Bloomberg.

QUARTERLY MARKET SUMMARY

ICE BofAML Index Returns

September 30, 2018	As of 9/30/18		Returns for Periods ended 9/30/18		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.81	2.80%	0.19%	0.04%	0.38%
Federal Agency	1.69	2.80%	0.32%	0.34%	0.59%
U.S. Corporates, A-AAA-rated	1.83	3.21%	0.67%	0.67%	1.38%
Agency MBS (0 to 3 years)	4.53	3.45%	(0.37%)	(0.38%)	0.82%
Taxable Municipals	1.80	3.06%	0.60%	1.32%	2.14%
1-5 Year Indices					
U.S. Treasury	2.58	2.85%	0.05%	(0.58%)	0.29%
Federal Agency	2.03	2.84%	0.26%	0.03%	0.59%
U.S. Corporates, A-AAA-rated	2.59	3.35%	0.66%	0.06%	1.47%
Agency MBS (0 to 5 years)	3.65	3.30%	0.11%	(0.82%)	0.81%
Taxable Municipals	2.41	3.38%	0.57%	1.08%	2.15%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.13	2.95%	(0.66%)	(1.64%)	0.28%
Federal Agency	3.89	2.99%	(0.01%)	(0.56%)	0.80%
U.S. Corporates, A-AAA-rated	6.82	3.79%	0.67%	(1.29%)	2.43%
Agency MBS (0 to 30 years)	5.11	3.56%	(0.12%)	(0.88%)	1.00%
Taxable Municipals	10.33	4.19%	(0.67%)	(0.38%)	4.67%

Returns for periods greater than one year are annualized.

Source: ICE BofAML Indices.

QUARTERLY MARKET SUMMARY

DISCLOSURES

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Tab II

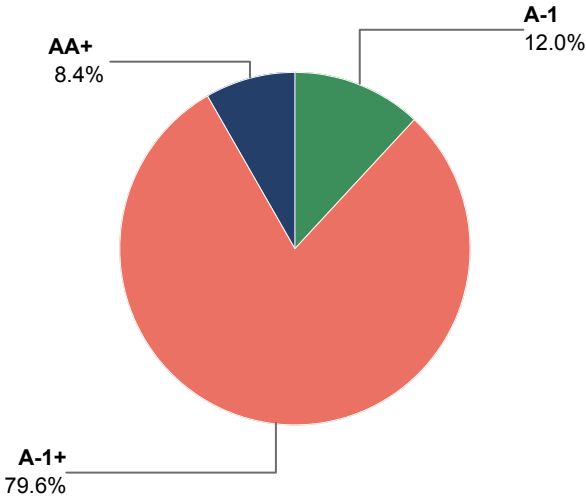
- ◆ The Portfolio is of high credit quality and invested in U.S. Treasury, federal agency/GSE, and commercial paper securities.
- ◆ The Impact Fee Portfolio provided the District with a yield to maturity at cost of 2.13%.
- ◆ We positioned portfolios with a defensive duration posture for the majority of the past two quarters in light of the Fed's impact on short-term rates. This has benefited portfolio returns as yields across the curve approached new highs for this cycle. Economic conditions were characterized by:
 - The yield on the 2-year Treasury note rising by 29 basis points to end the quarter at 2.82%,
 - A robust labor market, with the U.S. unemployment rate near 48 year lows,
 - Core inflation near the Fed's 2% target, while oil prices surged and wages trended higher,
 - Consumer confidence is at a near two-decade high, while measures of manufacturing activity are also very strong,
 - A resurging stock market, with the S&P 500 Index rising 7.7% for the third quarter, the largest quarterly gain since Q4 2013,
 - As well as, an escalating trade war with China, weakness in emerging market economies and currencies, and political uncertainty.
- ◆ While the Fed's policy actions will depend on future economic data, we believe the current strength of the U.S. economy, coupled with a strong labor market and rising inflation, will cause the Fed to continue raising rates at a pace of about one ¼ percent hike per quarter well into 2019. Therefore, we plan to maintain a defensive duration posture to mitigate a portion of interest rate risk relative to benchmarks.

Portfolio Statistics

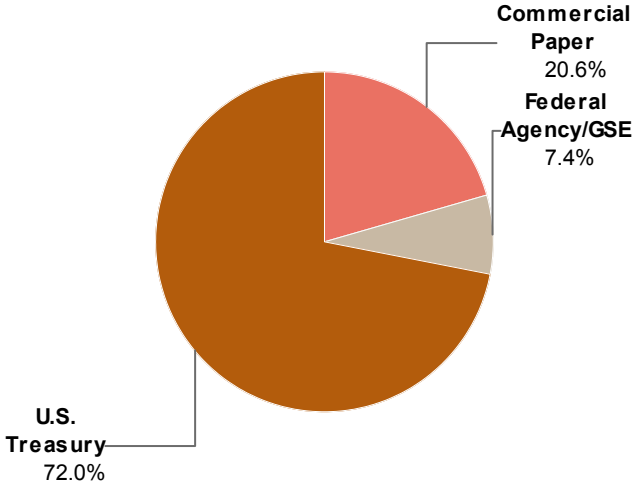
As of September 30, 2018

Par Value:	\$23,825,000
Total Market Value:	\$26,892,731
Security Market Value:	\$23,737,337
Accrued Interest:	\$10,462
Cash:	\$3,144,932
Amortized Cost:	\$23,739,644
Yield at Market:	2.22%
Yield at Cost:	2.13%
Effective Duration:	0.17 Years
Duration to Worst:	0.17 Years
Average Maturity:	0.17 Years
Average Credit: *	AA

