

Related Entries: (Not identified at this time)

Investment of Funds

The School Board of Lee County ensures that all funds in excess of the amounts needed to meet current expenses shall be invested to earn the best possible risk adverse yield for the period available.

(1) Purpose

The purpose of this policy is to set forth the investment objectives and parameters for the management of public funds of the District School Board of Lee County, Florida (hereinafter "Board"). These policies are designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

Authority to manage the investment program is granted to the Superintendent or his/her designee. That person is hereinafter referred to as the investment officer. Responsibility for the operation of the investment program is hereby delegated to the investment officer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy.

If the portfolio is split between a short term core and long term investment program, the Board may utilize the services of an Investment Advisor to manage the long term portion who must be registered under the Investment Advisor/s Act of 1940. The investment officer will be responsible for the transferring of appropriate funds to affect investment transactions for the long-term core investment program, and will be responsible for the investment of operating funds, operating reserve funds, and bond proceeds.

(2) Scope

In accordance with section 218.415 Florida Statute (F.S.), this investment policy applies to all cash and investments held or controlled by the District with the exception of trust funds, and monies related to the issuance of debt where there are other existing policies or indentures in effect for such monies. Monies held by State agencies (e.g., Department of Education) are not subject to the provisions of this policy.

The Board's operating account deposits will be with a bank organized under the laws of the United States and doing business and situated in the State of Florida,

45 provided that any such deposits are secured by the Florida Security for Public
46 Deposits Act, Chapter 280 F.S.

47
48 (3) Investment Objectives

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50 The primary objective of the Board's investment activities is the preservation of
51 capital and the protection of investment principal. Funds shall be invested with the
52 objective of attaining a market rate of return throughout budgetary and economic
53 cycles, taking into account the investment risk constraints and liquidity needs.
54 Return on investment is of least importance compared to the safety and liquidity
55 objectives described below. The core of investments is limited to relatively low risk
56 securities in anticipation of earning a fair return to the risk being assumed. The
57 primary objectives, in priority order, of investment activities shall be safety, liquidity,
58 and yield.

- 59
60 (a) **Safety:** Safety of principal is the foremost objective of the investment
61 program. Investment transactions shall seek to keep capital losses at a
62 minimum, whether they are from securities defaults or erosion of market
63 value. To attain this objective, diversification is required to ensure that
64 potential losses on individual securities do not exceed the income generated
65 from the remainder of the portfolio.

66
67 From time to time, securities may be traded for other similar securities to
68 improve yield, maturity or credit risk. For these transactions, a loss may be
69 incurred for accounting purposes, provided any of the following occurs with
70 respect to the replacement security:

- 71
72 1. Yield has been increased, or
73 2. Maturity has been adjusted in anticipation of interest rate changes
74 3. Quality of the investment has been improved

- 75
76 (b) **Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all
77 operating requirements that may be reasonably anticipated. This is
78 accomplished by structuring the portfolio so that securities mature concurrent
79 with cash needs to meet anticipated demands (static liquidity). Periodic
80 cash flow analyses will be completed in order to ensure that the portfolio is
81 positioned to provide sufficient liquidity.

- 82
83 (c) **Yield (Return on investment):** The investment portfolio shall be designed
84 with the objective of attaining a market rate of return throughout budgetary
85 and economic cycles, taking into account the investment risk constraints and
86 liquidity needs. Return on investment is of least importance compared to the
87 safety and liquidity objectives described above. The core of investments is
88 limited to relatively low risk securities in anticipation of earning a fair return
89 relative to the risk being assumed. Securities should not be sold prior to
90 maturity with the following exceptions:

