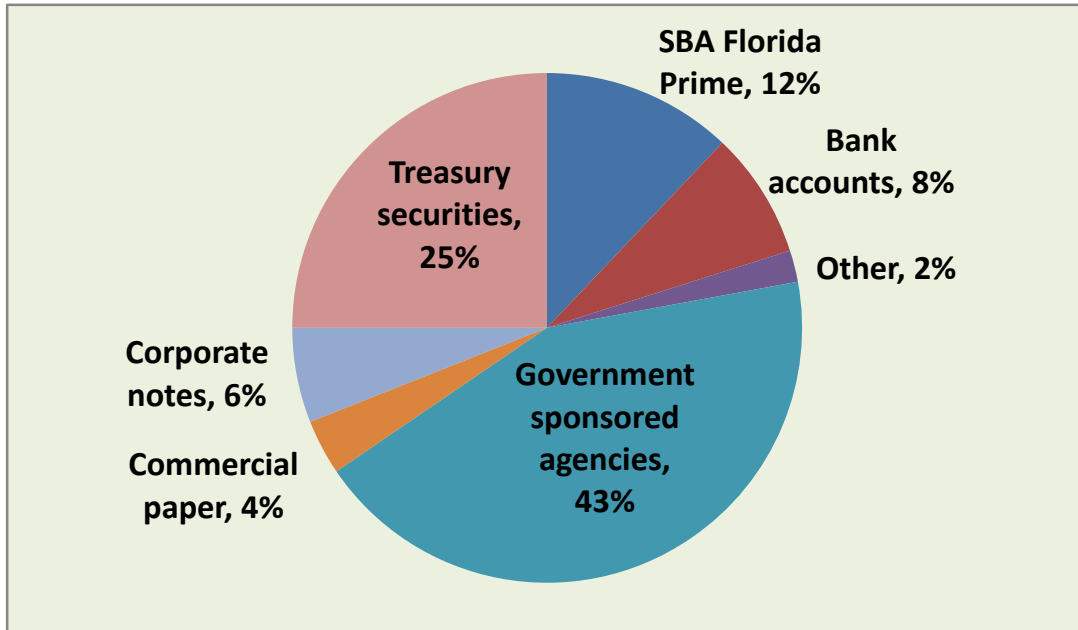




Hillsborough County Board of County Commissioners Investment Portfolio Report for Month Ended September 30, 2011



Investments by Asset Class	Market Value in thousands	Maximum by Policy*	Actual Allocation
Bank accounts ¹	\$ 134,275	100 %	8.1 %
State of FL, SBA Florida Prime (money mkt pool)	200,948	50 %	12.1 %
US Treasury securities	413,675	100 %	24.9 %
US government sponsored agencies' securities	718,123	60 %	43.2 %
Commercial paper notes	59,361	20 %	3.5 %
Corporate notes	81,030	15 %	4.9 %
Corporate notes with FDIC guarantee	23,815		1.4 %
Other:			
Money market mutual funds	17,834	50 %	1.1 %
Municipal bonds (general obligation)	10,671	25 %	0.6 %
Accrued interest at purchase	3,135	--	0.2 %
Total BOCC Investment Portfolio	\$ 1,662,867		100.0 %

*The objectives of the **County's Investment Policy** (Ordinance 08-6) are safety of principal, maintenance of liquidity, and return on investment, in that order. The BOCC Investment Portfolio meets these objectives. The chart above shows that the investment portfolio is invested in safe investments. In addition, there is sufficient liquidity to meet operational needs. The portfolio also has a low overall weighted average "days to maturity" of only 413 days.

¹These bank deposits are secured by the multiple financial institution collateral pool set up by Chapter 280, Florida Statutes, or FDIC coverage. Qualified Public Depositories (QPDs) are required to pledge eligible securities as collateral. Any losses to governmental depositors are covered by the sale of collateral, and by assessments to other QPDs if needed.

Hillsborough County Board of County Commissioners
Investment Portfolio Report for Month Ended September 30, 2011
(Continued)

Interest Earnings, in thousands	Current Month	Fiscal Yr to Date
Actual interest earned	\$ 1,765	14,236
Fair value change ²	(2,492)	203
Total return	<u>\$ (727)</u>	<u>14,439</u>
Actual rate of return ³	1.30 %	0.82 %

²**Fair value change** shows the net change in the market value of the investment portfolio. It shows unrealized gains and losses during the period. Volatility in market interest rates is a major cause of fair value change fluctuations during the period. The investment portfolio can be set up to reduce fluctuations in value by having a shorter "days to maturity." Here is an example of how rising or falling interest rates affect the value of the investment portfolio:

- If market interest rates rise by 0.3 percentage points, then the portfolio will lose 0.3% in value.
 - If market interest rates fall by 0.3 percentage points, then the portfolio will gain 0.3% in value.
- Reducing the weighted average "days to maturity" would reduce risk (fluctuations in value), but it would also reduce potential gains. The investment portfolio's "days to maturity" is currently at a relatively low risk level of 413 days.

³The focus of this report is on actual interest earnings, because actual interest earnings are available to be spent as budgeted by the Board of County Commissioners. The unrealized gain or loss associated with fair value change is not available to be spent unless the entire investment portfolio were liquidated (converted to cash).

This report was prepared by the Clerk of Circuit Court's County Finance Department. For more information contact Finance Director Timothy Simon at 813.307.7032 or Assistant Finance Director Ajay Gajjar at 813.307.7026.