

The background of the slide features a large, light gray watermark of the Pinellas County Schools 100th Anniversary Seal. The seal is circular with a banner across the middle. At the top, it says '100% STUDENT SUCCESS'. The banner reads 'ONE MISSION, 100 YEARS'. Below the banner is the PCS logo with a torch and the text 'PINELLAS COUNTY SCHOOLS'. At the bottom, it says '1912-2012'.

Quarterly Investment Report

June 30, 2013

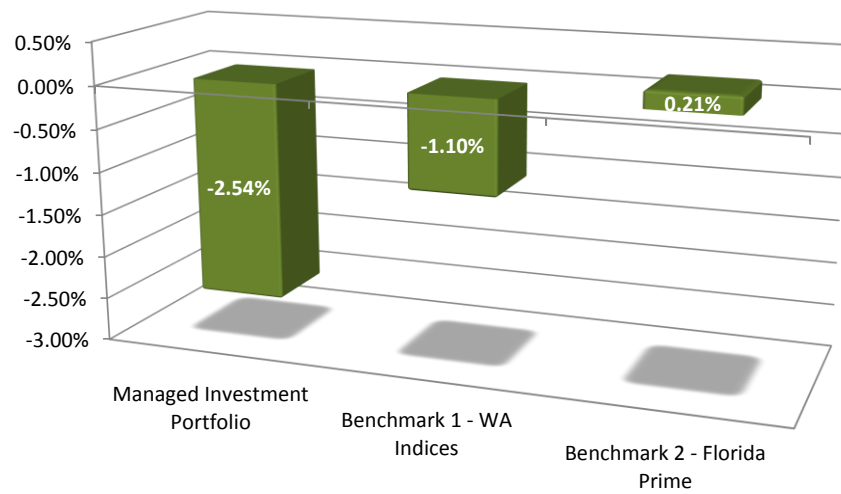
Pinellas County Schools

prepared by Cash Management Department

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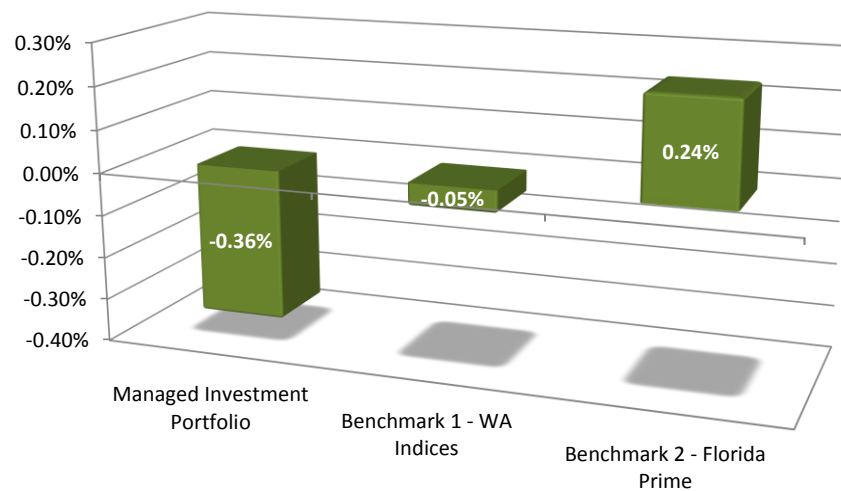
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Yield Comparison Current Quarter



