

**CLERK OF COURTS
LAKE COUNTY, FLORIDA
Semi Annual Investment Report for FY 13
December 31, 2012**

I. INTRODUCTION

In accordance with the investment ordinance adopted 7/19/05, an investment report is submitted to the Board of County Commissioners semiannually.

II. INVESTMENT OBJECTIVES

To ensure that excess funds of the Board of County Commissioners are invested in a manner to maximize yield and at the same time minimize risk, maintain liquidity and demonstrate legal compliance.

III. CASH AND INVESTMENT BALANCES AT DECEMBER 31, 2012

Cash and investments held by the County consist of: a checking account, a money market account, a savings account, certificates of deposit, U.S. Agency Securities, US Treasury Notes, and the Florida Government Investment Trust Fund (FLGIT). Our checking account, savings account and money market accounts are considered qualified public deposits, thus, are collateralized in accordance with state statutes. If the qualified public depository should fail, other participating banks would be required to pay the County for any loss that may have been incurred.

Funds invested include excess operating funds and proceeds from borrowings. At December 31, 2012, cash and investments amounted to \$171,499,269 compared to \$206,394,535, at December 31, 2011. A detail listing of these balances and the current yield is attached as Exhibit A.

IV. MATURITY DISTRIBUTION OF PORTFOLIO

Exhibit B demonstrates the maturity distribution of cash and investments held at December 31, 2012. This graph indicates that about 64% of our cash is invested in securities maturing within six months. The weighted average maturity of the portfolio at 12/31/12 is 215 days or .6 years (Exhibit C). Our investment ordinance requires a weighted average maturity of less than two years.

V. MARKET AND INVESTMENT CONDITIONS:

The following is a summary of recent rates from prior reports compared to current rates:

<u>Type of Investment</u>	<u>12/31/12</u>	<u>6/30/12</u>	<u>12/31/11</u>	<u>6/30/11</u>	<u>12/31/10</u>
Six Month Treasury Bill	.132%	.15%	.056%	.10%	.23%
Two Year Treasury Note	.125%	.25%	.125%	.38%	.63%
Florida Prime	.22%	.31%	.29%	.23%	.26%
Lake County's Weighted Avg Int Rate	.754%	.81%	1.46%	1.40%	1.59%

VI. ECONOMIC DEVELOPMENTS

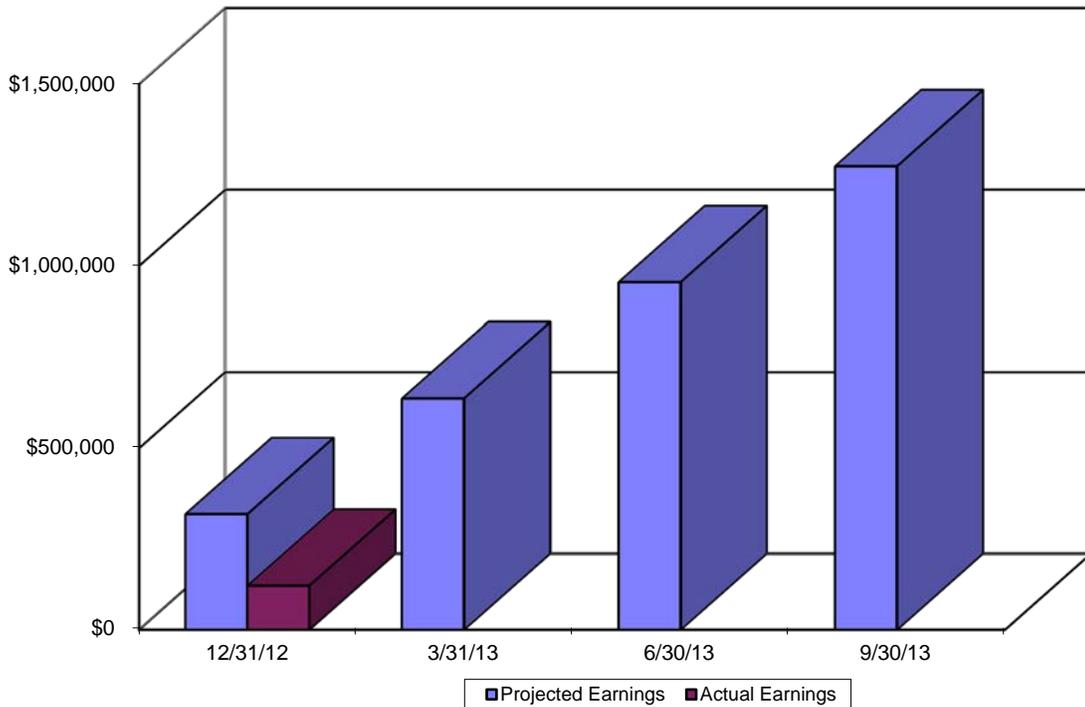
The economic recovery has been slow and interest rates have been at low levels since the end of 2008. The Federal Reserve has announced its intention to keep the fed funds rate at 0 to .25% as long as the unemployment rate is above 6.5% and inflation is projected to be no higher than 2.5% in the next two years.