Credit Quality (S&P Ratings)



Sector Allocation



Maturity Distribution



* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

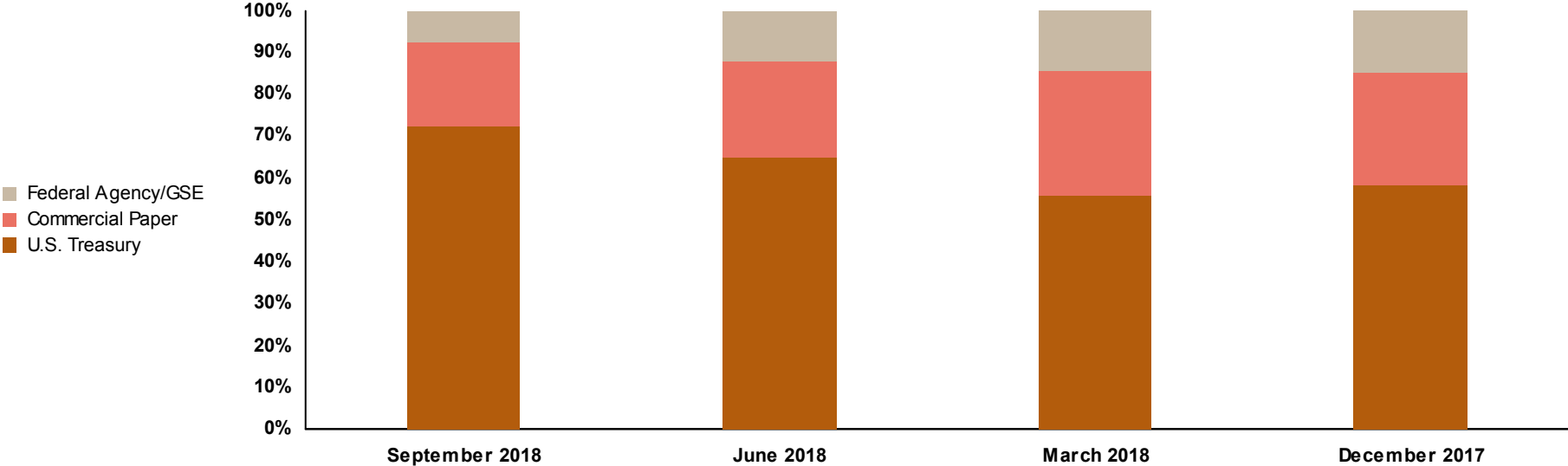
Portfolio Earnings

Quarter-Ended September 30, 2018

	<u>Market Value Basis</u>	<u>Accrual (Amortized Cost) Basis</u>
Beginning Value (06/30/2018)	\$26,560,609.44	\$26,563,216.66
Net Purchases/Sales	(\$2,938,157.72)	(\$2,938,157.72)
Change in Value	\$114,885.46	\$114,585.45
Ending Value (09/30/2018)	\$23,737,337.18	\$23,739,644.39
Interest Earned	\$20,304.98	\$20,304.98
Portfolio Earnings	\$135,190.44	\$134,890.43

Sector Allocation

Sector	September 30, 2018		June 30, 2018		March 31, 2018		December 31, 2017	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	17.1	72.0%	17.2	64.9%	12.9	55.6%	15.4	58.3%
Commercial Paper	4.9	20.6%	6.1	22.9%	6.9	29.7%	7.0	26.6%
Federal Agency/GSE	1.7	7.4%	3.2	12.2%	3.4	14.7%	4.0	15.1%
Total	\$23.7	100.0%	\$26.6	100.0%	\$23.1	100.0%	\$26.4	100.0%