- 92 1. A security with declining credit may be sold early to minimize loss of
93 principal.
94 2. A security swap would improve the quality, yield, or target duration in the
95 portfolio.
96 3. Liquidity needs of the portfolio require that the security be sold.
97
- 98 (4) Performance Measurement
99
- 100 (a) The short-term investment portfolio shall be evaluated using a nationally
101 recognized money market fund index such as the Standard & Poor's
102 Governmental Investment Pool index ("GIP") 30 day gross yield index; the 91
103 day Treasury Bill average; or any comparable money market index.
104
- 105 (b) The long-term investment portfolio shall be designed with the annual
106 objective of achieving a comparable return to the Merrill Lynch 1-3 Year
107 Treasury Index or the Merrill Lynch 1-5 Year Treasury Index, depending on
108 which maturity range is more appropriate to the composition of the long-term
109 portfolio at the time of reporting.
110
- 111 (5) Prudence and Ethical Standards
112
- 113 (a) The standard of prudence to be used by investment officials shall be the
114 "Prudent Person" standard and shall be applied in the context of managing
115 the overall program. Investment officers acting in accordance with written
116 procedures and this investment policy and exercising due diligence shall be
117 relieved of personal responsibility for an individual security's credit risk or
118 market price changes, provided deviations from expectations are reported in
119 a timely fashion and the liquidity and the sale of securities are carried out in
120 accordance with the terms of this policy. The "prudent person" standard
121 states the following: Investments shall be made with judgment and care,
122 under circumstances then prevailing, which persons of prudence, discretion
123 and intelligence exercise in the management of their own affairs, not for
124 speculation, but for investment, considering the probable safety of their
125 capital as well as the probable income to be derived from the investment.
126
- 127 (b) While the standard of prudence to be used by investment officials who are
128 officers or employees is the "Prudent Person" standard, any person or
129 firm hired or retained to invest, monitor, or advise concerning these assets
130 shall be held to the higher standard of "Prudent Expert". The Prudent Expert
131 Standard shall be as follows: When investing and reinvesting moneys and in
132 acquiring, retaining, managing, and disposing of investments of these
133 monies, the contractor shall exercise: the judgment, care, skill, prudence,
134 and diligence under the circumstances then prevailing, which persons of
135 prudence, discretion, and intelligence, acting in a like capacity and familiar
136 with such matters would use in the conduct of an enterprise of like character
137 and with like aims by diversifying the investments of the monies, so as to
138 minimize the risk, considering the probable income as well as the probable
139 safety of their capital.

140 (6) Ethics and Conflicts of Interest

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142 Officers and employees involved in the investment process shall refrain from
143 personal business activity that could conflict with proper execution of the investment
144 program, or which could impair their ability to make impartial investment decisions.
145 Employees and investment officials shall disclose any material financial interests in
146 financial institutions with which they conduct business. They shall further disclose
147 any personal financial/investment positions that could be related to the performance
148 of the investment portfolio.

149

150 (7) Listing of Authorized Investments

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152 Investments should be made subject to the cash flow needs and such cash flows
153 are subject to revisions as market conditions and the Board's needs change. The
154 District Departments are responsible for updating cash flow projections and
155 expense projections over \$100,000 and for providing this information to the Finance
156 Department on a quarterly basis, or as needed. When the invested funds are
157 needed in whole or in part for the purpose originally intended or for more optimal
158 investments, the investment officer and/or the Board's Investment Advisor/s may
159 sell the investment at the then-prevailing market price and place the proceeds into
160 the proper account at the Board's discretion.

161

162 The following are the investment requirements and allocation limits on security
163 types, issuers, and maturities as established by the Board. Diversification
164 strategies within the established guidelines shall be reviewed by the investment
165 officer and the Investment Advisers and revised periodically as necessary by the
166 investment officer. Diversification limits outlined below may be temporarily
167 exceeded at the Board's discretion when general economic conditions warrant such
168 departure. Exceeding percentage limits due to changes in portfolio balance will not
169 require liquidation of any asset, but will restrict further investing. Investments not
170 listed in this policy are prohibited.

171

172 (a) Diversification

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174 The investments shall be diversified by:

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- 176 1. limiting investments to avoid overconcentration in securities from a
177 specific issuer or business sector (excluding U.S. Treasury securities),
- 178 2. limiting investment in securities that have higher credit risks,
- 179 3. investing in securities with varying maturities, and
- 180 4. continuously investing a portion of the portfolio in readily available funds
181 such as local government investment pools (LGIPs), money market
182 funds or overnight repurchase agreements to ensure that appropriate
183 liquidity is maintained in order to meet ongoing obligations.