We will continue to invest funds carefully in order to ensure safety of principal and adequate liquidity.

VII. INTEREST EARNED TO DATE VS PROJECTED EARNINGS

Our adopted budget for interest income for 2013 is \$1,274,254. At 12/31/12, our actual earnings were \$121,480 which is 10% of the budget with 25% of the year elapsed.

**INTEREST EARNED TO DATE
VS PROJECTED EARNINGS**



VIII. PORTFOLIO GROWTH

The following is a comparison of the investment portfolio at the date indicated:

Type of Investment:	12/31/2012	6/30/2012	12/31/11	6/30/2011
Checking	\$ 39,565,457	\$ 28,452,370	\$ 85,126,790	\$ 55,843,875
Money Market	20,053,473	20,014,304	-	-
Savings	40,521,078	10,012,872	-	-
Certificates of Deposit	20,000,000	50,000,000	55,000,000	61,910,500
US Agencies	15,018,116	20,000,000	30,178,650	40,014,200
US Treasuries	10,144,000	10,394,750	10,394,750	10,588,282
FLGIT	26,197,145	25,990,838	25,694,345	25,607,076
Total	\$ 171,499,269	\$ 164,865,134	\$ 206,394,535	\$ 193,963,933

Notes: Cash and investment balances fluctuate during the year. Bond proceeds are included above as follows: \$8,746,636, \$13,840,349, \$25,151,396, and \$30,680,258, at December 31, 2012, June 30, 2012, December 31, 2011, and June 30, 2011, respectively. The decrease in the portfolio balance over the last year results primarily from the decrease in bond proceeds and a decrease in ad valorem taxes. Bond proceeds were used for the Judicial Center Expansion.

In addition, December balances are typically higher due to the collection of ad valorem taxes.

Portfolio requirements from our investment ordinance:

- No more than 60% invested in certificates of deposit
- No more than 30% invested in US government agencies
- No more than 30% in any one institution unless the institution is a certified public depository

December 31, 2012 portfolio balance: \$171,499,269
 60% equals \$102,899,561
 30% equals \$ 51,449,781

Amount invested in certificates of deposit: \$20,000,000 which is less than \$102,899,561

Amount invested in US agencies: \$15,018,116 which is less than \$51,449,781

Amount at any one institution: BB&T \$80,086,535
 Less funds that are qualified public deposits (80,086,535)

We are in compliance with our portfolio limits.

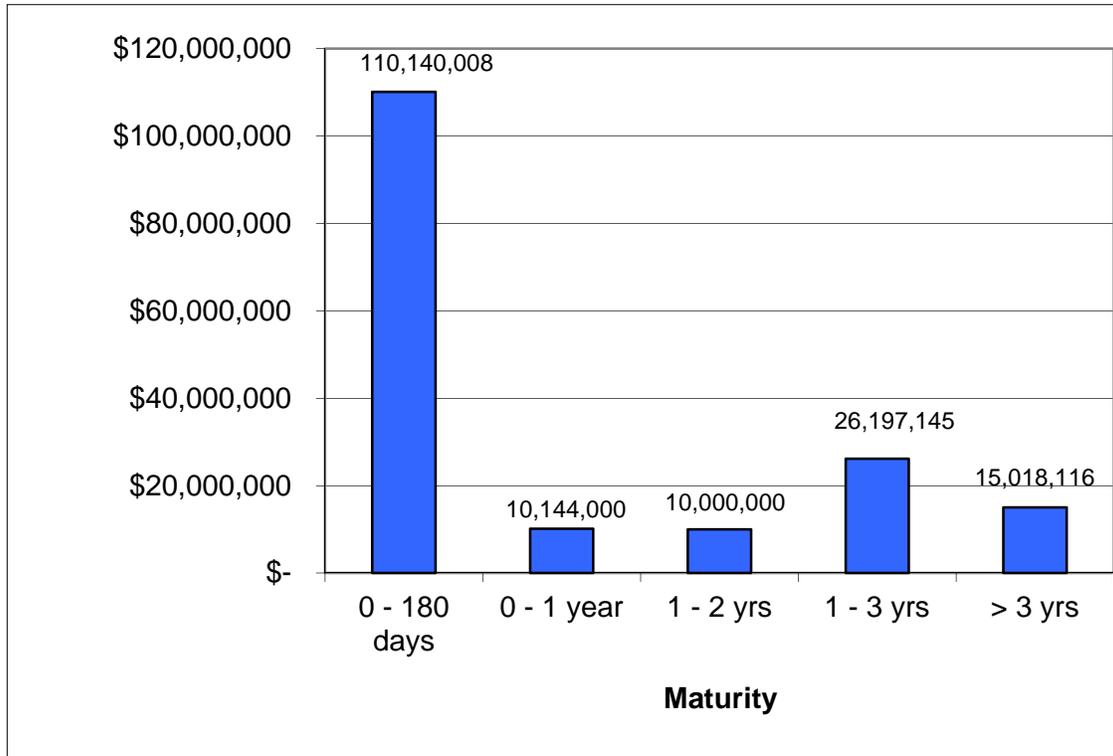
**CLERK OF COURTS
LAKE COUNTY, FLORIDA
Cash and Investments
December 31, 2012
Exhibit A**