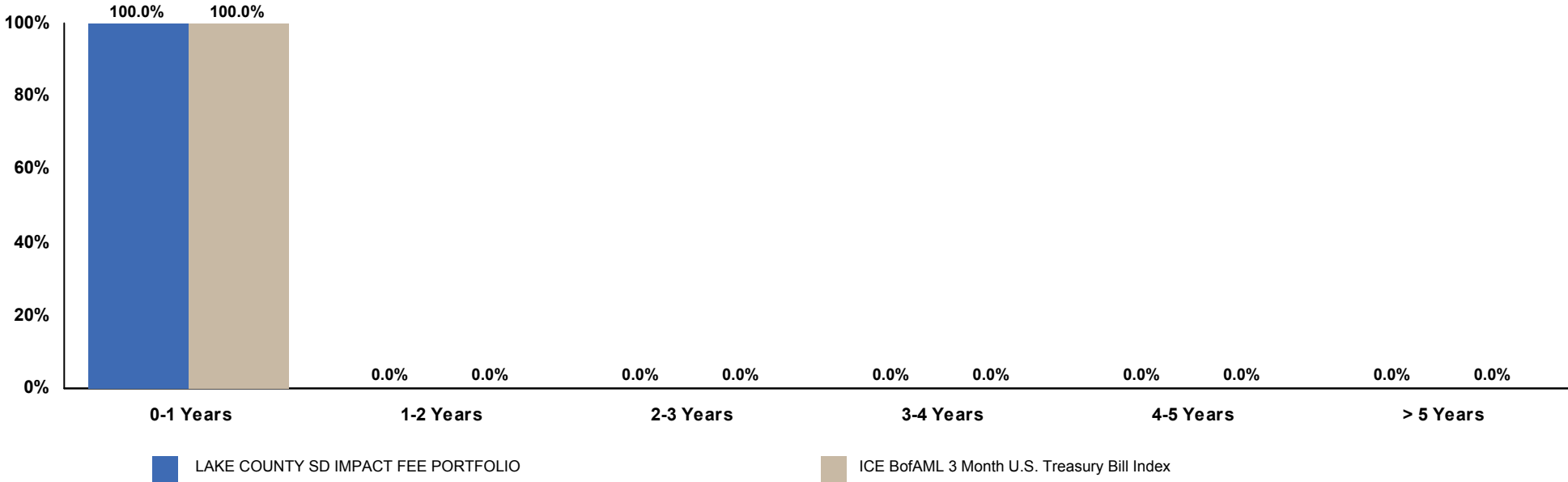


Detail may not add to total due to rounding.

Maturity Distribution

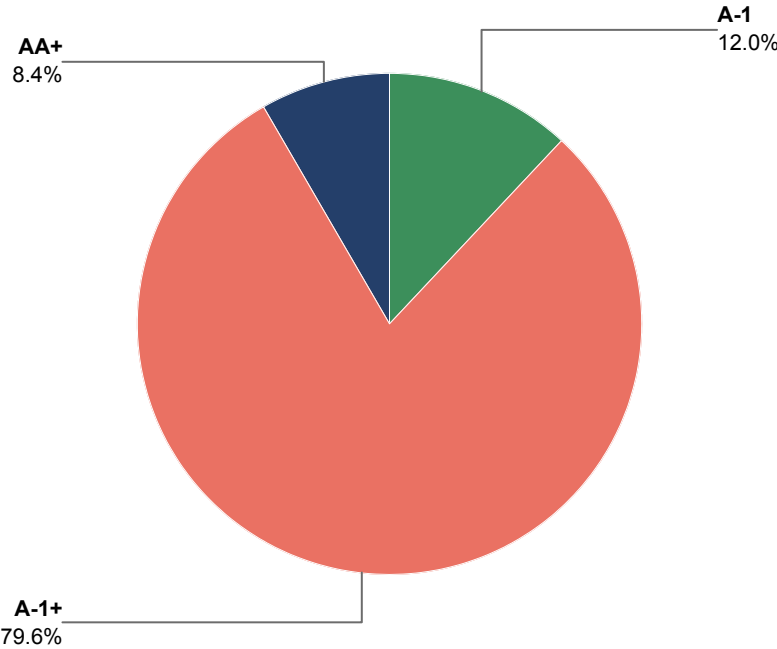
As of September 30, 2018

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
LAKE COUNTY SD IMPACT FEE PORTFOLIO	2.22%	0.17 yrs	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ICE BofAML 3 Month U.S. Treasury Bill Index	2.17%	0.24 yrs	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%



Credit Quality
As of September 30, 2018

S&P Rating	Market Value (\$)	% of Portfolio
A-1+	\$18,899,328	79.6%
A-1	\$2,839,329	12.0%
AA+	\$1,998,680	8.4%
Totals	\$23,737,337	100.0%



Detail may not add to total due to rounding.