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185 (b) Maximum Maturities

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187 To the extent possible, the Board shall attempt to match its investments with
 188 anticipated cash flow requirements. Unless matched to a specific cash flow,
 189 the Board will not directly invest in securities maturing more than five (5)
 190 years from the date of purchase or in accordance with state and local
 191 statutes and ordinances. Reserve funds and other funds with longer-term
 192 investment horizons may be invested in securities not to exceed five (5)
 193 years if the maturities of such investments are made to coincide as nearly as
 194 practicable with the expected use of funds.

Table 1

Security Type	Maximum Security Limit	Maximum Issuer Limit	Maturity Limits	Minimum Rating Requirement
Intergovernmental Investment Pool, Constant Dollar Net Asset Value	100%	50%	N/A	AAAm
Direct Obligations of U.S. Treasury	100%	N/A	5 years	N/A
U.S. Government Agencies	50%	10%	5 years	N/A
Non-negotiable Interest Bearing Time Deposits or Savings Accounts	20%	10%	3 years	N/A
Money Market Funds	50%	25%	N/A	AAAm
U.S. Government Agencies	50%	10%	5 years	N/A
Federal Instrumentalities or Government Sponsored Enterprises ("GSE")	75%	25%	5 years	N/A
Commerical Paper	25%	5%	270 days	A1/P1 or F1
Corporate Notes	20%	5%	5 years	A
Banker's Acceptances	25%	5%	180 days	A1/P1 or F1
State or Local Government Taxable or Tax Exempt Debt	25%	5%	5 years	A
Intergovernmental Investment Pool, Floating Net Asset Value	25%	25%	N/A	AAf

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200 (c) Investment Types

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202 Consistent with Section 218.45 (16), Florida Statutes, as illustrated in Table 1
 203 above, the following investments will be permitted by this policy and are
 204 those defined by state and local law where applicable:

205
206 1. The Local Government Surplus Funds Trust Fund or any
 207 intergovernmental investment pool authorized pursuant to the Florida
 208 Interlocal Cooperation Act as provided in Chapter 163.01, Florida
 209 Statutes. (Constant dollar net asset value)

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- 211 ▪ A maximum of 100% of available funds may be invested in any
- 212 intergovernmental investment pool authorized pursuant to the
- 213 Florida Interlocal Cooperation Act as provided in Chapter 163.01

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- A maximum of 50% of available funds per individual interlocal government investment pool.
 - The Intergovernmental Investment Pool shall be rated “AAAm” by Standard & Poor’s or the equivalent by another rating agency.
 - A thorough review of any investment pool/fund is required as Due Diligence prior to investing and on a continual basis.
 - These pools are considered to be liquid and therefore bear no maturity restrictions.
2. Direct obligations of the United States Treasury which are unconditionally guaranteed by the United States Government.
- A maximum of 100% of available funds may be invested in U.S. Government Securities, except as noted below.
 - The maximum length to maturity of any direct investment in the U.S. Government Securities is five (5) years from date of purchase.
 - Such securities include, but are not limited to the following:
 - Cash Management Bills
 - Treasury Securities-State and Local Government Series (SLGS)
 - Treasury Bills
 - Treasury Notes
 - Treasury Bonds
 - Treasury Strips – limited to 10% of available funds
3. United States Government Agencies provided such obligations are backed by the full faith and credit of the United States Government.
- A maximum of 50% of available funds may be invested in U.S. Government agencies
 - A maximum of 10% of available funds being invested in any one individual U.S. Government agency
 - The maximum length to maturity for an investment in any U.S. Government agency security is capped at five (5) years from the date of purchase.
 - Such securities include, but are not limited to the following:
 - United States Export-Import Bank
 - Farmer Home Administration Certificates of beneficial ownership
 - Federal Finance Bank discount notes, notes and bonds
 - Federal Housing Administration Debentures
 - Governmental National Mortgage Association (GNMA)
 - General Services Administration
 - United States Maritime Administration Guaranteed Title XI Financing
 - New Communities Debentures-US Government Guaranteed
 - US Public Housing Notes and Bonds