<u>Maturity Date</u>	<u>Type of Investment</u>	<u>Cost at 12/31/12</u>	<u>Market/Par Value at 12/31/2012</u>	<u>Yield</u>
Short term Investments:				
	Cash - Demand	\$ 39,565,457	\$ 39,565,457	0.85% *
	M&I Money Market Account	20,053,473	20,053,473	0.45%
	BB&T Public Funds Savings	40,521,078	40,521,078	0.15%
	Total Short term Investments	<u>100,140,008</u>	<u>100,140,008</u>	
Certificates of Deposit:				
03/15/13	B B & T	10,000,000	10,000,000	1.15%
03/15/14	B B & T	10,000,000	10,000,000	1.60%
	Total Certificates of Deposit	<u>20,000,000</u>	<u>20,000,000</u>	
US Agency Securities:				
02/22/16	3.75 years note FNMA	10,005,900	10,006,000	0.60%
09/06/17	5.00 years note FHLB	2,285,198	2,282,987	1.08%
06/12/17	5.00 years note FHLB	2,727,018	2,724,243	1.00%
		<u>15,018,116</u>	<u>15,013,230</u>	
US Treasuries				
03/31/13	5 year note	5,058,000	5,058,000	2.60%
04/30/13	5 year note	5,086,000	5,086,000	3.16%
	Total US Treasuries	<u>10,144,000</u>	<u>10,144,000</u>	
Various	FI Local Govt Invstmnt Trust	<u>26,197,145</u>	<u>26,197,180</u>	0.52%
	TOTAL	<u>\$ 171,499,269</u>	<u>\$ 171,494,418</u>	

* Earnings credit rate used to offset bank charges

**CLERK OF COURTS
LAKE COUNTY, FLORIDA
Cash and Investments-Maturity Distribution of Portfolio
December 31, 2012**

Exhibit B



Description	Time to Maturity	Amount
Certificates of Deposit	0 - 180 days	10,000,000
Money Market Account	0 - 180 days	20,053,473
Public Funds Savings Account	0 - 180 days	40,521,078
Cash - Demand	0 - 180 days	39,565,457
Certificates of Deposit	0 - one year	-
US Treasuries	0 - one year	10,144,000
Certificates of Deposit	One to two years	10,000,000
US Agencies	One to two years	-
US Treasuries	One to two years	-
Certificates of Deposit	One to three years	-
FLGIT	One to three years	26,197,145
US Agencies	One to three years	-
US Agencies	Over three years	15,018,116
US Treasuries	Over three years	-
Certificates of Deposit	Over three years	-
		\$ 171,499,269

**CLERK OF COURTS
LAKE COUNTY, FLORIDA
Average Maturity at December 31, 2012
Exhibit C**

Maturity Date	Type of Investment	(From 12/31/12)		Weighted Average	Interest Rate	Weighted Average Interest
		Cost at 12/31/2012	Days O/S			
Short term Investments:						
	Cash - Demand	\$ 39,565,457	1	\$ 39,565,457 *	0.85%	\$ -
	M&I Money Market	20,053,473	1	20,053,473	0.45%	90,241
	BB&T Savings	40,521,078	1	40,521,078	0.15%	60,782
		<u>100,140,008</u>		<u>100,140,008</u>		<u>151,022</u>
						0.15%
Certificates of Deposit:						
03/15/13	B B & T	10,000,000	74	740,000,000	1.15%	8,510,000
03/15/14	B B & T	10,000,000	439	4,390,000,000	1.60%	70,240,000
		<u>20,000,000</u>		<u>5,130,000,000</u>		<u>78,750,000</u>
						1.54%
US Agency Securities:						
02/22/16	3.75 years note FNMA	10,005,900	1148	11,486,773,200	0.60%	68,920,639
09/06/17	5.00 years note FHLB	2,285,198	1710	3,907,688,580	1.08%	42,203,037
06/12/17	5.00 years note FHLB	2,727,018	1624	4,428,677,232	1.00%	44,286,772
		<u>15,018,116</u>		<u>19,823,139,012</u>		<u>155,410,448</u>
						0.78%
US Treasuries:						
03/31/13	5 year note	5,058,000	90	455,220,000	2.60%	11,835,720
04/30/13	5 year note	5,086,000	120	610,320,000	3.16%	19,280,009
		<u>10,144,000</u>		<u>1,065,540,000</u>		<u>31,115,729</u>
						2.92%
Various	FI Local Govt Invstmnt Tr	26,197,145	726	19,028,296,271	0.52%	98,947,141
	TOTAL	<u>\$ 171,499,269</u>		<u>\$ 36,810,749,479</u>		<u>\$ 277,733,509</u>
	Weighted Avg Maturity	214.64	Days	Weighted average		
		0.59	Years	interest rate =		0.754%

* Earnings credit rate used to offset bank charges