Issuer Distribution
As of September 30, 2018

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	17,111,410	72.1%
FEDERAL HOME LOAN BANKS	1,748,068	7.4%
TOYOTA MOTOR CORP	1,249,475	5.3%
JP MORGAN CHASE & CO	1,249,156	5.3%
NATIXIS NY BRANCH	795,870	3.4%
CREDIT AGRICOLE SA	794,302	3.4%
DEXIA GROUP	789,054	3.3%
Grand Total:	23,737,337	100.0%

Sector/Issuer Distribution

As of September 30, 2018

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Commercial Paper			
CREDIT AGRICOLE SA	794,302	16.3%	3.3%
DEXIA GROUP	789,054	16.2%	3.3%
JP MORGAN CHASE & CO	1,249,156	25.6%	5.3%
NATIXIS NY BRANCH	795,870	16.3%	3.4%
TOYOTA MOTOR CORP	1,249,475	25.6%	5.3%
Sector Total	4,877,858	100.0%	20.5%
Federal Agency/GSE			
FEDERAL HOME LOAN BANKS	1,748,068	100.0%	7.4%
Sector Total	1,748,068	100.0%	7.4%
U.S. Treasury			
UNITED STATES TREASURY	17,111,410	100.0%	72.1%
Sector Total	17,111,410	100.0%	72.1%
Portfolio Total	23,737,337	100.0%	100.0%

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
7/17/18	7/18/18	800,000	63873KMH7	NATIXIS NY BRANCH COMM PAPER	0.00%	12/17/18	791,792.00	2.46%	
7/18/18	7/19/18	800,000	25214PJX2	DEXIA CREDIT LOCAL SA NY COMM PAPER	0.00%	4/10/19	784,924.44	2.61%	
7/18/18	7/19/18	1,050,000	912796QA0	UNITED STATES TREASURY BILL	0.00%	9/27/18	1,046,110.63	1.91%	
7/18/18	7/19/18	1,750,000	313385K88	FED HOME LN DISCOUNT NT	0.00%	10/17/18	1,741,293.75	2.00%	
7/18/18	7/19/18	800,000	22533UNE9	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	1/14/19	790,373.78	2.45%	
7/19/18	7/20/18	3,000,000	912796PY9	UNITED STATES TREASURY BILL	0.00%	9/6/18	2,992,460.00	1.89%	
8/2/18	8/3/18	1,225,000	912796QP7	UNITED STATES TREASURY BILL	0.00%	12/20/18	1,215,339.26	2.06%	
8/2/18	8/3/18	1,000,000	912796QJ1	UNITED STATES TREASURY BILL	0.00%	11/15/18	994,222.22	2.01%	
8/27/18	8/28/18	3,000,000	912796QK8	UNITED STATES TREASURY BILL	0.00%	11/23/18	2,985,046.88	2.07%	
8/30/18	8/31/18	3,000,000	912796QL6	UNITED STATES TREASURY BILL	0.00%	11/29/18	2,984,400.00	2.09%	
9/5/18	9/6/18	2,500,000	912796QA0	UNITED STATES TREASURY BILL	0.00%	9/27/18	2,497,230.63	1.90%	
9/20/18	9/21/18	3,000,000	912796QP7	UNITED STATES TREASURY BILL	0.00%	12/20/18	2,984,062.50	2.14%	
9/27/18	9/28/18	3,250,000	912796QS1	UNITED STATES TREASURY BILL	0.00%	1/10/19	3,229,579.17	2.19%	
Total BUY		25,175,000					25,036,835.26		

INTEREST									
7/2/18	7/2/18	0	MONEY0002	MONEY MARKET FUND			440.00		
7/13/18	7/13/18	0	MONEY0002	MONEY MARKET FUND			71.11		
7/15/18	7/15/18	1,500,000	912828XK1	US TREASURY NOTES	0.87%	7/15/18	6,562.50		
8/1/18	8/1/18	0	MONEY0002	MONEY MARKET FUND			804.37		
8/10/18	8/10/18	0	MONEY0002	MONEY MARKET FUND			77.29		
9/4/18	9/4/18	0	MONEY0002	MONEY MARKET FUND			1,470.16		
9/15/18	9/15/18	990,000	912828L40	US TREASURY NOTES	1.00%	9/15/18	4,950.00		
9/24/18	9/24/18	0	MONEY0002	MONEY MARKET FUND			76.52		

LAKE COUNTY SD IMPACT FEE PORTFOLIO

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
9/30/18	9/30/18	2,500,000	912828RH5	US TREASURY NOTES	1.37%	9/30/18	17,187.50		
Total INTEREST		4,990,000					31,639.45		

