

**CLERK OF COURTS  
LAKE COUNTY, FLORIDA  
Semi Annual Investment Report for FY 07-08  
December 31, 2007**

**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, 2007**

Cash and investments held by the County consist of: an interest-bearing checking account at Wachovia, four accounts at the Florida Local Government Surplus Funds Trust Fund investment pool administered by the State Board of Administration (commonly referred to as the SBA), certificates of deposit, U.S. Agency Securities, US Treasury Notes, an interest bearing NOW account at SunTrust, and the Florida Government Investment Trust Fund (FLGIT).

Funds invested include excess operating funds and proceeds from borrowings. At December 31, 2007, cash and investments amounted to \$379,782,371 compared to \$274,928,748, at December 31, 2006. The large increase from December, 2006 is the addition of \$121,040,615 in bond proceeds. In May, the County issued Capital Improvement Revenue Bonds in the amount of \$87,455,000 and Limited General Obligation bonds in the amount of \$34,720,000. A detail listing of these balances and the current yield is attached as Exhibit A.

**INVESTMENT IN THE SBA:**

On November 14, 2007, we learned from an article published by Bloomberg, that the SBA was holding \$2.2 billion in debt that had been downgraded to junk bond status. Over the next two weeks we contacted the SBA and were assured that the fund had adequate liquidity. However, other governments had started withdrawing their investments and the Clerk felt that we should withdraw our funds as well in order to protect the assets of the County. As a result, we withdrew \$144,131,480 in excess operating funds and bond proceeds for the Board of County Commissioners, and \$21,770,951 for the Clerk and Lake County Water Authority. We left \$1,000 in each account to keep it open. On November 29, 2007 the fund was closed to withdrawals. Since that time, several

changes have been made to improve the operations and status of the fund, but we have not made any additional deposits.

#### **IV. MATURITY DISTRIBUTION OF PORTFOLIO**

Exhibit B shows the maturity distribution of cash and investments held at December 31, 2007. This graph indicates that about 51% of our cash is invested in securities maturing within six months. The weighted average maturity of the portfolio at 12/31/07 is 267 days or .73 years (Exhibit C). Our investment policy 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>12/31/07</u>	<u>06/30/07</u>	<u>12/31/06</u>	<u>06/30/06</u>
Six month Treasury Bill	3.32%	4.77%	4.87%	5.17%
Two year Treasury Note	2.88%	4.86%	4.71%	5.15%
SBA	4.79%	5.39%	5.34%	5.17%

Interest rates have decreased since June, 2006 and, with the recent action taken by the Fed, interest rates are likely to go down even further. We will continue to invest in the 1-3 year range. The weighted average maturity of our portfolio is about seven months and the weighted average interest rate is 4.5%.

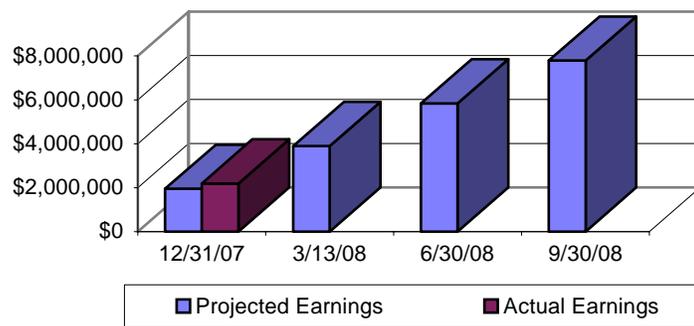
#### **VI. ECONOMIC DEVELOPMENTS**

The GDP grew at a rate of 4.9% in the third quarter of 2007, compared to 3.8% in the third quarter of 2006. Prices were 4.1% higher compared to December, 2006.

**VII. INTEREST EARNED TO DATE VS PROJECTED EARNINGS**

Our budget for interest income for 2008 is \$7,786,458. At December 31, 2007, our actual earnings were approximately \$2,189,900. The significant earnings over budget are primarily from the investment of bond proceeds which was not anticipated at the time the budget was adopted.

