

## **CALHOUN COUNTY INVESTMENT POLICY**

### **Section I – SCOPE**

The Calhoun County Investment Policy shall apply to all operating funds, bond proceeds and other funds and all investment transactions involving operating funds, bond proceeds and other funds accounted for in the financial statements of Calhoun County. Each investment made pursuant to this Investment Policy must be authorized by applicable law and this written Investment Policy.

The Investment of bond funds or sinking funds shall comply not only with this investment policy, but also be consistent with any applicable bond resolution.

This Investment Policy is intended to comply with Chapter 12B of the Iowa Code.

Upon passage and upon future amendment, if any, copies of this Investment Policy shall be delivered to all of the following: 1.) The Calhoun County Board of Supervisors, 2.) All depository institutions or fiduciaries for public funds of Calhoun County, 3.) Any independent auditor by whom funds of Calhoun County may be audited, 4.) The State Auditor, 5.) The County Auditor, 6.) The County Attorney. In addition, a copy of this Investment Policy shall be delivered to every fiduciary or third party assisting with or facilitating investment of the funds of Calhoun County.

### **Section II – DELEGATION OF AUTHORITY**

In accordance with Section 12C.11 of the Iowa Code, the responsibility for conducting investment transactions resides with the Treasurer of Calhoun County. Only the Treasurer and those authorized by resolution may invest public funds and a copy of any empowering resolution shall be attached to this Investment Policy.

All contracts or agreements with outside persons investing public funds, advising on the investment of public funds, directing the deposit or investment of public funds or acting in a fiduciary capacity for Calhoun County shall require the outside person to notify in writing Calhoun County within thirty (30) days of receipt of all communication from the Auditor of the outside person or any regulatory authority of the existence of a material weakness in internal control structure of the outside person or regulatory orders or sanctions regarding the type of services being provided to Calhoun County by the outside person.

The Treasurer shall establish a written system of internal controls and investment practices. The controls shall be designed to prevent losses of public funds, to document those officers and employees of Calhoun County responsible for elements of the investment process and to address the capability of investment management. The controls shall provide for receipt and review of the audited financial statement and related report on internal control structure of all outside persons performing any of the following for this public body:

1. Investing public funds.
2. Advising on the investment of public funds.
3. Directing the deposit or investment of public funds.

4. Acting in a fiduciary capacity for the public body.

A Bank, Savings and Loan Association, Federal Savings Bank or Credit Union providing only depository services shall not be required to provide an audited financial statement and related report on internal control structure.

### Section III – OBJECTIVES

The primary objectives, in order of priority, of all investment activities involving the financial assets of Calhoun County shall be the following: 1.) Safety, 2.) Liquidity, 3.) Return. Safety and preservation of principal in the overall portfolio is the foremost investment objective. Liquidity is necessary to meet expected liabilities. Return should be reasonable.

### Section IV – PRUDENCE

The Treasurer of Calhoun County, when investing or depositing public funds, shall exercise the care, skill, prudence and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the investment objectives. This standard required that when making investment decisions, the Treasurer shall consider the role that the investment or deposit plays within the portfolio of assets of Calhoun County and the investment objectives. (*See Section 12B.10(2) of the Iowa Code.*)

### Section V – INSTRUMENTS

Assets of Calhoun County may be invested in the following:

1. Interest bearing savings accounts, interest bearing money market accounts, and interest bearing checking accounts of any bank, savings and loan association, federal savings bank, or credit union in the State of Iowa. Each bank must be on the most recent Approved Bank List as distributed by the Treasurer of the State of Iowa or as amended as necessary by notice inserted in the monthly mailing by the Rate Setting committee. NOTE: Saving and Loans and Federal Savings Banks are not listed on the Approved Bank List. (See Section IX – Safe Keeping and Custody) Each financial institution shall be properly declared as a depository by the Calhoun County Board of Supervisors. Deposits in any financial institution shall not exceed the maximum amount approved the Calhoun County Board of Supervisors.
2. Obligations of the United States Government, its agencies and instrumentalities.
3. Certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions approved and secured pursuant to Chapter 12B.10(4) of the Iowa Code.
4. Iowa Public Agency Investment Trust (IPAIT).