MATURITY

7/15/18	7/15/18	1,500,000	912828XK1	US TREASURY NOTES	0.87%	7/15/18	1,500,000.00		0.00
7/16/18	7/16/18	1,000,000	36164KGG0	GE CAPITAL TREASURY LLC COMM PAPER	0.00%	7/16/18	1,000,000.00		0.00
7/16/18	7/16/18	1,000,000	22533UGG2	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	7/16/18	1,000,000.00		0.00
7/18/18	7/18/18	1,500,000	313385ZM1	FEDERAL HOME LOAN BANKS DISC NOTE	0.00%	7/18/18	1,500,000.00		0.00
7/19/18	7/19/18	3,250,000	912796MK2	UNITED STATES TREASURY BILL	0.00%	7/19/18	3,250,000.00		0.00
8/2/18	8/2/18	2,000,000	912796PS2	UNITED STATES TREASURY BILL	0.00%	8/2/18	2,000,000.00		0.00
8/16/18	8/16/18	1,325,000	912796NQ8	UNITED STATES TREASURY BILL	0.00%	8/16/18	1,325,000.00		0.00
8/20/18	8/20/18	800,000	09659CHL5	BNP PARIBAS NY BRANCH COMM PAPER	0.00%	8/20/18	800,000.00		0.00
8/20/18	8/20/18	800,000	06538CHL8	MUFG BANK LTD/NY COMM PAPER	0.00%	8/20/18	800,000.00		0.00
8/30/18	8/30/18	2,970,000	912796PW3	UNITED STATES TREASURY BILL	0.00%	8/30/18	2,970,000.00		0.00
9/6/18	9/6/18	3,000,000	912796PY9	UNITED STATES TREASURY BILL	0.00%	9/6/18	3,000,000.00		0.00
9/15/18	9/15/18	990,000	912828L40	US TREASURY NOTES	1.00%	9/15/18	990,000.00		0.00
9/19/18	9/19/18	1,750,000	313385G42	FEDERAL HOME LOAN BANKS DISC NOTE	0.00%	9/19/18	1,750,000.00		0.00
9/27/18	9/27/18	1,050,000	912796QA0	UNITED STATES TREASURY BILL	0.00%	9/27/18	1,050,000.00		0.00
9/27/18	9/27/18	2,500,000	912796QA0	UNITED STATES TREASURY BILL	0.00%	9/27/18	2,500,000.00		0.00
9/30/18	9/30/18	2,500,000	912828RH5	US TREASURY NOTES	1.37%	9/30/18	2,500,000.00		0.00
Total MATURITY		27,935,000					27,935,000.00		0.00

SELL

8/28/18	8/28/18	30,000	912796PW3	UNITED STATES TREASURY BILL	0.00%	8/30/18	29,996.89	1.87%	0.03
8/31/18	8/31/18	10,000	912828L40	US TREASURY NOTES	1.00%	9/15/18	10,042.01	1.95%	(1.46)

LAKE COUNTY SD IMPACT FEE PORTFOLIO

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
Total SELL		40,000					40,038.90		-1.43

Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
INTEREST	7/2/18	7/2/18	0.00	MONEY0002	MONEY MARKET FUND			440.00		
INTEREST	7/13/18	7/13/18	0.00	MONEY0002	MONEY MARKET FUND			71.11		
INTEREST	7/15/18	7/15/18	1,500,000.00	912828XK1	US TREASURY NOTES	0.87%	7/15/18	6,562.50		
MATURITY	7/15/18	7/15/18	1,500,000.00	912828XK1	US TREASURY NOTES	0.87%	7/15/18	1,500,000.00		0.00
MATURITY	7/16/18	7/16/18	1,000,000.00	36164KGG0	GE CAPITAL TREASURY LLC COMM PAPER	0.00%	7/16/18	1,000,000.00		0.00
MATURITY	7/16/18	7/16/18	1,000,000.00	22533UGG2	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	7/16/18	1,000,000.00		0.00
BUY	7/17/18	7/18/18	800,000.00	63873KMH7	NATIXIS NY BRANCH COMM PAPER	0.00%	12/17/18	(791,792.00)	2.46%	
MATURITY	7/18/18	7/18/18	1,500,000.00	313385ZM1	FEDERAL HOME LOAN BANKS DISC NOTE	0.00%	7/18/18	1,500,000.00		0.00
BUY	7/18/18	7/19/18	800,000.00	25214PJX2	DEXIA CREDIT LOCAL SA NY COMM PAPER	0.00%	4/10/19	(784,924.44)	2.61%	
BUY	7/18/18	7/19/18	1,050,000.00	912796QA0	UNITED STATES TREASURY BILL	0.00%	9/27/18	(1,046,110.63)	1.91%	
BUY	7/18/18	7/19/18	1,750,000.00	313385K88	FED HOME LN DISCOUNT NT	0.00%	10/17/18	(1,741,293.75)	2.00%	
BUY	7/18/18	7/19/18	800,000.00	22533UNE9	CREDIT AGRICOLE CIB NY COMM PAPER	0.00%	1/14/19	(790,373.78)	2.45%	
MATURITY	7/19/18	7/19/18	3,250,000.00	912796MK2	UNITED STATES TREASURY BILL	0.00%	7/19/18	3,250,000.00		0.00
BUY	7/19/18	7/20/18	3,000,000.00	912796PY9	UNITED STATES TREASURY BILL	0.00%	9/6/18	(2,992,460.00)	1.89%	
INTEREST	8/1/18	8/1/18	0.00	MONEY0002	MONEY MARKET FUND			804.37		
MATURITY	8/2/18	8/2/18	2,000,000.00	912796PS2	UNITED STATES TREASURY BILL	0.00%	8/2/18	2,000,000.00		0.00
BUY	8/2/18	8/3/18	1,225,000.00	912796QP7	UNITED STATES TREASURY BILL	0.00%	12/20/18	(1,215,339.26)	2.06%	
BUY	8/2/18	8/3/18	1,000,000.00	912796QJ1	UNITED STATES TREASURY BILL	0.00%	11/15/18	(994,222.22)	2.01%	
INTEREST	8/10/18	8/10/18	0.00	MONEY0002	MONEY MARKET FUND			77.29		
MATURITY	8/16/18	8/16/18	1,325,000.00	912796NQ8	UNITED STATES TREASURY BILL	0.00%	8/16/18	1,325,000.00		0.00

