

Quarterly Investment Report

December 31, 2014

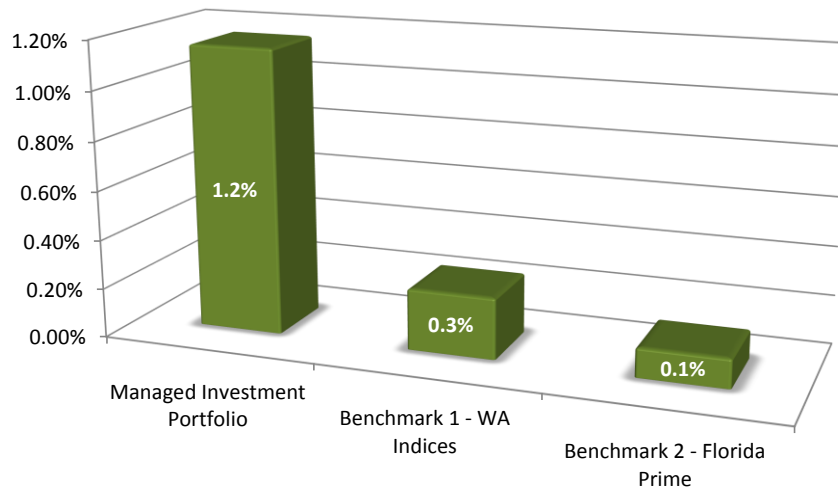


prepared by Cash Management Department

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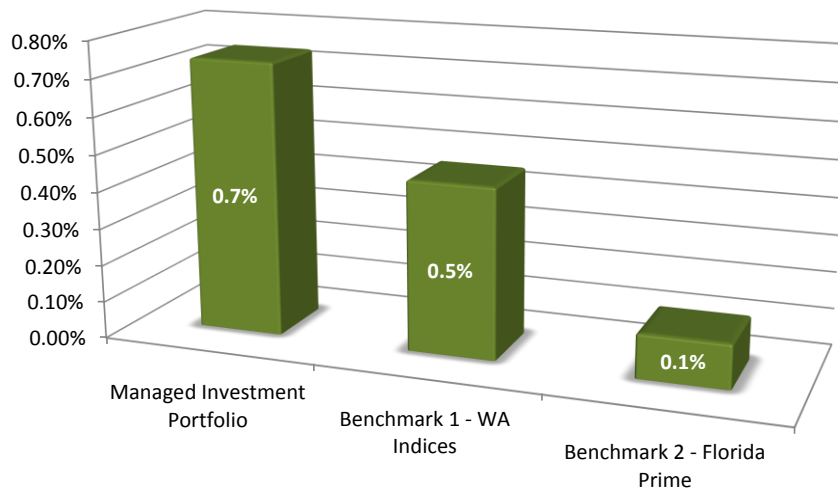
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Yield Comparison Current Quarter



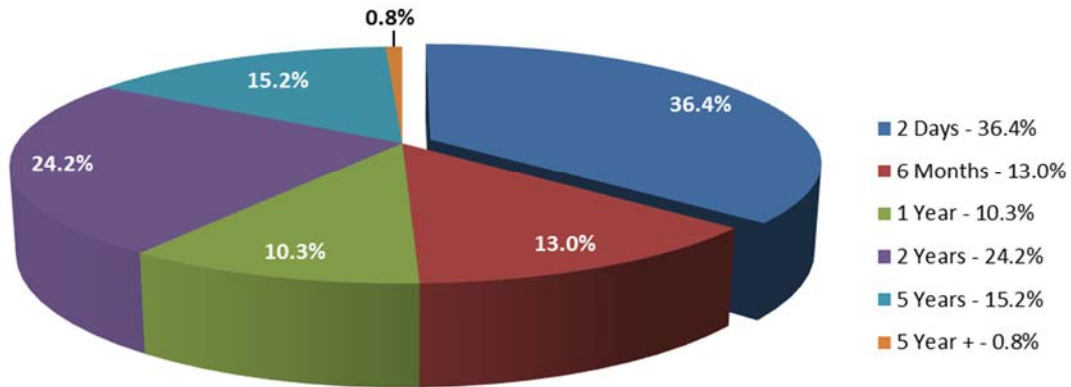
The yield on the district's managed investment program was 1.77% for the quarter ended June 30, 2011.