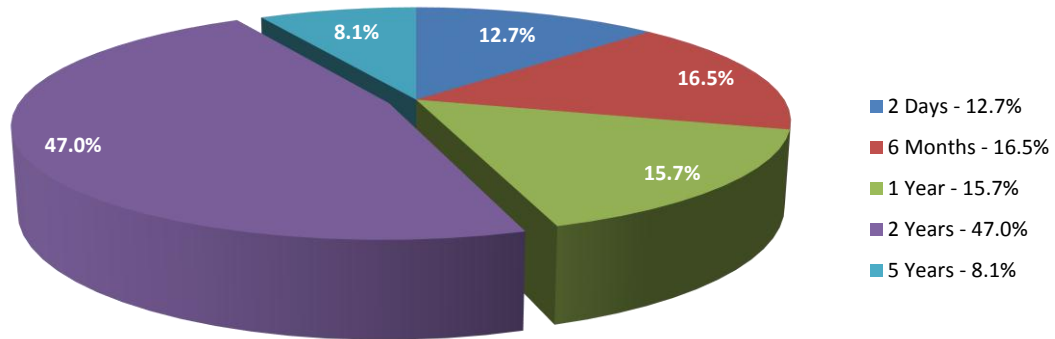
The yield on the district's managed investment program was -2.54% for the quarter ended June 30, 2013.

Yield Comparison Year to Date



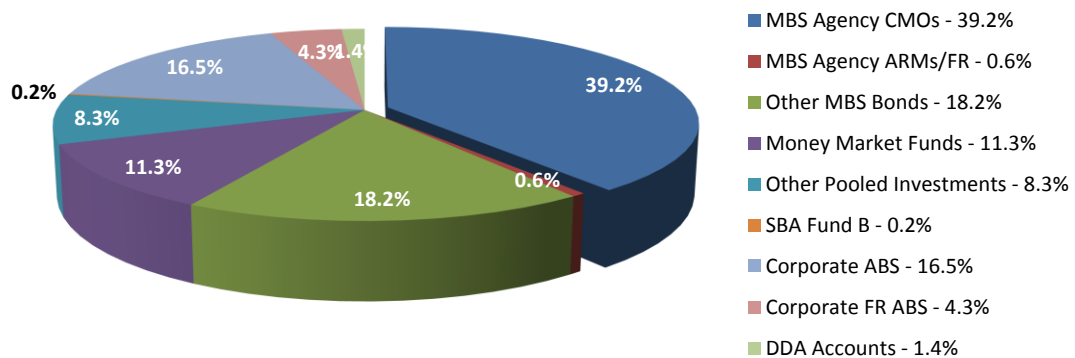
The yield on the district's managed investment program was -0.36% for the fiscal year ended June 30, 2013.

Investments by Duration June 30, 2013



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

Investments by Type June 30, 2013



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 39.2% of the portfolio.

Portfolio Assets

	6/30/13	6/30/12
Investment in U.S. Treasury and Agency Securities:		
Investments (securities at market value)	\$249,912,713	\$272,694,711
Other Pooled Investments	26,319,979	36,468,045
State Board of Administration Fund B	589,726	925,268
Accrued Interest Receivable and Prepaid Interest	621,244	756,995
Total U.S. Treasury and Agency Securities	\$277,443,662	\$310,845,018
Cash Investments		
Money market funds	35,660,687	2,684,647
Bank accounts (DDA & MMA)	4,432,255	16,755,528
Total Cash Investments	\$40,092,942	\$19,440,175
Total Managed Investment Portfolio Value	<u>\$317,536,604</u>	<u>\$330,285,193</u>

Portfolio Income

	Quarter End 6/30/13	Y-T-D 6/30/13	Prior Year 6/30/12
Interest Earned			
U.S. Government Securities & Other Pooled Accounts	2,477,771	7,913,641	8,832,823
Money Market Funds	2,449	28,906	100,093
Bank Accounts	6,409	39,667	81,548
Total Interest Earned	2,486,629	7,982,215	9,014,465
Net increase/(decrease) in fair value of investments - Note 2	(4,705,095)	(9,105,286)	(6,265,205)
Total Managed Investment Portfolio Income	<u>(\$2,218,466)</u>	<u>(\$1,123,071)</u>	<u>\$2,749,260</u>