LAKE COUNTY SD IMPACT FEE PORTFOLIO

Portfolio Activity

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
MATURITY	8/20/18	8/20/18	800,000.00	09659CHL5	BNP PARIBAS NY BRANCH COMM PAPER	0.00%	8/20/18	800,000.00		0.00
MATURITY	8/20/18	8/20/18	800,000.00	06538CHL8	MUFG BANK LTD/NY COMM PAPER	0.00%	8/20/18	800,000.00		0.00
BUY	8/27/18	8/28/18	3,000,000.00	912796QK8	UNITED STATES TREASURY BILL	0.00%	11/23/18	(2,985,046.88)	2.07%	
SELL	8/28/18	8/28/18	30,000.00	912796PW3	UNITED STATES TREASURY BILL	0.00%	8/30/18	29,996.89	1.87%	0.03
MATURITY	8/30/18	8/30/18	2,970,000.00	912796PW3	UNITED STATES TREASURY BILL	0.00%	8/30/18	2,970,000.00		0.00
BUY	8/30/18	8/31/18	3,000,000.00	912796QL6	UNITED STATES TREASURY BILL	0.00%	11/29/18	(2,984,400.00)	2.09%	
SELL	8/31/18	8/31/18	10,000.00	912828L40	US TREASURY NOTES	1.00%	9/15/18	10,042.01	1.95%	(1.46)
INTEREST	9/4/18	9/4/18	0.00	MONEY0002	MONEY MARKET FUND			1,470.16		
BUY	9/5/18	9/6/18	2,500,000.00	912796QA0	UNITED STATES TREASURY BILL	0.00%	9/27/18	(2,497,230.63)	1.90%	
MATURITY	9/6/18	9/6/18	3,000,000.00	912796PY9	UNITED STATES TREASURY BILL	0.00%	9/6/18	3,000,000.00		0.00
INTEREST	9/15/18	9/15/18	990,000.00	912828L40	US TREASURY NOTES	1.00%	9/15/18	4,950.00		
MATURITY	9/15/18	9/15/18	990,000.00	912828L40	US TREASURY NOTES	1.00%	9/15/18	990,000.00		0.00
MATURITY	9/19/18	9/19/18	1,750,000.00	313385G42	FEDERAL HOME LOAN BANKS DISC NOTE	0.00%	9/19/18	1,750,000.00		0.00
BUY	9/20/18	9/21/18	3,000,000.00	912796QP7	UNITED STATES TREASURY BILL	0.00%	12/20/18	(2,984,062.50)	2.14%	
INTEREST	9/24/18	9/24/18	0.00	MONEY0002	MONEY MARKET FUND			76.52		
MATURITY	9/27/18	9/27/18	1,050,000.00	912796QA0	UNITED STATES TREASURY BILL	0.00%	9/27/18	1,050,000.00		0.00
MATURITY	9/27/18	9/27/18	2,500,000.00	912796QA0	UNITED STATES TREASURY BILL	0.00%	9/27/18	2,500,000.00		0.00
BUY	9/27/18	9/28/18	3,250,000.00	912796QS1	UNITED STATES TREASURY BILL	0.00%	1/10/19	(3,229,579.17)	2.19%	
INTEREST	9/30/18	9/30/18	2,500,000.00	912828RH5	US TREASURY NOTES	1.37%	9/30/18	17,187.50		
MATURITY	9/30/18	9/30/18	2,500,000.00	912828RH5	US TREASURY NOTES	1.37%	9/30/18	2,500,000.00		0.00
TOTALS								2,969,843.09		(1.43)