**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:	12/31/2007	06/30/2007	12/13/2006	6/30/2006
<b>SBA</b>	\$ 4,000	\$ 212,772,964	\$ 141,397,609	\$ 71,235,674
<b>FLGIT</b>	14,339,841	13,795,649	12,942,649	12,942,649
<b>Certificates of Deposit</b>	81,000,000	65,000,000	62,000,000	62,000,000
<b>U. S. Agencies</b>	63,248,456	57,440,517	47,113,130	57,192,035
<b>SunTrust NOW Acct</b>	11,408,004	11,131,477	10,845,360	10,315,816
<b>US Treasuries</b>	62,452,414	-	-	-
<b>Wachovia</b>	147,329,656	-	-	-
<b>Total</b>	<b>\$379,782,371</b>	<b>\$ 360,140,607</b>	<b>\$ 274,298,748</b>	<b>\$ 213,686,174</b>

**Portfolio requirements from our investment policy:**

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

December 31, 2007 portfolio balance:	\$379,782,371
60% equals	\$227,869,423
30% equals	\$113,934,711
Amount invested in certificates of deposit:	\$81,000,000 which is less than \$227,869,423
Amount invested in US agencies:	\$63,248,456 which is less than \$113,934,711
Amount at any one institution: Wachovia	\$147,329,656 which exceeds by \$33,394,945

We are not in compliance with our policy for portfolio limits for the amount invested in any one institution. We will move the excess funds into US Treasuries. Wachovia, as well as all the banks we do business with, is a qualified public depository so our funds are secure.

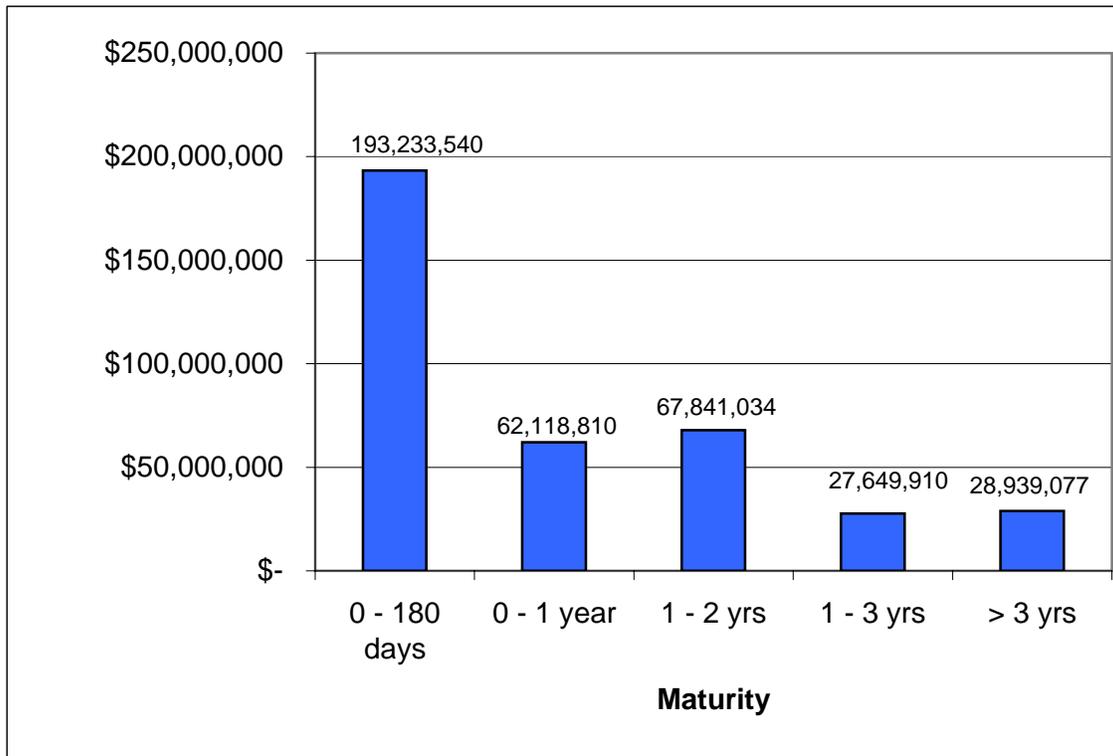
**CLERK OF COURTS  
LAKE COUNTY, FLORIDA  
Cash and Investments  
December 31, 2007  
Exhibit A**

