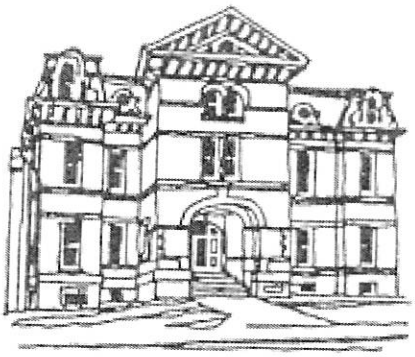

Jo Daviess County Treasurer

Investment Policy

Table of Contents

INVESTMENT POLICY	PAGE 2
SCOPE OF POLICY	PAGE 3
OBJECTIVES	PAGE 3
AUTHORITY AND RESPONSIBILITY	PAGE 4
STANDARDS OF CARE	PAGE 4
FINANCIAL INSTITUTIONS	PAGE 5
AUTHORIZED INVESTMENTS	PAGE 5
COLLATERAL	PAGE 5
INVESTMENT GUIDELINES	PAGE 6
INVESTMENT PROTFOLIO DIVERSIFICATION	PAGE 6
INVESTMENT SELECTION	PAGE 7
MAXIMUM MATURITIES	PAGE 7
SAFE KEEPING PROCEDURES	PAGE 7
OPERATIONS	PAGE 8
REPORTING	PAGE 9
ATTACHMENTS	PAGE 9

INVESTMENT POLICY

Pursuant to 30 ILCS 235/2.5 of the Illinois Compiled Statutes, this investment policy of the Jo Daviess County Treasurer is hereby established.

JO DAVIESS COUNTY TREASURER

The duties of the Jo Daviess County Treasurer are to collect, protect, invest and distribute public funds of Jo Daviess County and those taxing bodies for which the Jo Daviess County Treasurer acts as custodian. This requires stewardship whereby consideration is given to the needs, diversity, and return on investment while protecting the whole of the portfolio's value. In all circumstances, the protection of principle takes precedence over the rate of return.

I. SCOPE OF POLICY

It is always prudent for any public unit to have an investment policy in place for the purpose of safe guarding funds, equitably distributing the investments and maximizing income of the governmental unit. This investment policy applies to the investment activities of all funds under the jurisdiction of the Jo Daviess County Treasurer who is the Chief Investment Officer, excluding the investment of employees' retirement funds. This Investment Policy will also apply to any new funds or temporary funds placed under the jurisdiction of the Jo Daviess County Treasurer. The Illinois Compiled Statutes will take precedence except where this policy is more restrictive wherein this policy will take precedence.

II. OBJECTIVES

The purpose of this investment policy is to establish cash management and investment guidelines for the stewardship of public funds under the jurisdiction of the Jo Daviess County Treasurer. The specific objectives of this investment policy, in order of priority, will be as follows:

1. Compliance with applicable law – To ensure that funds will be invested in accordance with 30 ILCS235 "Public Funds Investment Act", other applicable Illinois Statutes, the Jo Daviess County Code and all other applicable laws, codes and ordinances.
2. Safety of Principal – To ensure that funds will be invested in a manner such that the principal is not a risk of loss.
3. Liquidity – To ensure that funds are available to meet all operating requirements that may be reasonably anticipated.
4. Public confidence – To ensure that funds are managed and invested in ways that do not tend to impair the public confidence in Jo Daviess County Government or the Jo Daviess County Treasurer's Office.
5. Diversity – To minimize the risk of principal loss and stabilize interest income by utilizing a variety of depositories, investment vehicles and maturity terms.
6. Maximum Yield – To ensure that funds are invested in a manner that attains the highest reasonable yield, after the above objectives are met.
7. Commitment of Community – To consider each financial institution's record of financial commitment to the Jo Daviess County community in the course of choosing depositories of public funds. Depositories with a local infrastructure will be given preference, provided all other objectives above are met.

III. AUTHORITY AND RESPONSIBILITY

The Jo Daviess County Treasurer shall have exclusive authority and responsibility to execute this policy, to delegate appropriate tasks to staff, to establish departmental procedures to ensure compliance with this policy and to take all reasonable steps to correct any breaches of this policy. The Jo Daviess County Treasurer shall also have the authority and responsibility to amend this policy as the need arises.

