

By the Committee on Governmental Oversight and Accountability;
and Senator Smith

585-03974-09

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1 A bill to be entitled
2 An act relating to surplus public funds; amending ss.
3 17.57 and 218.415, F.S.; requiring that the Chief
4 Financial Officer and local governments deposit
5 surplus funds in financial deposit instruments insured
6 by the Federal Deposit Insurance Corporation rather
7 than in certificates of deposit; providing an
8 effective date.

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10 Be It Enacted by the Legislature of the State of Florida:

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12 Section 1. Subsection (7) of section 17.57, Florida
13 Statutes, is amended to read:

14 17.57 Deposits and investments of state money.—

15 (7) In addition to the deposits authorized under this
16 section and notwithstanding any other provisions of law, funds
17 that are not needed to meet the disbursement needs of the state
18 may be deposited by the Chief Financial Officer in accordance
19 with the following conditions:

20 (a) The funds are initially deposited in a qualified public
21 depository, as defined in s. 280.02, selected by the Chief
22 Financial Officer.

23 (b) The selected depository arranges for depositing the
24 ~~deposit of~~ the funds in financial deposit instruments insured by
25 the Federal Deposit Insurance Corporation ~~certificates of~~
26 ~~deposit~~ in one or more federally insured banks or savings and
27 loan associations, wherever located, for the account of the
28 state.

29 (c) The full amount of the principal and accrued interest

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30 of each financial deposit instrument ~~such certificate of deposit~~
31 is insured by the Federal Deposit Insurance Corporation.

32 (d) The selected depository acts as custodian for the state
33 with respect to each financial deposit instrument ~~such~~
34 ~~certificates of deposit~~ issued for its account.

35 (e) At the same time the state's funds are deposited and
36 the financial deposit instruments ~~certificates of deposit~~ are
37 issued, the selected depository receives an amount of deposits
38 from customers of other federally insured financial
39 institutions, wherever located, equal to or greater than the
40 amount of the funds initially invested by the Chief Financial
41 Officer through the selected depository.

42 Section 2. Paragraphs (b), (c), and (d) of subsection (23)
43 of section 218.415, Florida Statutes, are amended to read:

44 218.415 Local government investment policies.—Investment
45 activity by a unit of local government must be consistent with a
46 written investment plan adopted by the governing body, or in the
47 absence of the existence of a governing body, the respective
48 principal officer of the unit of local government and maintained
49 by the unit of local government or, in the alternative, such
50 activity must be conducted in accordance with subsection (17).
51 Any such unit of local government shall have an investment
52 policy for any public funds in excess of the amounts needed to
53 meet current expenses as provided in subsections (1)-(16), or
54 shall meet the alternative investment guidelines contained in
55 subsection (17). Such policies shall be structured to place the
56 highest priority on the safety of principal and liquidity of
57 funds. The optimization of investment returns shall be secondary
58 to the requirements for safety and liquidity. Each unit of local

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59 government shall adopt policies that are commensurate with the
60 nature and size of the public funds within its custody.

61 (23) AUTHORIZED DEPOSITS.—In addition to the investments
62 authorized for local governments in subsections (16) and (17)
63 and notwithstanding any other provisions of law, a unit of local
64 government may deposit any portion of surplus public funds in
65 its control or possession in accordance with the following
66 conditions:

67 (b) The selected depository arranges for depositing the
68 ~~deposit of~~ the funds in financial deposit instruments insured by
69 the Federal Deposit Insurance Corporation ~~certificates of~~
70 ~~deposit~~ in one or more federally insured banks or savings and
71 loan associations, wherever located, for the account of the unit
72 of local government.

73 (c) The full amount of the principal and accrued interest
74 of each financial deposit instrument ~~such certificate of deposit~~
75 is insured by the Federal Deposit Insurance Corporation.

76 (d) The selected depository acts as custodian for the unit
77 of local government with respect to each financial deposit
78 instrument ~~such certificates of deposit~~ issued for its account.

79 Section 3. This act shall take effect July 1, 2009.