

ORANGE COUNTY LIBRARY SYSTEM INVESTMENT POLICY APRIL 2008

PURPOSE

The purpose of this Policy is to set forth the objectives and parameters for the investment of surplus funds other than pension, deferred compensation, and other post employment benefit plans of the Orange County Library System (Library). This Policy is designed to manage surplus funds prudently and obtain a reasonable investment return.

SCOPE

This Policy applies to the investment of surplus funds in excess of the amounts needed to meet current expenditures in the following accounting funds:

- General Fund
- Capital Project Funds
- Debt Service Funds
- Internal Service Funds
- Any new fund created by the Library, unless specifically exempt.

The surplus funds for all the above will be combined and invested as one portfolio rather than being invested separately for each accounting fund. The Finance Department will maintain appropriate records to track each accounting fund's portion of the investment portfolio and investment earnings will be allocated periodically on a pro rata basis.

OBJECTIVES

The objectives of the Library's investment activities in order of importance are:

- (1) Safety of principal
- (2) Liquidity to pay obligations when due
- (3) Reasonable rate of return

DELEGATION OF AUTHORITY

The responsibility for providing oversight and direction in regard to the management of the investment program resides with the Comptroller.

PRUDENCE STANDARD

The standard of prudence to be applied by all Library staff making investment decisions shall be the "Prudent Person" rule, which is outlined in Florida Statute 218.45 (4) and states: "Investments shall 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 derived. “The Prudent Person” rule shall be applied in the context of managing the overall investment portfolio.

AUTHORIZED INVESTMENTS

Per Florida Statute 218.415 (16), the Library has elected to limit its investments to the following:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act in s. 163.01. **
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02.
- (d) Direct obligations of the U.S. Treasury.

** No more than 50% of the total investment portfolio shall be invested in each intergovernmental investment pool, including the Local Government Surplus Funds Trust Fund.

INTERNAL CONTROLS

The Library’s Finance Department shall establish a system of internal controls and operational procedures to manage the investments. The internal controls shall be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees. There shall be a separation of duties between those making investment decisions (normally Comptroller or Finance Manager) and those reconciling the investments in the Library’s financial records.

Independent auditors as a normal part of the annual financial audit of the Library, shall conduct a review of these internal controls to ensure compliance with Florida Statute 218.415.

REPORTING

The Library shall provide an annual investment report to the Library Board of Trustees showing the amounts and types of investments held during the year.