

**CLERK OF COURTS  
LAKE COUNTY, FLORIDA  
Semi Annual Investment Report for FY 09-10  
June 30, 2010**

**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 JUNE 30, 2010**

Cash and investments held by the County consist of: an interest-bearing checking account at Wachovia, certificates of deposit, U.S. Agency Securities, US Treasury Notes, and the Florida Government Investment Trust Fund (FLGIT).

Funds invested include excess operating funds and proceeds from borrowings. At June 30, 2010, cash and investments amounted to \$228,148,490 compared to \$236,104,092, at June 30, 2009. 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 June 30, 2010. This graph indicates that about 32% of our cash is invested in securities maturing within six months. The weighted average maturity of the portfolio at 6/30/2010 is 444 days or 1.22 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>6/30/10</u>	<u>12/31/09</u>	<u>6/30/09</u>	<u>12/31/08</u>
Six Month Treasury Bill	0.21%	0.20%	0.36%	0.25%
Two Year Treasury Note	0.63%	1.00%	1.12%	0.83%
SBA	0.35%	0.21%	0.60%	0.99%
Lake County's Weighted Avg Int Rate	1.61%	2.05%	2.46%	3.05%

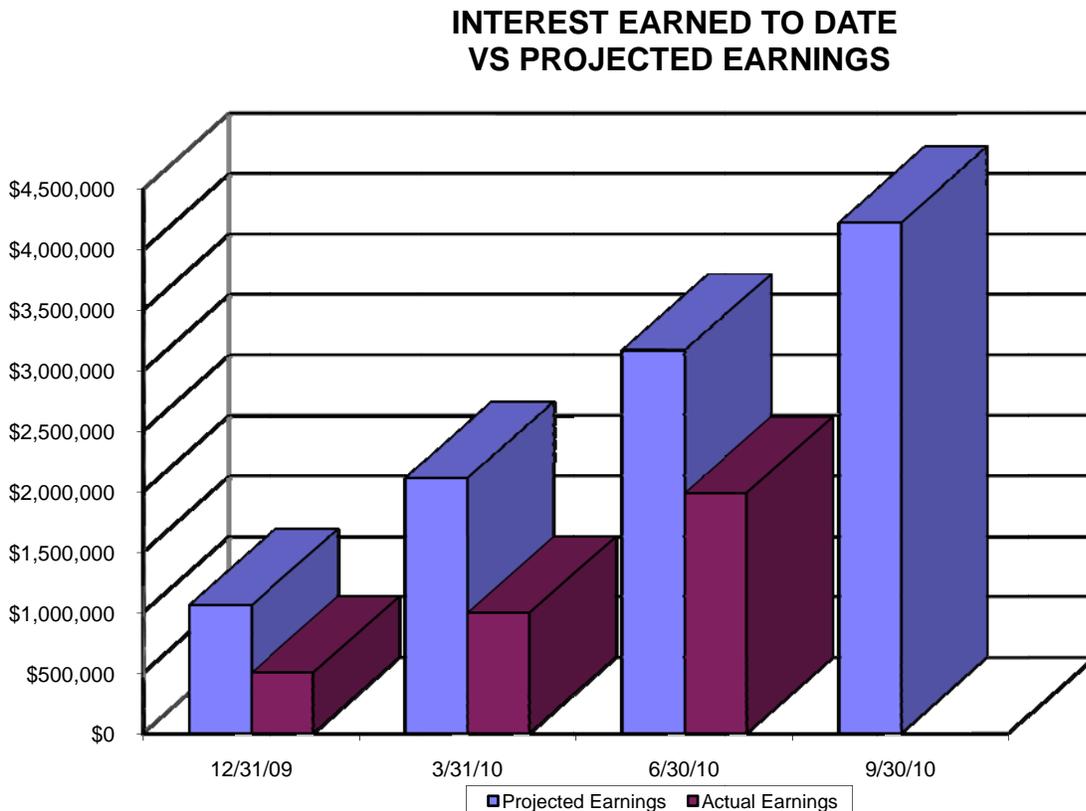
Interest rates are still low. The Fed Funds rate, which determines the interest we receive on our Wachovia account, remains at a range from 0% to .25%. Wachovia recently decreased the interest rate on our checking account from 0.40% to 0.25%.