- 262 US Department of Housing and Urban Development project
263 notes and local authority bonds
264
- 265 4. Interest bearing time deposits or savings accounts that are non-
266 negotiable in qualified public depositories as defined by Section 280.02,
267 Florida Statutes.
- 268
 - 269 ▪ A maximum of 20% of available funds may be invested in non-
270 negotiable interest bearing time certificates of deposit.
 - 271 ▪ A maximum of 10% of available funds may be deposited with any
272 one issuer.
 - 273 ▪ The maximum maturity on any certificate shall be no greater than
274 three (3) years from the date of purchase.
275
- 276 5. Money market mutual funds regulated by the Securities and Exchange
277 Commission and whose portfolios consist only of dollar-denominated
278 securities; and are rated with the highest credit quality rating from a
279 nationally recognized rating agency.
- 280
 - 281 ▪ A maximum of 50% of available funds may be invested in money
282 market funds.
 - 283 ▪ A maximum of 25% of available funds may be invested with any
284 one money market fund.
 - 285 ▪ The money market funds shall be rated "AAAm" by Standard &
286 Poor's or the equivalent by another rating agency.
287
- 288 6. Federal Instrumentalities (US Government sponsored agencies). Bonds,
289 debentures, notes or callables issued or guaranteed by the US
290 Government sponsored agencies (Federal Instrumentalities), which are
291 non-full faith and credit agencies.
- 292
 - 293 ▪ A maximum of 75% of available funds may be invested in Federal
294 Instrumentalities
 - 295 ▪ A maximum of 25% of available funds may be invested in any one
296 issuer.
 - 297 ▪ The maximum length to maturity for an investment in any Federal
298 Instrumentality security is five (5) years from the date of purchase.
 - 299 ▪ Federal Instrumentalities are limited to the following:
300 Federal Farm Credit Bank (FFCB)
301 Federal Home Loan Bank or its County banks (FHLB)
302 Federal National Mortgage Association (FNMA)
303 Federal Home Loan Mortgage Corporation (Freddie-Macs)
304 including
305 Federal Home Loan Mortgage Corporation participation
306 certificates
307
- 308 7. Commercial Paper that is rated, at the time of purchase, in the highest
309 tier (e.g., A-1, P-1, or F-1 or higher) by a minimum of two nationally

- 310 recognized statistical rating organizations. If the commercial paper is
311 backed by a letter of credit (LOC), the long-term debt of the LOC
312 provider must be rated A or better by at least two nationally recognized
313 statistical rating organizations.
314
- 315 ▪ A maximum of 25% of available funds may be directly invested in
316 prime commercial paper.
 - 317 ▪ A maximum of 5% of available funds may be invested with any one
318 issuer.
 - 319 ▪ The maximum length to maturity for prime commercial paper shall
320 be 270 days from the date of purchase.
- 321
- 322 8. Corporate Notes, United States dollar denominated senior debt
323 obligations issued by a corporation or bank that have a long term debt
324 rating, at the time of purchase, at a minimum single “A” category by any
325 two nationally recognized statistical rating organizations. If such
326 obligations are rated by only one rating service, then such rating shall be
327 a minimum “AA” category by a nationally recognized statistical rating
328 organization.
329
- 330 ▪ A maximum of 20% of available funds may be directly invested in
331 corporate notes.
 - 332 ▪ A maximum of 5% of available funds may be invested with any one
333 issuer.
 - 334 ▪ The maximum length to maturity for corporate notes shall be five
335 (5) years from the date of purchase.
- 336
- 337 9. Banker’s Acceptances issued by a domestic bank or a federally
338 chartered domestic office of a foreign bank, which are eligible for
339 purchase by the Federal Reserve System, at the time of purchase, the
340 short-term paper is rated, at a minimum, “P-1” by Moody’s Investors
341 Services and “A-1” by Standard & Poor’s.
342
- 343 ▪ A maximum of 25% of available funds may be directly invested in
344 Bankers’ acceptances.
 - 345 ▪ A maximum of 5% of available funds may be invested with any one
346 issuer.
 - 347 ▪ The maximum length to maturity for Bankers’ acceptances shall be
348 180 days from the date of purchase.
- 349
- 350 10. State and/or Local Government Taxable and/or Tax-Exempt Debt. Any
351 security that is a general obligation or revenue obligation of any state of
352 the United States, the District of Columbia, or any territorial possession
353 of the United States or of any political subdivision, institution,
354 department, agency, instrumentality, or authority of any of such
355 governmental entities, that have a long term debt rating, at the time of
356 purchase, at a minimum single “A” category by any two nationally
357 recognized statistical rating organizations. If such obligations are rated

