

INVESTMENT POLICY
Moultrie County Treasurer's Office

Stephanie L. Helmuth
Treasurer
Moultrie County

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MISSION STATEMENT

The **duties** of the **Moultrie County Treasurer** are to **collect, protect, invest, and distribute** the public funds. This requires stewardship whereby consideration is given to the needs, diversity, and return while protecting the whole of the portfolio's value. It is with these principles that the **Investment Policy** will perform for the citizens of **Moultrie County**.

Investment Policy

This document establishes the framework to guide the INVESTMENT POLICY for the safeguarding of the public funds entrusted to the office of the MOULTRIE COUNTY TREASURER.

**STEPHANIE L. HELMUTH
TREASURER
MOULTRIE COUNTY**

I. Scope of Policy

This Investment Policy applies to the investment activities of all funds under the jurisdiction of the Moultrie County Treasurer. This Investment Policy will also apply to any new funds or temporary funds placed under the jurisdiction of the Moultrie County Treasurer. The Illinois Compiled Statutes will take precedence except where this policy is more restrictive wherein this policy will take precedence. All transactions involving the financial assets and related activity of the foregoing funds shall be administered in accordance with the provisions of this policy.

II. General Objectives

The primary objectives, in priority order, of the investment activities shall be safety, liquidity, and yield:

1. Safety

The security of public funds shall be the primary concern of the County Treasurer in selecting depositories and investment strategies. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

a. Credit Risk

The Moultrie County Treasurer will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- Pre-qualifying and screening the financial institutions, brokers/dealers, intermediaries, and advisors with which the Moultrie County Treasurer will do business.
- Diversifying the portfolio so that the potential losses on individual securities will be minimized.

b. Interest Rate Risk

The Moultrie County Treasurer will minimize the risk that the market value of securities in the portfolio will fall due to the changes in the general interest rates by:

- Structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities.

2. Liquidity

The investment portfolio shall be designed to allow the availability of funds within the time frame desired while considering the budgetary constraints of the entrusting entity. This will be accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, a portion of the portfolio also may be placed in bank deposits or repurchase agreements or overnight investments that offer same-day liquidity for short-term funds.

3. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return taking into consideration first the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold or redeemed prior to maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

III. Standards of Care

All investment of funds under the control of the Moultrie County Treasurer is the direct responsibility of the Moultrie County Treasurer. The Moultrie 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. In maintaining its investment portfolio, the Moultrie County Treasurer shall avoid any transaction that might impair public confidence in the Moultrie County Treasurers office.

1. Prudence

The standard of care to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal liability for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion to the governing board and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

Investments shall be made with judgement 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.

2. Ethics and Conflicts of Interest

The County Treasurer, nor their staff, shall have any personal interest of the investments that the office authorizes. They are to refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair the ability to make impartial decisions.

3. Sustainability Factors

The County Treasurer will, before investing and periodically thereafter, consider the material, relevant and decision-useful sustainability factors within the bounds of financial and fiduciary prudence. Such factors include but are not limited to: corporate governance and leadership factors, environmental factors, social capital factors, human capital factors, and business model and innovation factors, as provided under the Illinois Sustainable Investing Act.

IV. Security Controls

1. Signatories

Only the Moultrie County Treasurer should be authorized to establish financial accounts for the office of Moultrie County Treasurer. At all times either the Moultrie County Treasurer, singly or two, jointly, of two or more signatories as designated by the Moultrie County Treasurer should be authorized to sign on financial accounts of the office of Moultrie County Treasurer.

2. Reporting

All investment transactions shall be recorded by the Moultrie County Treasurer or the Moultrie County Treasurer's staff. A report will be generated, at least monthly, and will be presented to the County Board. This report will list all active investments with their balances and all other information deemed pertinent or requested by the board with 15 days of notice.

3. Internal Controls/Audit

The Moultrie County Treasurer is responsible for establishing and maintaining an internal control structure. The records of the office will then be audited as part of the yearly county audit by the

County's designated auditor. The internal control structure shall be designed to ensure that the assets of Moultrie County are protected from loss, theft or misuse and to provide reasonable assurance that these objectives are met.

The internal controls will address:

- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members.
- Written confirmation of transactions for investments and wire transfers.

V. Suitable and Authorized Investing

1. Financial Institutions

The Moultrie County Treasurer will have the sole responsibility to select which financial institutions will be depositories for Moultrie County Treasurer funds. The Moultrie County Treasurer will take into consideration security, size, location, condition, service, and fees of the financial institution when choosing a financial institution. All financial institutions having any type of financial relationships; deposits, investments, loans, etc. are required to provide a complete and current "Financial Report" required by their appropriate regulatory authority each calendar year.

2. Investment Vehicles

The Moultrie County Treasurer will only invest in financial vehicles authorized by Section 2 of the Illinois Public Funds Investment Act under the Illinois Compiled Statutes. Furthermore, in selecting investments one of the following must apply:

- Such obligations are rated at the time of purchase at one of the 2 highest classifications established by at least 2 standard rating services.
- When investing in Illinois Funds, Illinois Trust or investment pools of the like, it must be rated in one of the two highest classifications of AAAM or AAM as reviewed by S&P Global
- The banks which investments are made with must be insured by the Federal Deposit Insurance Corporation.

3. Diversification

The investments shall be diversified to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be reviewed periodically.

4. Investment Restrictions and Prohibited Transactions

To provide for the safety and liquidity of Moultrie County funds, the investment portfolio will be subject to the following restrictions:

- Borrowing for investment purposes is prohibited.
- Instruments known as Structured Notes are not permitted. Investments in any instrument, which is commonly considered a “derivative” instrument is prohibited.
- Contracting to sell securities not yet acquired in order to purchase other securities for purposes of speculating on developments or trends in the markets is prohibited.

VI. Collateralization

It is the policy of the Moultrie County Treasurer that all deposits over the Federally insured limits will be required to be collateralized to protect public deposits in a single financial institution if it were to default. Collateral is required to be 110% of the deposits, and only the following collateral will be accepted:

- U. S. Government direct securities
- Obligations of Federal Agencies
- Obligations of Federal Instrumentalities
- Obligation of the State of Illinois
- Obligations of the County of Moultrie
- Obligations of municipalities located within the County of Moultrie

Collateralization agreements will be maintained in the records of the County’s portfolio for each financial institution’s arrangements. Third party safekeeping arrangements maybe desired or required, at the discretion of the County Treasurer.

VII. Bonding

The County Treasurer will be bonded at a rate determined by the County Board to be reasonable. The surety shall be a corporate surety company.

VIII. Policy Considerations

1. Exemption

Any investment currently held that does not meet the guidelines of this policy shall be exempt from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Captions and Headings

The captions and headings used within this policy are for continuance of reference only and do not define or limit contents.

3. Adoption

This policy shall be filed with the Moultrie County Board. The policy shall be reviewed annually by the County Treasurer and policy revisions or amendments will be filed with the Moultrie County Board for consideration.

Adopted this 9th day of December, 2019.

Stephanie L. Helmuth
Moultrie County Treasurer
Moultrie County, Illinois