## VI. ECONOMIC DEVELOPMENTS

Technically, the economic recession that began in December, 2007 ended in mid-2009 when the GDP increased in two consecutive quarters. However, interest rates are still low and will likely remain low for the rest of the year. We continue to invest funds carefully to ensure the return of principal.

## VII. INTEREST EARNED TO DATE VS PROJECTED EARNINGS

Our revised budget for interest income for 2010 is \$3,007,193. At June 30, 2010, our actual earnings were approximately \$1,984,200 which is 66% of the budget with 75% of the year elapsed. Earnings should be higher in the last quarter since 35% of the portfolio pays interest semiannually and all investments must be marked to market at year end.



**VIII. PORTFOLIO GROWTH**

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

Type of Investment:	6/30/2010	12/31/2009	6/30/2009	12/31/2008
<b>SBA</b>	\$ -	\$ -	\$ -	\$ 4,080
<b>Wachovia</b>	53,912,515	121,721,996	66,904,051	106,612,034
<b>Certificates of Deposit</b>	78,403,500	78,561,482	85,061,482	51,000,000
<b>U. S. Agencies</b>	70,087,500	38,182,510	29,026,280	21,051,900
<b>US Treasuries</b>	10,462,134	10,462,134	40,352,994	91,462,204
<b>FLGIT</b>	15,282,841	15,061,104	14,759,285	14,511,387
<b>SunTrust NOW Acct</b>	-	-	-	11,636,581
<b>Total</b>	<b>\$ 228,148,490</b>	<b>\$ 263,989,226</b>	<b>\$ 236,104,092</b>	<b>\$ 296,278,186</b>

Notes: Cash and investment balances fluctuate during the year. Bond proceeds are included above as follows: \$43,452,143; \$50,635,504, \$53,758,484; and \$67,130,798 at 6/30/2010, 12/31/2009, 6/30/2009, and 12/31/2008, respectively. December balances are typically higher due to the collection of ad valorem taxes.

**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

June 30, 2010 portfolio balance:	\$228,148,490
60% equals	\$136,889,094
30% equals	\$ 68,444,547

Amount invested in certificates of deposit: \$ 78,403,500 which is less than \$136,889,094

Amount invested in US agencies: \$ 70,087,500 which is more than \$ 68,444,547

Amount at any one institution: Wachovia \$ 53,912,515 which is less than \$ 68,444,547

We are not in compliance with our policy for portfolio limits for investments in US agencies. We anticipate that US agency notes subject to early redemption will be called in July, August, and September. That will bring us into compliance.