Yield Comparison Year to Date



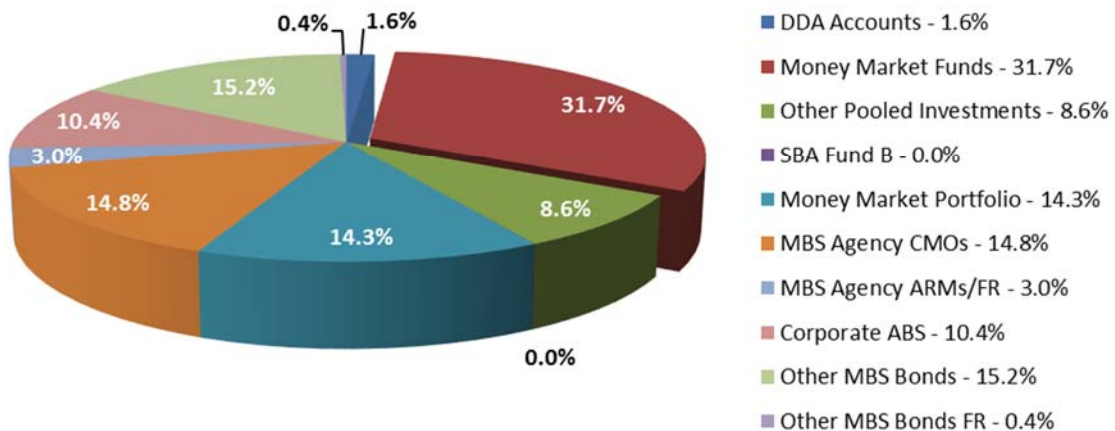
The yield on the district's managed investment program was 0.78% for the fiscal year ended June 30, 2011.

Investments by Duration December 31, 2014



The above chart breaks down the duration of the district’s investment by time frame. The largest category, 2 days duration, represents liquid cash that can be accessed within 2 days. The other categories represent investments whose modified duration falls within that time frame.

Investments by Type December 31, 2014



The above chart breaks down the district’s portfolio by investment type. For example, the largest category is Agency, GNMA, FNMA, FHLMC, etc..., Mortgage-Backed Securities (MBS) representing 41% of the portfolio.

Portfolio Assets	12/31/14			6/30/14
Investment in U.S. Treasury and Agency Securities:				
Investments (securities at market value)	\$242,870,381			\$226,091,853
Other Pooled Investments	36,109,538			36,089,339
State Board of Administration Fund B	110,422			226,295
Accrued Interest Receivable and Prepaid Interest	592,241			554,475
Total U.S. Treasury and Agency Securities	\$279,682,582			\$262,961,961
Cash Investments				
Money market funds	132,367,743			8,172,755
Bank accounts (DDA & MMA)	6,551,999			6,532,907
Total Cash Investments	\$138,919,742			\$14,705,662
Total Managed Investment Portfolio Value	\$418,602,324			\$277,667,623
	Quarter End	Y-T-D	Prior Year	
	12/31/14	12/31/14	6/30/14	
Portfolio Income				
Interest Earned				
U.S. Government Securities & Other Pooled Accounts	989,970	2,273,744	7,940,245	
Money Market Funds	8,089	9,372	19,305	
Bank Accounts	8,144	12,909	34,981	
Total Interest Earned	1,006,203	2,296,025	7,994,531	
Net increase/(decrease) in fair value of investments - Note 2	(225,540)	(1,174,976)	(9,277,556)	
Total Managed Investment Portfolio Earnings	\$780,663	\$1,121,049	(\$1,283,025)	
	Quarter End	Y-T-D	Prior Year	
	12/31/14	12/31/14	6/30/14	
Yield Comparison - Page 5				
<i>Managed Investment Portfolio</i>				
Annualized Rate of Return	1.16%	0.74%	-0.29%	
<i>Benchmark 1 - Weighted Average of Comparable Indices</i>				
Annualized Rate of Return	0.25%	0.46%	0.70%	
Managed Investment Portfolio Yield vs. Benchmark 1	0.91%	0.28%	-0.99%	
<i>Benchmark 2 - Florida Prime MMF (SBA LGIP)</i>				
Annualized Rate of Return	0.12%	0.12%	0.10%	
Managed Investment Portfolio Yield vs. Benchmark 2	1.04%	0.62%	-0.39%	