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 10/31/2013 1.250% 10/31/2018	912828WD8	2,000,000.00	AA+	Aaa	11/29/2017	11/30/2017	1,992,968.75	1.64	10,461.96	1,999,373.50	1,998,680.00
Security Type Sub-Total		2,000,000.00					1,992,968.75	1.64	10,461.96	1,999,373.50	1,998,680.00
U.S. Treasury Bill											
UNITED STATES TREASURY BILL DTD 04/05/2018 0.000% 10/04/2018	912796QB8	700,000.00	A-1+	P-1	6/29/2018	6/29/2018	696,465.05	1.88	0.00	699,890.67	699,881.70
UNITED STATES TREASURY BILL DTD 05/17/2018 0.000% 11/15/2018	912796QJ1	1,000,000.00	A-1+	P-1	8/2/2018	8/3/2018	994,222.22	2.01	0.00	997,500.00	997,398.00
UNITED STATES TREASURY BILL DTD 05/24/2018 0.000% 11/23/2018	912796QK8	3,000,000.00	A-1+	P-1	8/27/2018	8/28/2018	2,985,046.88	2.07	0.00	2,990,890.62	2,990,685.00
UNITED STATES TREASURY BILL DTD 05/31/2018 0.000% 11/29/2018	912796QL6	3,000,000.00	A-1+	P-1	8/30/2018	8/31/2018	2,984,400.00	2.09	0.00	2,989,773.33	2,989,563.00
UNITED STATES TREASURY BILL DTD 06/21/2018 0.000% 12/20/2018	912796QP7	1,225,000.00	A-1+	P-1	8/2/2018	8/3/2018	1,215,339.26	2.06	0.00	1,219,439.86	1,219,204.53
UNITED STATES TREASURY BILL DTD 06/21/2018 0.000% 12/20/2018	912796QP7	3,000,000.00	A-1+	P-1	9/20/2018	9/21/2018	2,984,062.50	2.14	0.00	2,985,833.34	2,985,807.00
UNITED STATES TREASURY BILL DTD 07/12/2018 0.000% 01/10/2019	912796QS1	3,250,000.00	A-1+	P-1	9/27/2018	9/28/2018	3,229,579.17	2.19	0.00	3,230,168.21	3,230,191.25
Security Type Sub-Total		15,175,000.00					15,089,115.08	2.10	0.00	15,113,496.03	15,112,730.48
Federal Agency Discount Note											
FED HOME LN DISCOUNT NT DTD 10/17/2017 0.000% 10/17/2018	313385K88	1,750,000.00	A-1+	P-1	7/18/2018	7/19/2018	1,741,293.75	2.00	0.00	1,748,452.23	1,748,068.25
Security Type Sub-Total		1,750,000.00					1,741,293.75	2.00	0.00	1,748,452.23	1,748,068.25
Commercial Paper											

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Commercial Paper											
TOYOTA MOTOR CREDIT CORP COMM PAPER DTD 01/10/2018 0.000% 10/05/2018	89233HK52	1,250,000.00	A-1+	P-1	4/11/2018	4/13/2018	1,235,598.96	2.40	0.00	1,249,670.84	1,249,475.00
JP MORGAN SECURITIES LLC COMM PAPER DTD 01/12/2018 0.000% 10/09/2018	46640QK91	1,250,000.00	A-1	P-1	4/12/2018	4/12/2018	1,234,750.00	2.47	0.00	1,249,322.23	1,249,156.25
NATIXIS NY BRANCH COMM PAPER DTD 07/17/2018 0.000% 12/17/2018	63873KMH7	800,000.00	A-1	P-1	7/17/2018	7/18/2018	791,792.00	2.46	0.00	795,842.00	795,870.40
CREDIT AGRICOLE CIB NY COMM PAPER DTD 05/17/2018 0.000% 01/14/2019	22533UNE9	800,000.00	A-1	P-1	7/18/2018	7/19/2018	790,373.78	2.45	0.00	794,353.34	794,302.40
DEXIA CREDIT LOCAL SA NY COMM PAPER DTD 07/19/2018 0.000% 04/10/2019	25214PJX2	800,000.00	A-1+	P-1	7/18/2018	7/19/2018	784,924.44	2.61	0.00	789,134.22	789,054.40
Security Type Sub-Total		4,900,000.00					4,837,439.18	2.47	0.00	4,878,322.63	4,877,858.45
Managed Account Sub Total		23,825,000.00					23,660,816.76	2.13	10,461.96	23,739,644.39	23,737,337.18
Securities Sub-Total		\$23,825,000.00					\$23,660,816.76	2.13%	\$10,461.96	\$23,739,644.39	\$23,737,337.18
Accrued Interest											\$10,461.96
Total Investments											\$23,747,799.14

Bolded items are forward settling trades.

Portfolio Statistics

As of September 30, 2018

Par Value:	
Total Market Value:	\$147,338
Security Market Value:	-
Accrued Interest:	-
Cash:	\$147,338
Amortized Cost:	-
Yield at Market:	0.00%
Yield at Cost:	0.00%
Effective Duration:	0.00 Years
Duration to Worst:	0.00 Years
Average Maturity:	0.00 Years
Average Credit: *	

Credit Quality (S&P Ratings)

Sector Allocation

Maturity Distribution



* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Earnings

Quarter-Ended September 30, 2018

	<u>Market Value Basis</u>	<u>Accrual (Amortized Cost) Basis</u>
Beginning Value (06/30/2018)	\$0.00	\$0.00
Net Purchases/Sales	\$0.00	\$0.00
Change in Value	\$0.00	\$0.00
Ending Value (09/30/2018)	\$0.00	\$0.00
Interest Earned	\$544.66	\$544.66
Portfolio Earnings	\$544.66	\$544.66