**CLERK OF COURTS  
LAKE COUNTY, FLORIDA  
Cash and Investments  
June 30, 2010  
Exhibit A**

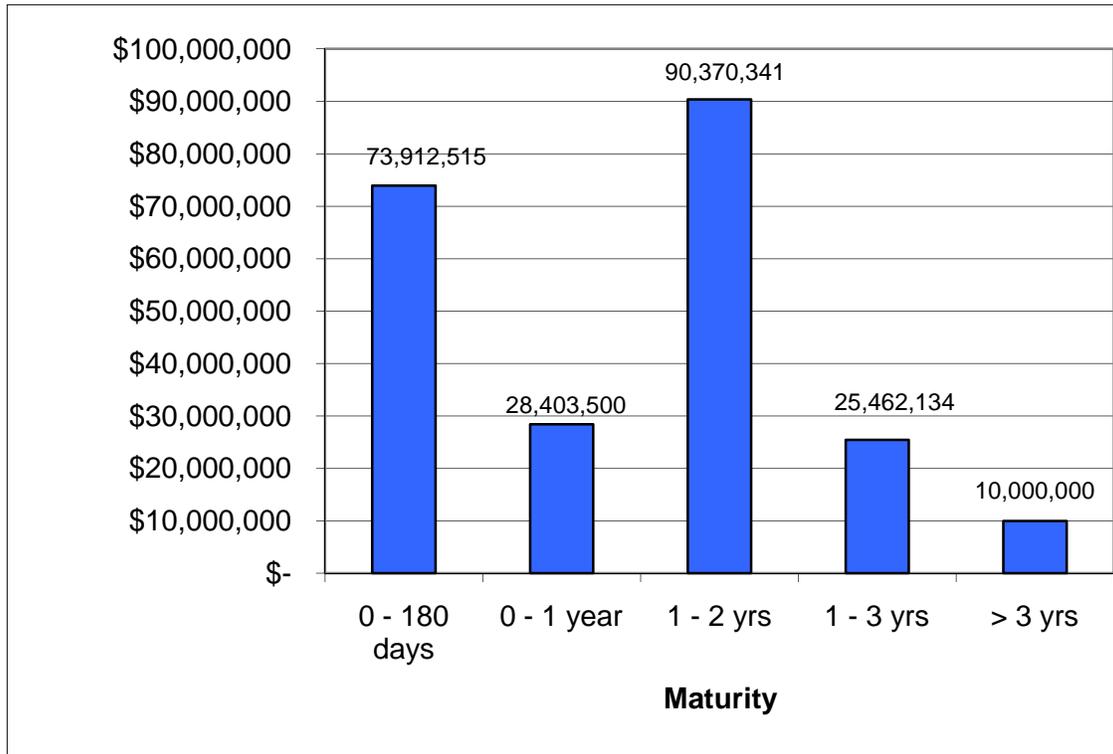
<u>Maturity Date</u>	<u>Type of Investment</u>	<u>Cost at 6/30/10</u>	<u>Market/Par Value at 6/30/2010</u>	<u>Yield</u>	
<b>Short term Investments:</b>					
	Wachovia Demand Account	53,912,515	53,912,515	0.25%	
<b>Certificates of Deposit:</b>					
07/28/10	M & I Bank	20,000,000	20,000,000	2.08%	
01/26/11	Centerstate Bank	5,000,000	5,000,000	2.25%	
02/25/11	Regions Bank	5,000,000	5,000,000	2.27%	
01/15/12	BB & T	10,000,000	10,000,000	1.70%	
03/29/12	United Southern Bank (non CDARS)*	10,000,000	10,000,000	1.73%	
02/03/11	United Southern Bank (CDARS)	1,910,500	1,910,500	2.27%	
04/29/11	United Southern Bank (CDARS)	1,493,000	1,493,000	1.69%	
		<u>53,403,500</u>	<u>53,403,500</u>		
02/25/11	Regions Bank (bond funds)	15,000,000	15,000,000	1.50%	
01/15/12	BB & T (bond funds)	10,000,000	10,000,000	1.70%	
		<u>25,000,000</u>	<u>25,000,000</u>		
	Total Certificates of Deposit	78,403,500	78,403,500		
<b>US Agency Securities:</b>					
01/19/12	2 year note	FHLMC	5,000,000	5,001,650	1.25%
01/25/12	2 year note	FHLB	5,000,000	5,018,750	1.13%
02/02/12	2 year note	FHLB	10,000,000	10,006,300	1.20%
03/15/12	2.5 year note	FNMA	10,046,900	10,025,000	1.75%
06/08/12	2.75 year note	FNMA	10,040,600	10,025,000	1.85%
06/29/12	2 year note	FHLB	5,000,000	4,996,900	0.50% **
08/03/12	2.5 years note	FHLB	5,000,000	5,029,700	1.40%
01/15/13	2.75 year note	FHLB	5,000,000	5,042,200	1.63%
03/25/13	3.0 years note	FNMA	5,000,000	5,040,650	1.85%
12/30/13	3.5 years note	FHLB	10,000,000	9,987,500	1.00% ***
			<u>70,087,500</u>	<u>70,173,650</u>	
<b>US Treasuries: (excess operating funds)</b>					
03/31/13	5 year note		5,146,195	5,146,195	2.60%
04/30/13	5 year note		5,315,939	5,315,939	3.16%
			<u>10,462,134</u>	<u>10,462,134</u>	
<b>Various</b>	FI Local Govt Invstmnt Trust		<u>15,282,841</u>	<u>15,282,841</u>	1.27%
	<b>TOTAL</b>		<u>\$ 228,148,490</u>	<u>\$ 228,234,640</u>	

\*CDARS stands for Certificate of Deposit Account Registry. These certificates of deposit are fully insured by the FDIC. All other certificates of deposit are covered by a multiple institution collateral pool.

\*\* Rate increases by .25% each quarter to 3% at maturity.

\*\*\* Rate increases by .50% then 1.5% to 5% at maturity.