IV. STANDARDS OF CARE

1. The Prudent Person Rule – The Jo Daviess County Treasurer and his/her subordinates shall act according to the "prudent person rule". The "prudent person" standard states that, "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 to be derived." The Jo Daviess County Treasurer's discretion shall be limited to those decisions that a prudent person might make when seeking reasonable income and preservation of capital.
2. Ethics and Conflicts of Interest – The Jo Daviess County Treasurer and his/her subordinates shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, impair their ability to make impartial decisions or impair public confidence in Jo Daviess County government. All reasonable efforts shall be made to avoid any conflict of interest that might tend to create an appearance of impropriety. The Jo Daviess County Treasurer and any subordinates involved in investment decisions shall disclose any material interests in financial institutions that are depositories of public funds under the jurisdiction of the Jo Daviess County Treasurer.
3. Internal Control – The Jo Daviess County Treasurer shall establish departmental procedures and other methods designed to prevent fraud, employee error, misrepresentation by third parties, or other losses due to human error or imprudence. Such procedures will include, but are not limited to, segregation of duties both internally and externally, periodic reassignment of duties, vacation requirements, timely and periodic reporting, preservation of externally produced documents, and making accounts and records available to auditors contracted by the Jo Daviess County Board and to the public at large.

V. FINANCIAL INSTITUTIONS

The Jo Daviess County Treasurer will have the sole responsibility to select which financial institutions may be depositories for Jo Daviess County funds. The Jo Daviess County Board per ILCS 55 5/3-11002 and by resolution will approve these financial institutions. The Jo Daviess County Treasurer will take into consideration security, size, location, condition, service, fees and the community relations involvement of the financial institution when choosing a financial institution. At no time will the Jo Daviess County Treasurers investments exceed 75% of any financial institutions capital and surplus.

VI. AUTHORIZED INVESTMENTS

Investments will be consistent with the Illinois Compiled Statues regarding permitted investments. The following investments will be permitted by this policy and are those defined by state law:

1. In bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest.
2. In bonds notes, debentures, or other similar obligations of the United States of America or its agencies.
3. In interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of bans located within and in close proximity to Jo Daviess County.
4. Investments may be made only in bans, which are insured by the federal deposit insurance corporation.

VII. COLLATERAL

1. It shall be the discretion of the Jo Daviess County Treasurer to determine whether or not collateral should be required of financial institutions receiving funds from the Jo Daviess County Treasurer.
2. The Jo Daviess County Treasurer may request collateral for any part of deposits in financial institution when the Jo Daviess County Treasurer determines it to be in the best interest of safeguarding the funds on deposit.
3. At all times the Jo Daviess County Treasurer will require that deposits in excess of 35% of the capital and surplus of a financial institution will be collateralized.
4. Any funds not insured by the FDIC or NCUA or otherwise guaranteed by the full faith and credit of the United States of America shall be collateralized according to 30 ILCS 235/6 (d).

5. When collateral is required, 110% of the deposit will be required.
6. Before any funds may be deposited in a financial institution in excess of the amount insured by FDIC or NCUA, a pledge depository agreement shall be executed and signed by the Jo Daviess County Treasurer, an authorized representative of the financial institution and an authorized representative of a third-party safekeeping organization. In lieu of a pledge depository agreement, the financial institution may arrange for an irrevocable letter of credit issued by a Federal Home Loan Bank, in an amount and for a term sufficient to secure the uninsured portion of the Jo Daviess County Treasurer's deposits at that financial institution.
7. Each financial institution that has pledged collateral shall provide the Jo Daviess County Treasurer with a statement listing the securities pledged and the market value of such securities on a monthly basis.

VIII. INVESTMENT GUIDELINES

To assist in attaining the stated objectives, the following guidelines shall be observed:

1. All investment of funds under the control of Jo Daviess County Treasurer is the direct responsibility of the Jo Daviess County Treasurer. The Jo Daviess County Treasurer shall be responsible for all transactions and shall establish a system of controls of the activities of all subordinates who are directly involved in the assistance of such investment activities.
2. Investments shall be undertaken in a manner that seems to insure preservation of capital in the overall portfolio. To avoid unreasonable risks diversification of investment is required.
3. The portfolio should remain sufficiently liquid to meet operating requirements, which may be reasonably anticipated. Cash flows shall be reviewed. All investments shall be selected on the basis of competitive quotes.

