



## Financial Statement Disclosures for June 30, 2012

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 the 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 the 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.

The SBA's interpretation of GASB 31 is that the 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. The Florida PRIME investment policies can be found at [www.sbafla.com/prime](http://www.sbafla.com/prime).

### Credit Quality Disclosure

The Florida PRIME is rated by Standard and Poor's (S&P). The current rating is AAAM.

### Interest Rate Risk Disclosure

The dollar weighted average days to maturity (WAM) of the Florida PRIME at June 30, 2012, is 38 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

### Foreign Currency Risk Disclosure

The Florida PRIME was not exposed to any foreign currency risk during the fiscal year ending June 30, 2012.

### Securities Lending Disclosure

Since your entity owns shares of the 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. The Florida PRIME did not participate in a securities lending program in the fiscal year ending June 30, 2012.

### Financial Statements

The SBA will provide separate financial statements for the Florida PRIME for the fiscal year ended June 30, 2012. The SBA will not provide financial statements for the Florida PRIME for the period ending September 30<sup>th</sup>.