358 by only one rating service, then such rating shall be a minimum "AA"
359 category by a nationally recognized statistical rating organization.
360 Ratings requirements for short-term debt shall be at least "MIG-2" by
361 Moody's and SP-2" by Standard & Poor's or the equivalent by another
362 nationally recognized statistical rating organization & Poor's for short-
363 term debt.

- 365 ▪ A maximum of 25% of available funds may be invested in taxable
366 and tax-exempt bonds.
- 367 ▪ A maximum of 5% of available funds may be invested with any one
368 issuer.
- 369 ▪ A maximum length to maturity for an investment in any state or
370 local government debt security is five (5) years from the date of
371 purchase.

372
373 11. Intergovernmental Investment Pools that are authorized pursuant to the
374 Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida
375 Statutes (Floating net asset value).

- 377 ▪ A maximum of 25% of available funds
- 378 ▪ A maximum of 25% of available funds per individual interlocal
379 government investment pool.
- 380 ▪ The intergovernmental investment Pool shall be rated at least
381 "AAf" for variable NAV funds by Standard & Pooors or the
382 equivalent by another rating agency.
- 383 ▪ A thorough review of any investment pool/fund is required as Due
384 Diligence prior to investing and on a continual basis.

385
386 12. Repurchase agreements whose underlying purchased securities consist
387 only of those investments authorized in this Section (7).

- 389 ▪ A third party custodian with whom the Board has a current
390 custodial agreement shall hold the collateral for all repurchase
391 agreements with a term longer than one (1) business day. A
392 clearly marked receipt that shows evidence of ownership must be
393 supplied to the Board.
- 394 ▪ Securities authorized for collateral must have maturities less than
395 ten (10) years and with market value for the principal and accrued
396 interest of 102 percent of the value and for the term of the
397 repurchase agreement. Immaterial short-term deviations from 102
398 percent requirement are permissible only upon the approval of the
399 Board designee and/or the Board's Investment Advisors.
- 400 ▪ The maturities of the underlying securities of a repurchase
401 agreement will follow the requirements of the master repurchase
402 agreement.

