



## Financial Statement Disclosures for September 30, 2014

The State Board of Administration is providing the required disclosure information necessary for your entity to prepare financial statements in accordance with Governmental Accounting Standards Board ("GASB") requirements. The following is the SBA's interpretation of your disclosure responsibilities related to your participation in Florida PRIME™ and our responsibilities to provide you information needed to make your disclosure. Please consult your accounting/auditor experts for additional information regarding your specific reporting requirements.

### General Description

As a Florida PRIME™ participant, your entity invests in a pool of investments whereby your entity owns a share of the respective pool, not the underlying securities. In March 1997, GASB issued Statement 31, titled "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." GASB 31 applies to Florida PRIME™.

GASB 31 outlines the two options for accounting and reporting for money market investment pools as either "2a-7 like" or fluctuating net asset value ("NAV"). GASB 31 describes a "2a-7 like" pool as an "external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940 (the "1940 Act"). Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions.

In June 2010, GASB issued Statement 59, titled "Financial Instruments Omnibus." GASB 59 clarifies the definition of a "2a-7 like" pool as an "external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended." To qualify as a 2a7-like pool, the pool should satisfy all SEC requirements of Rule 2a-7, including that a group of individuals fulfills the functions of a board of directors. The pool is not required to register with the SEC. The SBA's interpretation of GASB 31, as amended by GASB 59 is that Florida PRIME™ is currently considered a SEC 2a7-like fund, thus your account balance should also be considered the fair value of your investment.

### Investment Policies

GASB 40 requires the description of investment policies that are related to certain risks. It is our interpretation of GASB 40 that participants in an investment pool should disclose information related to credit risk and interest rate risk. Therefore, your entity should disclose the investment policies that relate to these disclosures. Florida PRIME™'s investment policies can be found at [www.sbafla.com/prime](http://www.sbafla.com/prime).

### Credit Quality Disclosure

Florida PRIME™ is rated by Standard and Poor's Rating Services. The current rating is AAAM.

### Interest Rate Risk Disclosure

The dollar weighted average days to maturity (WAM) of Florida PRIME™ at September 30, 2014, is **39** days. This WAM was calculated by the investment manager and includes all holdings, including the \$300 million time deposit holding. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

### Foreign Currency Risk Disclosure

Florida PRIME™ was not exposed to any foreign currency risk during the period from October 1, 2013 through September 30, 2014.

### Securities Lending Disclosure

Since your entity owns shares of Florida PRIME™ and not the underlying securities, it is our interpretation that your entity does not need to make a disclosure related to GASB 28. Florida PRIME™ did not participate in a securities lending program in the period October 1, 2013 through September 30, 2014.

### Financial Statements

The SBA will provide audited financial statements for Florida PRIME™ for the fiscal year ended June 30, 2014 once the audit is complete. The SBA will not provide financial statements for Florida PRIME™ for the period ending September 30<sup>th</sup>.