IX. INVESTMENT PORTFOLIO DIVERSIFICATION

The investments shall be diversified by:

1. Limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury Securities).
2. Limiting investments in securities that have higher credit risks.
3. Investing in securities with varying maturities.
4. Continuously investing a portion of the portfolio in readily available funds such as Local Investment Pools (LGIPS), money market funds or overnight repurchase

agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

5. These investments include the Illinois Funds State Investment Pool (Formerly IPTIP) and Money Markets may be invested in fully FDIC – insured certificates of deposit issued by banks and savings associations (located nationwide) through Reciprocal Transactions of the Certificate of Deposit Account Registry Service, provide that the funds are placed through a bank or savings association (custodial bank) located in Jo Daviess County; and the other requirements of this policy have been satisfied (30 ILCS 235/6.5).

X. INVESTMENT SELECTION

The Jo Daviess County Treasurer will have the sole responsibility to select which financial institutions may be depositories for Jo Daviess County funds. The Jo Daviess County Treasurer will take into consideration security, size, location, conditions, service, fees and the community relations involvement of the financial institution when choosing a financial institution. At no time will the Jo Daviess County Treasurers investments exceed 75% of any financial institutions capital and surplus.

At the request of the Jo Daviess County Treasurer, financial institutions providing depository/investment services shall provide their most recent financial statements or report of condition for review. No public deposit shall be made except in a "qualified public depository" as established by State Statute.

XI. MAXIMUM MATURITIES

To the extent possible, the Jo Daviess County Treasurer will attempt to match its investments with anticipated cash flow requirements.

XII. SAFE KEEPING PROCEDURES

All securities purchased under the authority of this act shall be held for the benefit of the public agency which purchased them, and if purchased with money taken from a particular fund, such securities shall be credited to and deemed to be a part of such fund, and shall be held for the benefit thereof. All securities so purchased shall be deposited and held in a safe place by the person or persons having custody of the fund to which they are credited, and such person or persons are responsible upon their official bond or bonds for the safekeeping of all such securities. Any securities

purchased by any such public agency under authority of this act, may be sold at any time, at the then current market price thereof, by the governing authority of such public agency. All payments received as principal or interest or otherwise, derived from any such securities shall be credited to the public agency and to the fund by or for which such securities were purchased.

XIII. OPERATIONS

"Operations" is defined as those necessary procedures and duties required to maintain a proper working department on a daily basis.

1. Investment procedures – information regarding the cash requirements and the maturity dates are checked.
2. Investment workbook – proper documentation of the investment or interest payment is recorded.
3. Wire transfers/Electronic transfers – the Treasurer shall be authorized to wire county funds for investments. Wire instructions and personal identification numbers (PIN's) shall be safeguarded by the Treasurer.
4. Accounting for investment transactions – the deputies at the treasurer's office will enter the accounting entries. Investments shall be recorded when interest is paid either monthly or at maturity.
5. Data input on investment transactions – investment entries and interest entries are entered on the computer by the deputies in the treasurer's office.
6. Reporting – the Jo Daviess County Treasurer shall provide the Jo Daviess County Finance Committee and the Jo Daviess County Board a monthly report, which provide a clear picture of the status of the current investment portfolio. The management report could include comments on market and economic conditions, discussion regarding possible changes in the portfolio and thoughts on investment strategies.

   Schedules in the monthly report should include the following:

   - A listing of individual investments held at the end of the reporting period, by fund, maturity date, bank, interest rate, term and purchase date.
   - Average term of all investments listed.
   - Average interest rates.
   - Percentage of the portfolio by investment type.

   An annual report listing total earnings along with a review of all investments by fund or instrument shall be submitted at the end of the revenue year. The

Jo Daviess County Treasurer will provide any additional reports requested by the Jo Daviess County Board within thirty days.

7. Monthly completed report by the Treasurer's office for the County Board with the County Administrator.

XIV. REPORTING

The Jo Daviess County Treasurer shall prepare a monthly cash and investment report, which shall be submitted to the Jo Daviess County Board.

1. Performance Measures – The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A performance benchmark that may be used is the average monthly interest yield of at least five accounts in local banks.
2. Marking to Market – The market value of the portfolio shall be calculated at least quarterly.
3. The investment policy shall be reviewed every three years by the Finance, Tax and Budget Committee and then signed by the current County Board Chair.

ATTACHED DOCUMENTS

1. Public Funds Investment Act (30 ILCS 235\)
2. Bank Collateral Agreement
3. Resolution Regarding Depositories of Public Funds

END OF POLICY

ADOPTED THIS 14th DAY OF March, 20 17

Melissa Hammen

TREASURER
JO DAVIESS COUNTY, ILLINOIS

COUNTY BOARD CHAIRMAN
JO DAVIESS COUNTY, ILLINOIS