Security Description	CUSIP	Book Value	Market Value	Unrealized Gain/Loss	Prepaid & Accrued Interest	Total Investment Value	Rtg	Mod. Dur.
Money Market Portfolio - 14.3%								
UST 0.875%	912828RU6	15,066,279	15,065,700	(579)	11,538	\$15,077,238	#N/A	#N/A
UST 0.625%	912828UA6	14,795,435	14,807,850	12,415	8,242	\$14,816,092	#N/A	#N/A
UST 0 7/8%	912828RX0	15,055,823	15,056,250	427	65,988	\$15,122,238	#N/A	#N/A
UST 0 3/4%	912828UE8	14,836,459	14,841,750	5,291	56,561	\$14,898,311	#N/A	#N/A
subtotal		\$59,753,996	\$59,771,550	\$17,554	\$142,329	\$59,913,879	NR	0.00
MBS Agency CMOs - 14.8%								
FHR 4039 JA	3137AQNA2	4,307,851	4,148,406	(159,444)	5,398	\$4,153,805	AAA	5.36
FHR 4399 CB	3137BERG1	18,840,442	18,802,739	(37,703)	38,352	\$18,841,091	#N/A	#N/A
FHR 3893 DJ	3137AD2V8	6,667,588	6,660,448	(7,140)	10,930	\$6,671,378	#N/A	#N/A
FNR 12-90 DA	3136A7RE4	15,411,753	14,630,332	(781,421)	19,056	\$14,649,388	AAA	2.17
FNR 12-117 DA	3136A8P20	17,798,761	15,841,889	(1,956,872)	22,042	\$15,863,931	AAA	1.14
GNR 08-38 PS	38375QGZ6	249,893	240,232	(9,661)	697	\$240,929	AAA	0.65
GNR 10-52 AE	38376GGU8	21,422	20,345	(1,077)	70	\$20,414	AAA	0.56
GNR 13-26 GA	38378JBV3	990,927	986,745	(4,182)	1,430	\$988,175	AAA	1.96
GNR 10-167 KW	38377NUW2	577,319	564,255	(13,064)	2,306	\$566,561	AAA	0.67
subtotal		\$64,865,956	\$61,895,392	(\$2,970,564)	\$100,282	\$61,995,673	AA-	1.20
MBS Agency ARMs/FR - 3.0%								
FNR 07-114 A6	31396X3Q5	1,995,000	1,970,860	(24,140)	147	\$1,971,007	AAA	2.74
G2 82577	36225E2K7	2,647,301	2,611,131	(36,169)	6,288	\$2,617,420	AAA	3.45
G2 82462	36225EWY4	2,133,248	2,140,948	7,700	5,926	\$2,146,874	AAA	3.40
G2 82539	36225EZD7	2,863,311	2,852,283	(11,028)	8,436	\$2,860,720	AAA	3.54
G2 82558	36225EZY1	3,147,190	3,120,321	(26,869)	9,273	\$3,129,594	AAA	3.04
subtotal		\$12,786,050	\$12,695,544	(\$90,506)	\$30,070	\$12,725,614	AAA	3.25
Corporate ABS - 10.4%								
AESOP 12-1A A	05377RAX2	13,701,539	13,675,752	(25,787)	8,536	\$13,684,288	#N/A	#N/A
GEMNT 12-5 A	36159JDE8	13,879,092	13,867,152	(11,940)	5,846	\$13,872,998	#N/A	#N/A
HART 12-A D	44890GAG0	15,832,530	15,765,357	(67,173)	18,001	\$15,783,358	#N/A	#N/A
subtotal		\$43,413,161	\$43,308,261	(\$104,900)	\$32,382	\$43,340,643	NR	0.00
Other MBS Bonds - 15.2%								

Pinellas County Schools
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Total Investment Value