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LAKE COUNTY, FLORIDA  
Cash and Investments-Maturity Distribution of Portfolio  
June 30, 2010  
Exhibit B**



Description	Time to Maturity	Amount
Certificates of Deposit	0 - 180 days	20,000,000
US Agencies	0 - 180 days	-
US Treasuries	0 - 180 days	-
Wachovia	0 - 180 days	53,912,515
Certificates of Deposit	0 - one year	28,403,500
US Treasuries	0 - one year	-
Certificates of Deposit	One to two years	30,000,000
US Agencies	One to two years	45,087,500
US Treasuries	One to two years	-
FLGIT	One to two years	15,282,841
Certificates of Deposit	One to three years	-
US Treasuries	One to three years	10,462,134
US Agencies	One to three years	15,000,000
US Agencies	Over three years	10,000,000
US Treasuries	Over three years	-
Certificates of Deposit	Over three years	-
		<b>\$ 228,148,490</b>

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LAKE COUNTY, FLORIDA  
Average Maturity at June 30, 2010  
Exhibit C**

Maturity Date	Type of Investment	(From 6/30/10)		Weighted Average	Interest Rate	Weighted Average Interest	
		Cost at 6/30/2010	Days O/S				
<b>Short term Investments:</b>							
	Wachovia Demand Account	\$ 53,912,515	1	\$ 53,912,515	0.25%	\$ 134,781 0.25%	
<b>Certificates of Deposit:</b>							
07/28/10	M & I Bank	20,000,000	28	560,000,000	2.08%	11,648,000	
01/26/11	Centerstate Bank	5,000,000	210	1,050,000,000	2.25%	23,625,000	
02/25/11	Regions Bank	5,000,000	240	1,200,000,000	2.27%	27,240,000	
01/15/12	BB & T	10,000,000	564	5,640,000,000	1.70%	95,880,000	
03/29/12	United Southern Bank	10,000,000	638	6,380,000,000	1.73%	110,374,000	
02/03/11	United Southern Bank*	1,910,500	218	416,489,000	2.27%	9,454,300	
04/29/11	United Southern Bank*	1,493,000	303	452,379,000	1.69%	7,645,205	
02/25/11	Regions Bank	15,000,000	240	3,600,000,000	1.50%	54,000,000	
01/15/12	BB & T	10,000,000	564	5,640,000,000	1.70%	95,880,000	
		<u>78,403,500</u>		<u>24,938,868,000</u>		<u>435,746,505</u> 1.75%	
<b>US Agency Securities:</b>							
01/19/12	2 year note	FHLMC	5,000,000	568	2,840,000,000	1.25%	35,500,000
01/25/12	2 year note	FHLB	5,000,000	574	2,870,000,000	1.13%	32,431,000
02/02/12	2 year note	FHLB	10,000,000	582	5,820,000,000	1.20%	69,840,000
03/15/12	2.5 years note	FNMA	10,046,900	624	6,269,265,600	1.75%	109,712,148
06/08/12	2.75 year note	FNMA	10,040,600	709	7,118,785,400	1.85%	131,697,530
06/29/12	2 year note	FHLB	5,000,000	730	3,650,000,000	0.50%	18,250,000
08/03/12	2.5 years note	FHLB	5,000,000	765	3,825,000,000	1.40%	53,550,000
01/15/13	2.75 years note	FHLB	5,000,000	930	4,650,000,000	1.63%	75,795,000
03/25/13	3.0 year note	FNMA	5,000,000	999	4,995,000,000	1.85%	92,407,500
12/30/13	3.5 year note	FHLB	10,000,000	1279	12,790,000,000	1.00%	127,900,000
			<u>70,087,500</u>		<u>54,828,051,000</u>		<u>747,083,178</u> 1.36%
<b>US Treasuries: (excess operating funds)</b>							
03/31/13	5 year note		5,146,195	1005	5,171,925,975	2.60%	134,470,075
04/30/13	5 year note		5,315,939	1035	5,501,996,865	3.16%	173,808,081
			<u>10,462,134</u>		<u>10,673,922,840</u>		<u>308,278,156</u> 2.89%
<b>Various</b>	FI Local Govt Invstmnt Trust		15,282,841	708	10,820,251,428	1.27%	137,417,193
	<b>TOTAL</b>		<u>\$ 228,148,490</u>		<u>\$ 101,315,005,783</u>		<u>\$ 1,628,659,814</u>
	Weighted Avg Maturity		444.07	Days	Weighted average		
			1.22	Years	interest rate =		1.608%

\* These CD's are CDARS which are fully insured by the FDIC.  
All other certificates of deposit are covered by a multiple institution collateral pool.