403
404 (8) Maturity and Liquidity Requirements

- 406 To the extent possible, an attempt will be made to match investment maturities with
407 known cash needs and anticipated cash flow requirements.
408
- 409 (a) **Operating Funds.** To the extent possible, an attempt will be made to match
410 investment maturities with known cash needs and anticipated cash flow
411 requirements. Investments of current operating funds shall have maturities of
412 no longer than twelve (12) months.
413
- 414 (b) **Core Funds.** Investment of reserves, project funds, debt proceeds and other
415 non-operating funds ("core funds") shall have a term appropriate to the need
416 for funds and in accordance with debt covenants, but in no event shall exceed
417 five (5) years and the average duration of the funds as a whole may not
418 exceed three (3) years.
419
- 420 (9) Portfolio Composition
421
422 Portfolio Composition shall be as stated in Section 7
423
- 424 (10) Risk and Diversification
425
426 The percentage allocations requirements for investment types and issuers are
427 calculated based on the original cost of each investment. Investments not listed in
428 this policy are prohibited. Investments shall be diversified consistent with Section 7.
429
- 430 (11) Authorized Investment Institutions and Dealers
431
- 432 (a) Authorized District staff shall only purchase securities from financial
433 institutions, which are qualified as public depositories by the Treasurer or
434 Chief Financial Officer of the State of Florida from direct issuers of
435 commercial paper and Bankers' Acceptances; institutions designated as
436 "Primary Securities Dealers; or Regional Brokers/Dealers who are members
437 in good standing of FINRA. Public Depositories may provide the services of a
438 securities dealer through a Section 20 subsidiary of the financial institution.
439
- 440 (b) The external investment managers, under contract with the Board are
441 permitted to select broker/dealers that in their opinion provide the Board with
442 the best bid/offer of each security as required in Section 7 of this policy.
443
- 444 (c) All brokers, dealers and other financial institutions deemed to be Qualified
445 Institutions shall be provided with current copies of the Board's Investment
446 Policy. A current audited financial statement is required to be on file for each
447 financial institution and broker/dealer with which the Board transacts
448 business.
449
- 450 (d) Delivery vs. Payment: All trades where applicable will be executed by
451 delivery vs. payment (DVP) to ensure that securities are deposited in an
452 eligible financial institution prior to the release of funds. Securities will be held
453 by a third-party custodian as evidenced by safekeeping receipts.

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(12) Bid Requirement

- (a) The Investment Advisor shall assure best price execution by use of various available pricing sources and systems designed to create transparent and accurate price of fixed income securities.
- (b) A minimum of three qualified banks and/or broker dealers must be contacted and asked to provide bids/offers on securities in question. Bids will be held in confidence until the bid deemed best to meet the investment objective is determined and selected.
- (c) However, if obtaining bids/offers is not feasible and appropriate, securities may be purchased utilizing the comparison to current market price method on an exception basis. Acceptable current market price providers include, but are not limited to:
 - 1. Bloomberg Information System
 - 2. Wall Street Journal. Or other nationally recognized financial publication
 - 3. Daily market pricing provided by the District's Custodian.
 - 4. Other online trading/pricing platforms, such as Markit Xcess, TRACE, or others.

(13) Third-Party Custodial Agreements

- (a) Securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the Board should be properly designated as an asset of the Board. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.
- (b) The custodian shall accept transaction instructions only from those persons who have been duly authorized by the Board and for which authorization has been provided, in writing, to the custodian. No withdrawal of securities, in whole or in part, shall be made from safekeeping, unless by such a duly authorized person.
- (c) Monthly, the custodian shall provide the Board and/or the Board's Investment Advisors with detail information on the securities held by the custodian. Security transactions between a broker/dealer and the custodian involving

502 the purchase or sale of securities by transfer of money or securities must be
503 made on a “delivery vs. payment” basis, if applicable, to ensure that the
504 custodian will have the security or money, as appropriate, in hand at the
505 conclusion of the transaction. Only after receiving written authorization from
506 the Board shall authorized securities be delivered “free”. Securities held as
507 collateral shall be held free and clear of any liens.

508
509 (14) Master Repurchase Agreement

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511 All approved institutions and dealers transacting repurchase agreements shall
512 execute and perform as stated in the Master Repurchase Agreement. All
513 repurchase agreement transactions shall adhere to the requirements of the Master
514 Repurchase Agreement.