Security Description	CUSIP	Book Value	Market Value	Unrealized Gain/Loss	Prepaid & Accrued Interest	Total Investment Value	Rtg	Mod. Dur.
COMM 05-C6 A5A	126171AF4	7,029,553	6,981,226	(48,327)	29,449	\$7,010,675	#N/A	#N/A
GMAC 04-C2 A4	361849F56	196,194	193,547	(2,648)	888	\$194,435	AAA	0.09
GSMS 05-GG4 A4	36228CVT7	10,788,061	10,725,897	(62,165)	42,378	\$10,768,274	#N/A	#N/A
JPMCC 04-LN2 A2	46625YCV3	1,974,772	1,936,741	(38,031)	606	\$1,937,346	AAA	0.24
JPMCC 06-CB14 A	46625YZX4	12,410,546	12,230,039	(180,506)	54,636	\$12,284,676	#N/A	#N/A
JPMCC 06-LDP7A4	46628FAF8	2,822,375	2,798,376	(23,999)	13,122	\$2,811,498	#N/A	#N/A
WBCMT 05 C21 A4	9297667G2	11,515,100	11,450,857	(64,243)	50,746	\$11,501,603	#N/A	#N/A
WBCMT 06-C26 A3	92977RAD8	17,497,547	17,379,653	(117,894)	82,641	\$17,462,294	#N/A	#N/A
subtotal		\$64,234,149	\$63,696,335	(\$537,813)	\$274,466	\$63,970,801	NR	0.01
Other MBS Bonds FR - 0.4%								
LBUBS 08-C1 AAB	50180LAB6	1,580,368	1,503,299	(77,069)	7,624	\$1,510,923	Aaa	0.96
subtotal		\$1,580,368	\$1,503,299	(\$77,069)	\$7,624	\$1,510,923	AAA	0.96
Cash, MMFs, & Investment Pools - 41.84%								
Bank Accts (DDA & MMA)	N/A	6,551,999	6,551,999	0	0	\$6,551,999	N/A	0.00
Money Market Funds	N/A	132,367,743	132,367,743	0	5,089	\$132,372,832	AAA	0.00
FL FIT (Core Fund)	140021420	36,333,469	36,109,538	(223,931)	0	\$36,109,538	#N/A	#N/A
SBA Fund B ¹	251361B	103,601	110,422	6,821	0	\$110,422	NR	4.04
subtotal		\$175,356,812	\$175,139,701	(\$217,111)	\$5,089	\$175,144,790	AA+	#N/A
Managed Investment Program		\$421,990,493	\$418,010,082.78	(\$3,980,410)	\$592,241	\$418,602,324	A+	0.28

¹All of the District's original principal has been returned. Value shown is an estimate of undistributed earnings
Unrealized Gain/Loss as a percent of total market value: -0.95%

	Quarter End 12/31/14	Y-T-D 12/31/14	Prior Year 6/30/14
Average Invested Value of Managed Investment Portfolio	\$266,136,111	\$300,390,942	\$439,617,188
Managed Investment Portfolio Yield			
Total Managed Investment Portfolio Earnings	\$780,663	\$1,121,049	(\$1,283,025)
<i>Managed Investment Portfolio Annualized Rate Of Return</i>	1.16%	0.74%	-0.29%
Benchmark 1 - Weighted Average of Comparable Indices			
Pro Forma Interest Earnings:			
Quarter Ended 9/30/14		530,033	3,086,906
Quarter Ended 12/31/14	167,326	167,326	
Quarter Ended 3/31/15			
Quarter Ended 6/30/15			
Total Pro Forma Benchmark 1 Earnings	\$167,326	\$697,359	\$3,086,906
<i>Benchmark 1 Annualized Rate Of Return</i>	0.25%	0.46%	0.70%
Benchmark 2 - Florida Prime (SBA LGIP)			
Pro Forma Interest Earnings:			
Quarter Ended 9/30/14		88,411	436,456
Quarter Ended 12/31/14	83,509	88,241	
Quarter Ended 3/31/15			
Quarter Ended 6/30/15			
Total Pro Forma Benchmark 2 Earnings	\$83,509	\$176,651	\$436,456
<i>Benchmark 2 Annualized Rate Of Return</i>	0.12%	0.12%	0.10%
Earnings Comparison			
<i>Annualized Rate of Return</i>			
Managed Investment Portfolio vs. Benchmark 1	0.91%	0.28%	-0.99%
Managed Investment Portfolio vs. Benchmark 2	1.04%	0.62%	-0.39%
<i>Dollar Earnings</i>			
Managed Investment Portfolio vs. Benchmark 1	\$613,337	\$423,690	(\$4,369,932)
Managed Investment Portfolio vs. Benchmark 2	\$697,154	\$944,397	(\$1,719,482)

Note 1 – Securities Valuation

Starting June 30, 1997, Investments are valued at current market value. Prior to August 12, 1992 all cash was invested with the SBA. The Managed Investment Program (MIP) refers to assets actively managed for higher earnings than what would be achieved if all surplus district cash were held in a deposit account. Cash needed for current expenditures is held in interest bearing deposit accounts, money market funds, and pooled investment accounts. Bonds are priced by comparing the current coupon to the yield an investor would get if they purchased a similar bond in the open market as of the pricing date. An inverse relationship exists between yield and price. When yields rise, market prices fall, conversely when yields fall, market prices rise. The district uses the custodian’s market prices to value its securities at month-end. The custodian purchases its pricing from IDC, Interactive Data Corporation. IDC is a provider of global investment market data to the financial industry.