<b>Maturity Date</b>	<b>Type of Investment</b>	<b>Cost at 12/31/07</b>	<b>Market Value at 12/31/07</b>	<b>Yield</b>	
<b>Short term Investments:</b>					
N/A	SBA-All Accounts	\$ 4,000	\$ 4,000	4.79%	
	Wachovia Demand Account	147,329,656	147,329,656	3.39%	
	SunTrust NOW Account (Bond Funds)	11,408,004	11,408,004	4.54%	
		<u>158,741,660</u>	<u>158,741,660</u>		
<b>Certificates of Deposit:</b>					
02/22/08	Colonial Bank	2,000,000	2,000,000	5.24%	
02/22/08	Colonial Bank	1,000,000	1,000,000	5.24%	
03/02/08	Colonial Bank	3,500,000	3,500,000	3.40%	
04/18/08	Colonial Bank	2,500,000	2,500,000	5.15%	
05/12/08	Colonial Bank	5,000,000	5,000,000	5.03%	
06/30/08	Colonial Bank	5,000,000	5,000,000	5.31%	
07/01/08	Colonial Bank	1,000,000	1,000,000	5.65%	
07/16/08	Colonial Bank	2,000,000	2,000,000	5.50%	
07/24/08	Colonial Bank	2,000,000	2,000,000	5.15%	
11/12/08	Colonial Bank	5,000,000	5,000,000	4.75%	
11/12/08	Colonial Bank	5,000,000	5,000,000	4.75%	
11/12/08	Colonial Bank	5,000,000	5,000,000	4.75%	
01/31/09	Colonial Bank	8,000,000	8,000,000	3.75%	
09/07/11	Colonial Bank	2,500,000	2,500,000	4.70%	
09/18/11	Colonial Bank	2,000,000	2,000,000	4.70%	
09/24/11	Colonial Bank	1,000,000	1,000,000	4.79%	
09/26/11	Colonial Bank	2,000,000	2,000,000	4.79%	
		<u>54,500,000</u>	<u>54,500,000</u>		
04/19/08	Riverside Bank	2,500,000	2,500,000	4.95%	
06/20/08	Riverside Bank (Bond Funds)	4,000,000	4,000,000	4.07%	
09/20/08	Riverside Bank (Bond Funds)	15,000,000	15,000,000	3.93%	
		<u>21,500,000</u>	<u>21,500,000</u>		
04/10/08	Public Bank	5,000,000	5,000,000	4.83%	
		<u>81,000,000</u>	<u>81,000,000</u>		
<b>US Agency Securities:</b>					
01/28/08	2.5 year note	FNMA	1,995,620	1,999,380	4.30%
03/06/08	2.5 year note	FHLB	1,996,260	1,999,380	4.50%
08/15/08	3 year note	FHLMC	2,998,920	3,005,280	4.63%
09/22/08	3 year note	FHLB	2,998,140	3,005,640	4.54%
02/05/09	1.75 years	FHLB	7,017,500	7,008,750	5.25%
02/25/09	5 year note	FHLB	11,492,870	11,510,810	4.00%
03/26/10	3 year note	FHLMC	6,285,989	6,286,302	5.13%
04/16/10	3 year note	FHLB	7,024,080	7,024,080	5.25%
04/18/11	4 year note	FHLB	7,028,420	7,026,250	5.25%
05/23/11	3.75 year note	FHLB	2,370,337	2,372,532	5.30%
09/24/12	5 year note	FFCB	3,012,180	3,028,140	5.37%
09/26/12	5 year note	FNMA	6,028,140	6,060,000	5.35%
10/02/12	5 year note	FHLMC	3,000,000	3,029,790	5.30%
			<u>63,248,456</u>	<u>63,356,334</u>	