Yield Comparison - Page 5

	Quarter End 6/30/13	Y-T-D 6/30/13	Prior Year 6/30/12
<i>Managed Investment Portfolio</i>			
Annualized Rate of Return	-2.54%	-0.36%	0.77%
<i>Benchmark 1 - Weighted Average of Comparable Indices</i>			
Annualized Rate of Return	-1.10%	-0.05%	0.53%
Managed Investment Portfolio Yield vs. Benchmark 1	<u>-1.44%</u>	<u>-0.30%</u>	<u>0.24%</u>
<i>Benchmark 2 - Florida Prime MMF (SBA LGIP)</i>			
Annualized Rate of Return	0.21%	0.24%	0.29%
Managed Investment Portfolio Yield vs. Benchmark 2	<u>-2.75%</u>	<u>-0.59%</u>	<u>0.48%</u>

Pinellas County Schools
Quarterly Investment Report

June 30, 2013
Total Investment Value

Security Description	CUSIP	Book Value	Market Value	Unrealized Gain/Loss	Prepaid & Accrued Interest	Total Investment Value	Rtg	Mod. Dur.
Corporate ABS - 16.47%								
AESOP 11-2A A	05377RAR5	5,115,531	5,082,050	(33,481)	13,496	\$5,095,546	AAA	1.16
BACM 04-2 A5	05947URE0	10,362,789	10,183,800	(178,989)	38,167	\$10,221,967	AAA	0.53
BSCMS 03-T12 A4	07383FXN3	2,438,450	2,405,315	(33,135)	(6,289)	\$2,399,026	AAA	0.12
GMACC 05-C1 A4	361849M82	17,560,813	17,242,583	(318,230)	64,281	\$17,306,864	AAA	1.47
JPMCC 03-CB7 A4	46625MP29	10,110,751	9,965,785	(144,966)	40,121	\$10,005,906	AAA	0.24
SCART 11-WO A4	802810AD3	2,963,493	2,959,097	(4,396)	2,287	\$2,961,384	AAA	0.06
SDART 11-1 A3	80282PAC9	4,319,702	4,315,146	(4,556)	2,453	\$4,317,599	AAA	0.10
subtotal		\$52,871,529	\$52,153,776	(\$717,754)	\$154,515	\$52,308,291	AAA	0.76
Corporate FR ABS - 4.31%								
HCAF 10-8A A	44924CAA2	5,957,182	5,938,903	(18,279)	2,585	\$5,941,488	AAA	0.73
LBUBS 08-C1 AAB	50180LAB6	7,799,375	7,724,958	(74,417)	12,671	\$7,737,629	AAA	1.42
subtotal		\$13,756,556	\$13,663,860	(\$92,696)	\$15,256	\$13,679,117	AAA	1.12
MBS Agency CMOs - 39.26%								
FHR 2962 BP	31395TQ49	141,878	138,068	(3,811)	401	\$138,469	AAA	0.35
FHR 2948 YD	31395PQP0	476,167	459,120	(17,047)	2,079	\$461,199	AAA	0.31
FHR 3986 TC	3137AKBY6	7,534,600	7,452,763	(81,837)	12,181	\$7,464,944	AAA	2.82
FHR 3708 UG	3137A1KQ5	15,621,385	15,637,831	16,446	44,208	\$15,682,039	AAA	1.48
FHR 4039 JA	3137AQNA2	4,808,424	4,674,078	(134,347)	6,026	\$4,680,103	AAA	4.09
FHR 4165-CA	3137AYQY0	9,567,607	9,443,226	(124,382)	9,907	\$9,453,133	AAA	3.18
FNR 12-90 DA	3136A7RE4	19,945,366	19,241,464	(703,902)	24,662	\$19,266,126	AAA	1.74
FNR 12-138 MA	3136AAFH3	22,399,330	21,508,046	(891,284)	18,608	\$21,526,654	AAA	1.86
FNR 12-117 DA	3136A8P20	23,922,002	23,081,725	(840,277)	29,625	\$23,111,350	AAA	1.71
FNR 13-18 JZ	3136ACXV8	223,146	224,898	1,752	542	\$225,440	AAA	0.56
GNR 11-51 JM	38377VKS4	2,017,061	2,011,168	(5,893)	5,610	\$2,016,778	AAA	0.85
GNR 08-38 PS	38375QGZ6	1,413,306	1,381,199	(32,107)	3,945	\$1,385,143	AAA	1.35
GNR 10-161 AB	38376GZA1	10,765,670	10,610,729	(154,942)	18,403	\$10,629,132	AAA	1.56
GNR 09-99 A	38376GBS8	1,775,743	1,739,508	(36,235)	4,891	\$1,744,399	AAA	0.88
GNR 09-115 AD	38376GCR9	2,875,564	2,830,856	(44,708)	7,026	\$2,837,882	AAA	0.84
GNR 09-71 A	38376GAG5	1,155,276	1,128,892	(26,384)	3,081	\$1,131,973	AAA	0.85
GNR 10-52 AE	38376GGU8	745,014	731,664	(13,350)	2,427	\$734,091	AAA	1.16
GNR 13-26 GA	38378JBV3	2,183,907	2,182,492	(1,415)	3,151	\$2,185,643	AAA	2.46