515
516 (15) Internal Controls

517
518 The Superintendent or designee is responsible for establishing and maintaining
519 structure designed to ensure that the assets of the Board are protected from loss of
520 funds, which might arise from fraud, employee error, and misrepresentation by third
521 parties or imprudent actions by employees. The internal control structure is
522 designed to provide reasonable assurance that the investment objectives are met.
523 Such internal controls include, but are not limited to, the following:

- 524
- 525 (a) All securities purchased or sold will be transferred under the “delivery-versus-
526 payment” (DVP) method to insure that funds or securities are not released until
527 all criteria relating to the specific transaction are met unless the parties
528 otherwise agree prior to the transfer of funds.
 - 529
 - 530 (b) The Board is authorized to accept bank trust receipts or safekeeping
531 confirmation as evidence of actual delivery of the obligations or securities in
532 return for investment of funds.
 - 533
 - 534 (c) Trust receipts or safekeeping confirmations shall fully describe the various
535 obligations or securities held. The receipt of confirmation shall state that the
536 investment is held in the name of the Board.
 - 537
 - 538 (d) Other internal controls are:
 - 539 1. Written documentation of telephone transactions.
 - 540 2. Adequate separation of duties
 - 541 3. Custodial safekeeping
 - 542 4. Supervisory control of employee action and operation review.
 - 543 5. Portfolio statistics and reporting on a monthly basis.
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 - 545
 - 546 (e) All daily investment activity will be reviewed by the Executive Director of
547 Financial Services and his/her designee.
 - 548

549 (f) The investment officer will annually review the Investment Policy and internal
550 control policy to make sure it remains appropriate for the investment
551 environment.
552

553 As a normal part of the annual financial audit of the Board, the independent auditors
554 shall conduct a review of the system of internal controls to ensure compliance with
555 policies and procedures.
556

557 (16) Limitation on Concentration
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559 Investments held shall be diversified to the extent practicable to control the risk of
560 loss resulting from overconcentration of assets in a specific maturity, issuer,
561 instrument, dealer, or bank through which financial instruments are bought and sold.
562 Diversification strategies within the established guidelines shall be reviewed and
563 revised periodically, as deemed necessary by the Superintendent, Assistant
564 Superintendent, Business and Finance and/or Executive Director of Financial
565 Services.
566

567 (17) Continuing Education
568

569 The Assistant Superintendent of Business and Finance, Executive Director of
570 Financial Services and other appropriate staff, or designee, shall annually complete
571 eight (8) hours of continuing education (or as provided in statute) in subjects or
572 courses of study related to investment practices and products.
573

574 (18) Reporting
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576 (a) The investment officer shall prepare an investment report at least quarterly,
577 including a management summary that provides an analysis of the status of the
578 current investment portfolio and transactions made over the last quarter. This
579 management summary will be prepared in a manner which will allow the Board
580 to ascertain whether investment activities during the reporting period have
581 conformed to the investment policy. The report will be provided to the governing
582 body and shall include the following:
583

- 584 1. Listing of securities held at the end of the reporting period by
585 class or type
- 586 2. Percentage of available funds represented by each investment type
- 587 3. Coupon, discount or earning rate
- 588 4. Average life or duration and final maturity of all investments
- 589 5. Book value of the securities
- 590 6. Income earned
- 591 7. Market value as of the report date
592

593
594 (b) On an annual basis, the Assistant Superintendent, Business and Finance
595 shall prepare and submit to the Superintendent and Board a written report of
596 all invested funds. The annual report shall provide all, but not limited to, the

597 following: a complete list of all invested funds, name or type of security in
598 which the funds are invested, the amount invested, the maturity date, earned
599 income, the book value, the market value and the yield on each investment.
600

601 (c) The annual report will show performance on both a book value and total rate
602 of return basis and will compare the results to the above-stated performance
603 benchmarks. All investments shall be reported at fair value per Government
604 Accounting Standards Board (GASB) standards.
605

606 (19) Policy Considerations
607

608 (a) Exemption: Any investment currently held that does not meet the guidelines
609 of this policy shall be exempted from the requirements of this policy. At
610 maturity or liquidation, such monies shall be reinvested only as provided by
611 this policy.
612

613 (b) Amendments: This policy shall be reviewed on an annual basis. The
614 investment officer will review any proposed changes to ensure internal
615 controls are maintained and any changes must be approved by the Board.
616

617 **STATUTORY AUTHORITY:** 218.415, 1001.32, 1001.41, 1001.42, 1001.43, 1011.18, F.S.
618

619 Revised: 04/02/14