

INDIAN RIVER COUNTY, FLORIDA

CLERK OF THE CIRCUIT COURT AND
COMPTROLLERS OFFICE

***CASH AND INVESTMENT
POLICY***



Prepared by the
Clerk of the Circuit Court

Adopted April 25, 2013
Updated October 26, 2017

**INDIAN RIVER COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT AND COMPTROLLERS OFFICE**

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I. *OVERVIEW AND PURPOSE*

This cash and investment policy applies to all monetary assets of Indian River County Clerk of the Circuit Court and Comptroller (Clerk's Office).

The Clerk's Office often has funds available in excess of those required to meet short-term expenses (surplus funds). It is in the best interest of the citizens of Indian River County that an investment policy be established to provide guidelines for the investment of those surplus funds in such a manner as to preserve the safety and liquidity of those funds and to provide a competitive return on investments consistent with proper safeguards for the handling of government funds. The investment policy must comply with all applicable State laws regarding investment of public monies. The purpose of this document is to provide the Clerk of the Circuit Court and Comptroller (Clerk), who is responsible for the cash and investment of surplus funds, a set of procedures and guidelines for cash and investment selection and monitoring of funds. Investment objectives, performance measurement, prudence and ethical standards, authorized investments, maturity and liquidity requirements, portfolio composition, risk and diversification, bank agreements, internal controls, reporting and continuing education will be established by this investment policy and serve as the framework for all investment activities.

II. *OBJECTIVES*

The primary objectives of cash and investment activities carried out by the Clerk shall be the following in order of importance:

1. To preserve capital in the overall portfolio and to maintain the safety of principal;
2. To remain sufficiently liquid to meet disbursement requirements that might be reasonably anticipated; and
3. To manage the investment portfolio to provide a competitive return consistent with objectives in Items 1 and 2 and other risk limitations described in this policy.

The highest priority of all cash and investment activities shall be the safety of principal and liquidity of funds. The optimization of investment returns shall be secondary to the requirements for safety and liquidity.

III. *DELEGATION OF AUTHORITY AND OVERSIGHT PROCEDURES*

1. The responsibility for conducting monetary transactions rests with the Clerk. The Clerk may delegate the responsibility for day-to-day investment decisions to deputy clerks. The Finance Director or her designee will provide information to the Clerk concerning cash and investment decisions made by deputy clerks.
2. An Investment Advisory Committee consisting of the Clerk of the Circuit Court, the Finance Director, the County Administrator or his designee and at least two citizens selected by the Clerk shall meet regularly (at least quarterly) to evaluate investment performance of the Clerk's investment portfolio, to evaluate current and future liquidity needs and investment strategy, and to prepare reports for the Clerk's Office. The Committee will recommend appropriate cash and investment policies and procedures for all investment activities carried out by the Clerk. The Committee will perform an annual review of those cash and investment policies and procedures.

IV. *PRUDENCE*

The standard of prudence to be applied by the Clerk shall be the “Prudent Person Rule” which states, “Investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.” The Prudent Person Rule shall be applied in the context of managing the overall investments.

The Clerk, in accordance with Section 218.415 of the Florida Statutes will exercise due diligence. The Clerk will follow these policies and procedures. He will work with the Finance Director or her designee who will report to the Clerk any individual security’s credit risk or market price change and recommend appropriate action be taken to control adverse developments.

V. *AUTHORIZED INVESTMENTS*

Authorized investments shall be subject to restrictions as may be imposed by law (Section 218.415 of Florida Statutes). Funds will only be invested in the following securities:

1. State of Florida Local Government Surplus Funds Trust Funds for existing funds only or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in FS 163.01;
2. Florida Local Government Investment Trust Funds (FLGIT);
3. Interest-bearing accounts or certificates of deposit in qualified public depositories as defined in Section 280.02, Florida Statutes;
4. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
5. Derivatives (defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or index or asset values), reverse repurchase agreements, or similar forms of leverage are **prohibited**.

VI. *MATURITY AND LIQUIDITY*

Cash and investments shall be managed to maintain liquidity for meeting the Clerk’s need for cash and to limit potential market risks. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements.

VII. *PERFORMANCE MEASURES*

The yield of the six month Treasury constant maturity is established as the benchmark for investment of Clerk funds. The actual performance of the investments may vary depending on changes in interest rates.

VIII. *PORTFOLIO COMPOSITION, RISK AND DIVERSIFICATION*

The following are the guidelines and limits on percentages and maturities of investments. The Investment Advisory Committee shall have the option to further restrict or increase investment percentages from time to time based on market conditions.

- No more than 10% or \$1 million of the portfolio may be placed in certificates of deposit with a Qualified Public Depository (and collateralized in accordance with State requirements) with any one financial institution.
- No more than 40% of the portfolio may be placed in any one money market fund, non-operating checking or savings account, or intergovernmental investment pool. The 40% calculation does not include operating funds.
- All investments shall have a final maturity of no greater than three years.
- At least 50% of the portfolio shall be invested in readily available funds.

IX. *AGREEMENTS*

The Clerk will execute bank and investment agreements. Such agreements will include details as to the responsibilities of each party, costs to be borne by each party, notification of wire transfers, and transaction costs.

X. *INTERNAL CONTROLS*

The Clerk shall adopt a written set of internal controls and operational procedures to be implemented by the Courts Director, which said controls are designed to protect the Clerk's funds and ensure proper accounting and reporting of transactions. Such internal controls shall consist, at a minimum, of the following:

1. All cash and investments are held in the name of Indian River Clerk of the Circuit Court and Comptroller.
2. The written system of internal controls and operational procedures shall be approved by the Investment Advisory Committee and shall be subject to review by the external auditors as part of the annual financial audit.

XI. *REPORTING*

Quarterly reports will be prepared disclosing current cash and investments, the book value of all investments, earnings for the quarter, market values for all investments, and such other information as may be requested. Quarterly and annual reports concerning the cash and investment activities and performance will be submitted to the Investment Advisory Committee and approved by the Clerk.

XII. *CONTINUING EDUCATION*

Given the often complex and diverse nature of investments, and the importance of balancing the safety and liquidity of investments against the desire to maximize interest earnings, deputy clerks responsible for making investment decisions must annually complete sufficient continuing education as required by State law in subjects or courses of study related to investment practices and products.