Pinellas County Schools
Quarterly Investment Report

June 30, 2013
Total Investment Value

Security Description	CUSIP	Book Value	Market Value	Unrealized Gain/Loss	Prepaid & Accrued Interest	Total Investment Value	Rtg	Mod. Dur.
subtotal		\$127,571,448	\$124,477,724	(\$3,093,724)	\$196,773	\$124,674,497	AAA	1.91
MBS Agency ARMs/FR - 0.63%								
FNR 07-114 A6	31396X3Q5	1,995,000	2,000,020	5,020	76	\$2,000,096	AAA	3.50
subtotal		\$1,995,000	\$2,000,020	\$5,020	\$76	\$2,000,096	AAA	3.50
Other MBS Bonds - 18.23%								
BSCMS 05-PW10 A	07387BEA7	7,275,865	7,161,681	(114,184)	31,500	\$7,193,181	AAA	0.42
BSCMS 04-PWR3 A	07383FYH5	3,481,378	3,430,847	(50,531)	12,587	\$3,443,434	AAA	0.37
CSMC 07-C5 A3	22546BAD2	8,492,681	8,168,745	(323,937)	37,794	\$8,206,539	AAA	0.88
JPMCC 04-CB9 A4	46625M6W4	17,801,686	17,499,520	(302,166)	81,003	\$17,580,523	AAA	0.88
MLMT 03-KEY1 A4	59022HCQ3	10,343,019	10,139,439	(203,580)	43,956	\$10,183,395	AAA	0.25
WBCMT 06-C24 AP	92976BFQ0	1,615,365	1,552,332	(63,032)	7,138	\$1,559,470	AAA	0.42
WBCMT 06-C29 A3	92978PAC3	9,913,834	9,664,769	(249,065)	40,883	\$9,705,652	AAA	0.41
subtotal		\$58,923,828	\$57,617,333	(\$1,306,495)	\$254,860	\$57,872,193	AAA	0.59
Cash, MMFs, & Investment Pools - 21.10%								
Bank Accts (DDA & MMA)	N/A	4,432,255	4,432,255	0	0	\$4,432,255	N/A	0.00
Money Market Funds	N/A	35,660,687	35,660,687	0	(237)	\$35,660,450	AAAm	0.00
Core Fund	1149200011	26,951,644	26,319,979	(631,666)	0	\$26,319,979	Aaa-bf	1.03
SBA Fund B	251361B	344,178	589,726	245,548	0	\$589,726	N/A	0.00
subtotal		\$67,388,764	\$67,002,646	(\$386,118)	(\$237)	\$67,002,410	AAA-	0.41
Managed Investment Program		\$322,507,126	\$316,915,359	(\$5,591,767)	\$621,244	\$317,536,604	AAA	1.14

