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OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

TIPS AND TRENDS #2019-0001
MARCH 2019



Inspector General
Accredited

Invest Surplus Funds to Increase Revenue

You may be able to increase revenue by thousands of dollars each year by investing surplus funds.

Our recent audits have revealed that some municipalities are losing thousands of dollars in revenue by not investing surplus funds in higher yield investment options.

The purpose of this Tips and Trends is to offer guidance and suggestions you can use when considering investment options for surplus funds.

Cities, counties, and special districts within Florida must comply with Chapter 280, Florida Statutes which states that public deposits “shall be made in a qualified public depository unless exempt by law.”¹ A list of Active Qualified Public Depositories can be found on the Florida Department of Financial Services website.²

Per Federal Deposit Insurance Corporation (FDIC) guidelines, government accounts are insured up to \$250,000 per bank. However, coverage amounts may be more depending on the type of deposit and whether the public entity is located in the same state as the bank.³



**Are you investing your
surplus funds to increase
revenue?**



If your entity has surplus funds, you may be able to increase its revenue by using higher yield investment accounts, including interest-bearing accounts in qualified public depositories.

Florida law allows local government units to invest surplus public funds in accordance with sections 218.415(16)-(17), Florida Statutes. The public entity’s investment objectives shall include safety of capital, liquidity of funds to pay obligations as they come due, and investment income, in that order.

¹ Section 280.03(1)(b), Florida Statutes.

² <https://www.myfloridacfo.com/division/treasury/collateralmanagement/documents/ListofActiveQPDs.pdf>

³ <https://www.fdic.gov/deposit/covered/categories.html>

“Enhancing Public Trust in Government”

Investment Options with No Investment Policy

Local governments *electing not to have* a written investment policy may invest surplus public funds in:⁴

- The Local Governmental Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified public depositories.
- Direct obligations of the US Treasury.

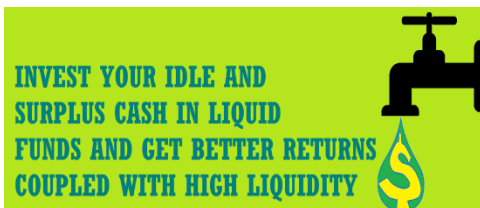


Additional Investment Options with Investment Policy

Local governments *electing to adopt a written investment policy* may invest surplus public funds in the four options above, plus the additional options below:⁵

- Federal agencies and instrumentalities.
- Rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.
- Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, provided that certain conditions are met.
- Other investments authorized by law or by ordinance for a county or a municipality or law or resolution for a special district.

Suggestions



1. Consider investing surplus funds in the investment options permitted by Florida law in order to increase revenue.
2. Consider adopting an investment policy to increase options available for investing surplus funds.

⁴ Section 218.415(17), Florida Statutes.

⁵ Section 218.415(16), Florida Statutes.