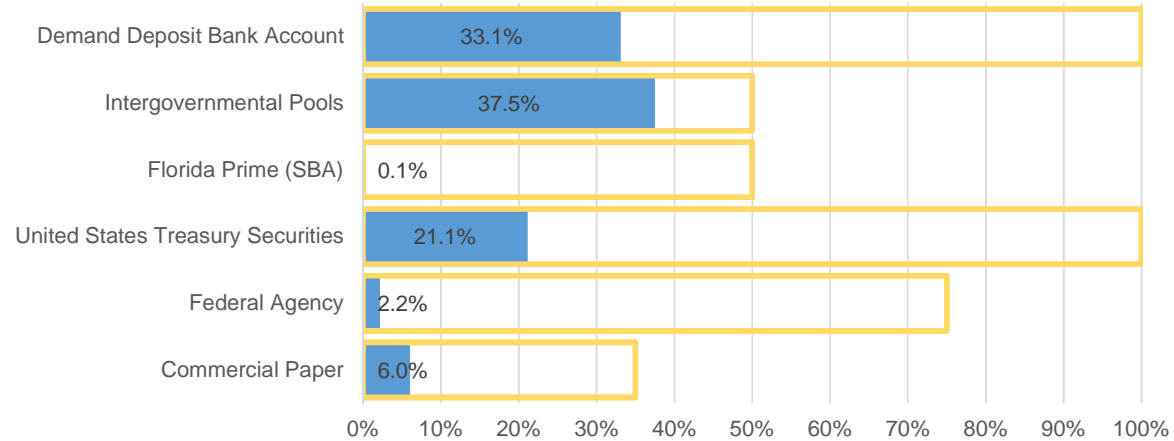
Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
7/2/18	7/3/18	0	MONEY0002	MONEY MARKET FUND			169.74		
8/1/18	7/31/18	0	MONEY0002	MONEY MARKET FUND			184.91		
9/4/18	9/5/18	0	MONEY0002	MONEY MARKET FUND			190.01		
Total INTEREST		0					544.66		

Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield	Realized G/L (BV)
INTEREST	7/2/18	7/3/18	0.00	MONEY0002	MONEY MARKET FUND			169.74		
INTEREST	8/1/18	7/31/18	0.00	MONEY0002	MONEY MARKET FUND			184.91		
INTEREST	9/4/18	9/5/18	0.00	MONEY0002	MONEY MARKET FUND			190.01		
TOTALS								544.66		

Tab III



Security Type	Amortized Cost (Includes Interest)	Allocation Percentage	Permitted by Policy	In Compliance
Florida Prime (SBA)	81,170.04	0.10%	50%	YES
United States Treasury Securities	17,123,331.49	21.12%	100%	YES
Federal Agency	1,748,452.23	2.16%	75%	YES
Corporate Notes	-	0.00%	35%	YES
Municipals	-	0.00%	25%	YES
Agency Mortgage-Backed Securities (MBS)	-	0.00%	25%	YES
Certificates of Deposit and Savings Accounts	-	0.00%	50%	YES
Demand Deposit Bank Account	26,844,529.76	33.11%	100%	YES
Commercial Paper	4,878,322.63	6.02%	35%	YES
Repurchase Agreements	-	0.00%	40%	YES
Money Market Funds	-	0.00%	75%	YES
Intergovernmental Pools	30,413,205.64	37.51%	50%	YES

End of month trade-date amortized cost of portfolio holdings, including accrued interest.

Sector	Individual Issuer Breakdown	Amortized Cost (Includes Interest)	Allocation Percentage	Permitted by Policy	In Compliance
Us Tsy Bond/Note	UNITED STATES TREASURY	17,123,331.49	21.12%	100%	YES
Intergovernmental Pools	FEITF	30,413,205.64	37.51%	50%	YES
Florida Prime (SBA)	FLORIDA PRIME (SBA)	81,170.04	0.10%	50%	YES
Fed Agy Bond/Note	FEDERAL HOME LOAN BANKS	1,748,452.23	2.16%	40%	YES
Demand Deposit Bank Account	BANK ACCOUNTS	26,844,529.76	33.11%	100%	YES
Commercial Paper	TOYOTA MOTOR CREDIT CORP	1,249,670.84	1.54%	5%	YES
Commercial Paper	CREDIT AGRICOLE CIB NY	794,353.34	0.98%	5%	YES
Commercial Paper	JP MORGAN SECURITIES LLC	1,249,322.23	1.54%	5%	YES
Commercial Paper	DEXIA CREDIT LOCAL SA NY	789,134.22	0.97%	5%	YES
Commercial Paper	NATIXIS NY BRANCH	795,842.00	0.98%	5%	YES

End of month trade-date amortized cost of portfolio holdings, including accrued interest.

IMPORTANT DISCLOSURES

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

GLOSSARY

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

GLOSSARY

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.