Unrealized Gain/Loss as a percent of total market value: -1.76%

	Quarter End 6/30/13	Y-T-D 6/30/13	Prior Year 6/30/12
Average Invested Value of Managed Investment Portfolio	\$349,656,358	\$315,979,285	\$356,946,594
Managed Investment Portfolio Yield			
Total Managed Investment Portfolio Earnings	(\$2,218,466)	(\$1,123,071)	\$2,749,260
<i>Managed Investment Portfolio Annualized Rate Of Return</i>	-2.54%	-0.36%	0.77%
Benchmark 1 - Weighted Average of Comparable Indices			
Pro Forma Interest Earnings:			
Quarter Ended 9/30/12		339,711	1,887,011
Quarter Ended 12/31/12		30,000	
Quarter Ended 3/31/13		424,096	
Quarter Ended 6/30/13	(963,131)	(963,131)	
Total Pro Forma Benchmark 1 Earnings	(\$963,131)	(\$169,324)	\$1,887,011
<i>Benchmark 1 Annualized Rate Of Return</i>	-1.10%	-0.05%	0.53%
Benchmark 2 - Florida Prime (SBA LGIP)			
Pro Forma Interest Earnings:			
Quarter Ended 9/30/12		204,264	1,029,574
Quarter Ended 12/31/12		141,888	
Quarter Ended 3/31/13		229,306	
Quarter Ended 6/30/13	181,381	181,381	
Total Pro Forma Benchmark 2 Earnings	\$181,381	\$756,840	\$1,029,574
<i>Benchmark 2 Annualized Rate Of Return</i>	0.21%	0.24%	0.29%
Earnings Comparison			
<i>Annualized Rate of Return</i>			
Managed Investment Portfolio vs. Benchmark 1	-1.44%	-0.30%	0.24%
Managed Investment Portfolio vs. Benchmark 2	-2.75%	-0.59%	0.48%
<i>Dollar Earnings</i>			
Managed Investment Portfolio vs. Benchmark 1	(\$1,255,335)	(\$953,747)	\$862,249
Managed Investment Portfolio vs. Benchmark 2	(\$2,399,847)	(\$1,879,911)	\$1,719,686

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.

June 30, 2013	<u>Quarter End</u>	<u>Fiscal Y-T-D</u>	<u>Prior Fiscal Year</u>
Realized Gains/Losses	(1,542,379)	(2,107,717)	40,858
MV Adjustment for Period	(3,162,716)	(6,997,568)	(6,306,063)
Net Incr/(Decr) in fair value of investments	<u>(4,705,095)</u>	<u>(9,105,286)</u>	<u>(6,265,205)</u>

Note 3 – Cumulative Return Over the SBA

For the fiscal year-to-date, the Managed Investment Portfolio's (MIP) earnings were under the State Board of Administration's (SBA) local government investment pool by \$1,879,911. Since August 1992, the MIP's cumulative earnings were over the SBA by \$32,771,480.

Note 4 – Effect of Unrealized Gains and Losses on Income

The district's MIP currently has an unrealized loss of \$5,591,767. This figure has been netted against interest income. If the district's bonds were priced at par (100) as of June 30, 2013, the district's cumulative earnings over the SBA would be \$38,363,246.

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

	Market Value	Average Rating
Corporate ABS	\$52,153,776	AAA
Corporate FR ABS	\$13,663,860	AAA
MBS Agency CMOs	101,861,218	AAA
MBS Agency ARMs/FR	2,000,020	AAA
Other MBS Bonds	\$57,617,333	AAA
Investment Pools & MMFs	61,980,666	AAA
Exempt Investments	27,048,761	N/A
Non-compliant Investment	589,726	NR
Total	\$316,915,359	AAA

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 \$65,817,636 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.