**CLERK OF COURTS  
LAKE COUNTY, FLORIDA  
Cash and Investments  
December 31, 2007  
Exhibit A**

	<b>US Treasuries: (All bond funds)</b>			
12/31/08	1 year note	21,121,750	21,092,448	4.75%
03/15/09	1.25 year note	14,910,351	14,910,900	2.65%
06/30/09	1.5 year note	6,154,688	6,153,780	4.88%
09/15/09	1.75 year note	15,065,625	15,078,450	3.38%
11/30/09	2 year note	5,200,000	5,205,668	3.13%
		<u>62,452,414</u>	<u>62,441,246</u>	
	<b>Subtotal-Treasuries and Agencies</b>	125,700,870	125,797,580	
<b>Various</b>	FI Local Govt Invstmnt Trust	<u>14,339,841</u>	<u>13,820,346</u>	5.64%
	<b>TOTAL</b>	<u><u>\$ 379,782,371</u></u>	<u><u>\$ 379,359,586</u></u>	

**CLERK OF COURTS  
LAKE COUNTY, FLORIDA  
Cash and Investments-Maturity Distribution of Portfolio  
December 31, 2007  
Exhibit B**



Description	Time to Maturity	Amount
SBA	0 - 180 days	\$ 4,000
SunTrust NOW	0 - 180 days	11,408,004
Certificates of Deposit	0 - 180 days	30,500,000
US Agencies	0 - 180 days	3,991,880
Wachovia	0 - 180 days	147,329,656
Certificates of Deposit	0 - one year	35,000,000
US Agencies	0 - one year	5,997,060
US Treasuries	0 - one year	21,121,750
Certificates of Deposit	One to two years	8,000,000
US Agencies	One to two years	18,510,370
US Treasuries	One to two years	41,330,664
FLGIT	One to three years	14,339,841
US Agencies	One to three years	13,310,069
US Agencies	Over three years	21,439,077
Certificates of Deposit	Over three years	7,500,000
		<u>\$ 379,782,371</u>