Note 2 – Calculation of Net increase/(decrease) in fair value of investments

The Governmental Accounting Standards Board (GASB) Statement 31 requires that all Governmental entities must adjust the book value of most investment securities to current market value. Securities with a fixed coupon and a final maturity of less than one year are exempt. Since most securities held by money market funds meet the above criteria, investments in money market funds are also exempt. The amount of the adjustment will be netted against interest earned for the reporting period. Securities exempt from GASB 31 will be recorded on the books at amortized cost.

At month end, the market prices from the district’ custodian, will be used to calculate the change in fair value from the prior month. The changes in value and interest earnings are booked to the general ledger in separate revenue functions. Since the district’s strategy is to buy and hold, over time, the net of the change in value and interest earnings should closely approximate the purchase yield of the portfolio. The following table summarizes the relationship between realized gains and losses and the adjustment to fair value per GASB 31.

December 31, 2014	<u>Quarter End</u>	<u>Fiscal Y-T-D</u>	<u>Prior Fiscal Year</u>
Realized Gains/Losses	(938,285)	(3,982,816)	(2,152,924)
MV Adjustment for Period	712,745	2,807,840	(7,124,632)
Net Incr/(Decr) in fair value of investments	<u>(225,540)</u>	<u>(1,174,976)</u>	<u>(9,277,556)</u>

Note 3 – Cumulative Return Over the SBA

For the fiscal year-to-date, the Managed Investment Portfolio’s (MIP) earnings were over the State Board of Administration’s (SBA) local government investment pool by \$944,397. Since August 1992, the MIP’s cumulative earnings were over the SBA by \$31,996,395.

Note 4 – Effect of Unrealized Gains and Losses on Income

The district’s MIP currently has an unrealized loss of \$3,980,410. This figure has been netted against interest income. If the district’s bonds were priced at par (100) as of December 31, 2014, the district’s cumulative earnings over the SBA would be \$35,976,805.

Note 5 – Implied Ratings on US Agency Mortgage-Backed Securities

Mortgage-backed securities (MBS), including pools and Collateralized Mortgage Obligations (CMO), issued by US government agencies (GNMA, FNMA, and FHLMC) are not rated by the any rating agency. This is due to the implicit, in the case of FNMA and FHLMC, and explicit, in the case of GNMA, backing of the United States government. An implied rating based on the sovereign rating of US government issued debt is used. Currently this rating is AAA.

Credit Risk

The district's Investment Policy (6144) permits investments in US government and US government guaranteed bonds, Federal agency (Government Sponsored Enterprise, GSE) bonds, collateralized bonds, and short-term, money market investments. The district has \$273,282,228 in corporate asset-backed securities. The credit enhancements, short duration, and high ratings of these bonds demonstrate the safety and liquidity of these bonds. Securities in the Exempt category include U.S. Government obligations and obligations with an explicit U.S. Government guarantee. The non-compliant category consists of the district's investment in SBA Fund B accounts. This investment is frozen by the SBA. Money is distributed as the investments in the fund return principal or mature.

Credit Risk

Investment Category	Market Value	Average Rating
Exempt	\$140,914,485	
Money Market Fund	\$132,367,743	AAA
Other Pooled Investments	\$36,109,538	NR
Not Rated	\$110,422	NR
Corporate ABS	\$43,308,261	AAA
Other MBS Bonds	\$63,696,335	AAA
Other MBS Bonds FR	\$1,503,299	AAA
Portfolio	\$418,010,083	AAA-

Concentration of Credit Risk

The district's Investment Policy (6144) permits investments in US government and US government guaranteed bonds, Federal agency (Government Sponsored Enterprise, GSE) bonds, collateralized bonds, and short-term, money market investments. For this reason, the Policy does not separately address concentration of credit risk. The Manager, Cash & Investments is allowed to invest up to 5% of the total portfolio value in bonds that are not otherwise permitted under the Funds Management Policy. The concentration risk of these investments is 5%.

Securities exempt from Concentration of Credit Risk disclosure include U.S. Government obligations and obligations with an explicit U.S. Government guarantee. In addition, investment pools and money market fund investments are also exempt.

Concentration of Credit Risk

Issuer	Percent of Total	Market Value	Issuer Full Name
EX	41.90%	\$175,139,701	Exempt
UST	14.30%	59,771,550	United States Treasury
FHLMC	7.08%	29,611,593	Federal Home Loan Mgt Corp
FNMA	7.76%	32,443,082	Federal National Mtge Assoc
WBCMT	6.90%	28,830,511	Wachovia Bank Comm Mortgage Tr