All instruments eligible for investment are further qualified by all other provisions of the Investment Policy, including Section VII, investment maturity limitations and Section VIII, diversification requirements.

Section VI – PROHIBITED INVESTMENTS AND INVESTMENT PRACTICES

Assets of Calhoun County shall NOT be invested in the following:

- 1. Reverse repurchase agreements.
- 2. Futures and options contracts.

Assets of Calhoun County shall NOT be invested pursuant to the following investment practices:

- 1. Trading of securities for speculation or realization of short-term trading gains.
- 2. Pursuant to a contract providing for the compensation of an agent or fiduciary based upon the performance of the invested assets.
- 3. If a fiduciary or other third party with custody of public investment transaction records of Calhoun County fails to produce requested records when requested by this public body within a reasonable time, Calhoun County shall make no new investment with or through the fiduciary or third party and shall not renew maturing investments with or through the fiduciary or third party.

Section VII – INVESTMENT MATURITIES

Operating Funds must be identified and distinguished from all other funds available for investment. Operating Funds are defined as those funds which are reasonably expected to be expended during a current budget year or within fifteen months of receipt.

All investments authorized in Section V are further subject to the following investment maturity limitations:

- 1. Operating Funds may only be invested in instruments authorized in Section V of this Investment Policy that mature within three hundred ninety-seven (397) days.
- 2. The Treasurer may invest funds of Calhoun County that are not identified as Operating Funds in investments with maturities longer than three hundred ninety-seven (397) days. However, all investments of Calhoun County shall have maturities that are consistent with the needs and use of Calhoun County.

Section VIII – DIVERSIFICATION

Calhoun County will diversity its investment portfolio to avoid over-investing in specific instruments, individual depositories or maturities. The following parameters are established as maximum constraints:

By Investment:	Maximum % of Portfolio:
Interest Bearing Accounts	100%
U.S. Treasury Bills, Notes, Bonds	100%
U.S. Govt. Agency Securities	100%

Certificates of Deposit	100%
(Collateralized by U.S. Government Securities and Govt. Agency Securities)	100%

**Section IX – SAFEKEEPING AND CUSTODY**

To protect against potential fraud and embezzlement, the assets of Calhoun County shall be secured through third party custody and safekeeping procedures. Bearer instruments shall be registered in the County’s name. Investment officials shall be bonded to protect the public against possible embezzlement and malfeasance. All securities shall be purchased using the delivery vs. Payment procedure. Unless prevailing practices or economic circumstances dictate otherwise, ownership shall be protected through third-party custodial safekeeping. Safekeeping procedures shall be reviewed annually by an independent auditor. *(See Section 12B.10A, C of the Iowa Code.)*

Savings and loans, credit unions and federal savings banks must maintain and pledge or assign for the benefit of the public officer securities approved by the public officer, the market value of which is not less than one hundred ten percent(110%) of the total deposits of public funds placed by the public officer in savings and loan, credit unions and federal savings banks. *(See Section 12C.16 of the Iowa Code.)*

**Section X – REPORTING**

The Treasurer shall submit a quarterly investment report to the county supervisors that summarizes investment strategies employed since the last investment report. The investment report shall set out the current portfolio in terms of maturity, rates of return, and other features and summarize all investment transactions that have occurred during the reporting period and compare the investment results with the budgetary expectations.

**Section XI – INVESTMENT POLICY REVIEW AND AMENDMENT**

This Investment Policy shall be reviewed by the county supervisors every 5 years or more frequently as appropriate. Notice of amendments to the Investment Policy shall be promptly given to all parties noted in Section I.

The foregoing Investment Policy has been reviewed and adopted as amended this \_\_\_\_ day of \_\_\_\_\_, 2016 at a regularly scheduled county supervisor's meeting, Rockwell City, Iowa.

\_\_\_\_\_  
Calhoun County Supervisor, Chairperson

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Calhoun County Supervisor

\_\_\_\_\_  
Calhoun County Supervisor

Witnessed this \_\_\_\_ day of \_\_\_\_\_, 2016 by \_\_\_\_\_,  
Calhoun County Auditor.