**CLERK OF COURTS  
LAKE COUNTY, FLORIDA  
Average Maturity at December 31, 2007**

**Exhibit C  
(From 12/31/07)**

<b>Maturity Date</b>	<b>Type of Investment</b>	<b>Cost at 12/31/2007</b>	<b>Days Outstanding</b>	<b>Weighted Average</b>	<b>Interest Rate</b>	<b>Weighted Average Interest</b>
<b>Short term Investments:</b>						
N/A	SBA-All Accounts	\$ 4,000	90	360,000	4.79%	17,244
	Wachovia Demand Account	147,329,656	1	147,329,656	3.39%	4,994,475
	SunTrust NOW Account	11,408,004	90	1,026,720,360	4.54%	46,613,104
		<u>158,741,660</u>		<u>1,174,410,016</u>		<u>51,624,824</u>
						4.40%
<b>Certificates of Deposit:</b>						
02/22/08	Colonial Bank	2,000,000	53	106,000,000	5.24%	5,554,400
02/22/08	Colonial Bank	1,000,000	53	53,000,000	5.24%	2,777,200
03/02/08	Colonial Bank	3,500,000	62	217,000,000	3.40%	7,378,000
04/10/08	Public Bank	5,000,000	101	505,000,000	4.83%	24,391,500
04/18/08	Colonial Bank	2,500,000	109	272,500,000	5.15%	14,033,750
04/19/08	Riverside Bank	2,500,000	110	275,000,000	4.95%	13,612,500
05/12/08	Colonial Bank	5,000,000	133	665,000,000	5.03%	33,449,500
06/20/08	Riverside Bank (Bond Fund)	4,000,000	172	688,000,000	4.07%	28,001,600
06/30/08	Colonial Bank	5,000,000	182	910,000,000	5.28%	48,048,000
07/01/08	Colonial Bank	1,000,000	183	183,000,000	5.28%	9,662,400
07/16/08	Colonial Bank	2,000,000	198	396,000,000	5.50%	21,780,000
07/24/08	Colonial Bank	2,000,000	206	412,000,000	5.15%	21,218,000
09/20/08	Riverside Bank (Bond Fund)	15,000,000	266	3,990,000,000	3.93%	156,807,000
11/12/08	Colonial Bank	5,000,000	319	1,595,000,000	4.75%	75,762,500
11/12/08	Colonial Bank	5,000,000	319	1,595,000,000	4.75%	75,762,500
11/12/08	Colonial Bank	5,000,000	319	1,595,000,000	4.75%	75,762,500
01/31/09	Colonial Bank	8,000,000	396	3,168,000,000	3.75%	118,800,000
09/07/11	Colonial Bank	2,500,000	1348	3,370,000,000	4.70%	158,390,000
09/18/11	Colonial Bank	2,000,000	1357	2,714,000,000	4.70%	127,558,000
09/24/11	Colonial Bank	1,000,000	1363	1,363,000,000	4.79%	65,287,700
09/26/11	Colonial Bank	2,000,000	1365	2,730,000,000	4.79%	130,767,000
		<u>81,000,000</u>		<u>26,696,500,000</u>		<u>1,209,249,650</u>
						4.53%
<b>US Agency Securities:</b>						
01/28/08	2.5 year note FNMA	1,995,620	28	55,877,360	4.30%	2,402,726
03/06/08	2.5 year note FHLB	1,996,260	66	131,753,160	4.50%	5,928,892
08/15/08	3 year note FHLMC	2,998,920	230	689,751,600	4.63%	31,901,012
09/22/08	3 year note FHLB	2,998,140	268	803,501,520	4.54%	36,478,969
02/05/09	1.75 years FHLB	7,017,500	401	2,814,017,500	5.25%	147,735,919
02/25/09	5 year note FHLB	11,492,870	421	4,838,498,270	4.00%	193,539,931
03/26/10	3 year note FHLMC	6,285,989	815	5,123,081,035	5.13%	262,557,903
04/16/10	3 year note FHLB	7,024,080	836	5,872,130,880	5.25%	308,286,871
04/18/11	4 year note FHLB	7,028,420	1203	8,455,189,260	5.25%	443,897,436
05/23/11	3.75 year note FHLB	2,370,337	1238	2,934,477,206	5.30%	155,527,292
09/24/12	5 year note FFCB	3,012,180	1730	5,211,071,400	5.37%	279,834,534
09/26/12	5 year note FNMA	6,028,140	1732	10,440,738,480	5.35%	558,579,509
10/02/12	5 year note FHLMC	3,000,000	1738	5,214,000,000	5.30%	276,342,000
		<u>63,248,456</u>		<u>28,783,800,585</u>		<u>1,432,729,659</u>
						4.98%

**US Treasuries: (All bond funds)**

12/31/08	1 year note	21,121,750	365	7,709,438,750	4.75%	366,198,341
03/15/09	1.25 year note	14,910,351	439	6,545,644,089	2.65%	173,459,568
06/30/09	1.5 year note	6,154,688	549	3,378,923,712	4.88%	164,722,531
09/15/09	1.75 year note	15,065,625	626	9,431,081,250	3.38%	318,298,992
11/30/09	2 year note	<u>5,200,000</u>	702	<u>3,650,400,000</u>	3.13%	<u>114,075,000</u>
		62,452,414		30,715,487,801		1,136,754,432
						3.70%

<b>Various</b>	FI Local Govt Invstmnt Trus	<u>14,339,841</u>	971	<u>13,922,551,627</u>	5.64%	<u>784,675,010</u>
	<b>TOTAL</b>	<u>\$ 379,782,371</u>		<u>\$ 101,292,750,029</u>		<u>4,615,033,575</u>

Weighted Avg Maturity	266.71	Days	Weighted average	
	0.73	Years	interest rate =	4.556%