Concentration of Credit Risk

Issuer	Percent of Total	Issuer Full Name
Exempt	21.10%	
FNMA	20.83%	Federal National Mortgage Association
FHLMC	11.93%	Federal Home Loan Mortgage Corporation
JPMCC	8.69%	JP Morgan Credit Card Trust
GNMA	7.14%	Government National Mortgage Association
GMACC	5.45%	GMAC Commercial Mortgage Securities

Securities Where Issuer Represents More Than 5% of Portfolio

Description	CUSIP	Market Value	Issuer
JPMCC 04-CB9 A4	46625M6W4	17,499,519.54	JPMCC
GMACC 05-C1 A4	361849M82	17,242,583.00	GMACC
FHR 3708 UG	3137A1KQ5	15,637,830.69	FHLMC
GNR 10-161 AB	38376GZA1	10,610,728.50	GNMA
JPMCC 03-CB7 A4	46625MP29	9,965,784.97	JPMCC
FHR 4165-CA	3137AYQY0	9,443,225.50	FHLMC
FHR 3986 TC	3137AKBY6	7,452,763.17	FHLMC
FHR 4039 JA	3137AQNA2	4,674,077.63	FHLMC
GNR 09-115 AD	38376GCR9	2,830,855.77	GNMA
GNR 13-26 GA	38378JBV3	2,182,491.97	GNMA
GNR 11-51 JM	38377VKS4	2,011,167.86	GNMA
GNR 09-99 A	38376GBS8	1,739,507.94	GNMA
GNR 08-38 PS	38375QGZ6	1,381,198.58	GNMA
GNR 09-71 A	38376GAG5	1,128,891.86	GNMA
GNR 10-52 AE	38376GGU8	731,663.71	GNMA
FHR 2948 YD	31395PQP0	459,120.41	FHLMC
FHR 2962 BP	31395TQ49	138,067.58	FHLMC

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.

Interest Rate Risk

The district's Investment Policy (6144) requires the average duration of the portfolio to be less than five years.

Modified Duration Risk

Modified duration expresses the amount of time in years until half of the principal is returned. This calculation takes into account the coupon rate, interest and principal payment frequency, call options, and sensitivity of price to changes in interest rates. Factors that extend the return of principal, or make it more time uncertain, increase the duration. Factors that quicken the return of principal, or make it

more time certain, decrease the duration. Duration will also change as the level of interest rates in the economy rise and fall. With the current level of interest rates, the above table indicates that the district will receive 50% of invested principal in 1.14 years, or 13.68 months.

Floating/Adjustable Interest Rate Risk

The district currently has \$15,663,880 invested in securities with floating or adjustable interest rate risk. \$15,663,880 is invested in floating rate bonds. The coupon on these bonds resets monthly, or quarterly, based on an index rate. The coupons on these bonds range from 0.45% to 6.16%.

Call Option Risk

There are three types of call options, "one-time" calls, "discrete" calls and "continuous" calls. These are listed in order of increasing risk. A one-time call means that at one specified time before maturity, the issuer of a bond has the option to call the bond, or buy it back from investors. A discrete call means that at specific times, usually either quarterly or semi-annually, before maturity, the issuer can call the bond. A continuous call means that starting at a specified point in time, usually an interest payment date, and at any time thereafter, up to the maturity date, the issuer can call the bond. The district currently has no callable bonds.

MBS Prepayment Risk

There are two types of Mortgage-Backed Securities (MBSs) in which the district invests. Agency pools are collections, or pools, of mortgages in which the investor receives the principal and interest payments in the same proportion as the borrowers pay them. CMO bonds are backed by mortgage pools, however, the principal payment of the bond has been altered to be either more or less time certain than the underlying mortgages.

MBSs have a unique type of "call" risk, in that homeowners may opt to prepay their mortgage at any time. While there are many factors which determine whether a homeowner will prepay their mortgage, one of the most significant is the level of interest rates. When rates fall it is more advantageous to the homeowner to refinance their mortgage to a lower rate. When rates rise, this type of prepayment will decrease.

The district's MBS/ABS bonds range in duration from 0.06 years to 4.09 years.

Interest Rate Risk

Category	Market Value	Mod. Dur.
MBS Agency ARMs/FR	2,000,020	3.50
MBS Agency CMOs	124,477,724	1.91
Corporate FR ABS	13,663,860	1.12
Corporate ABS	52,153,776	0.76
Other MBS Bonds	57,617,333	0.59
Investment Pool	26,909,705	0.52
Exempt	40,092,942	0.00
Portfolio	\$316,915,359	1.14