

ORIGINAL



**INVESTMENT POLICY**

**COUNTY**

**OF**

**WAHKIAKUM**

July 2022

## **Wahkiakum County Treasurer's Investment Policy**

### **1. Policy:**

It is the policy of **Wahkiakum County** (Treasurer) to invest public funds in accordance with all federal, state, and local governing statutes. The Treasurer will invest public funds in a manner that preserves capital and ensures the protection of principal and allows for adequate liquidity and achieves a market rate of investment return consistent with the primary policy objectives. (RCW 36.29.020)

### **2. Scope:**

This investment policy applies to all financial assets held by the **Wahkiakum County Treasurer**. These funds are accounted for in the County's Financial Report and include:

- General Funds
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Trust and Agency Funds
- Any new fund created by legislative body, unless specifically exempted.

Funds of the County and other agencies may be pooled for investment purposes.

### **3. Objective:**

The primary objectives in priority order of the County's investment activities shall be:

- **Safety:** Safety of principal is the foremost objective of the investment program. Investments of **the County** shall be undertaken in a manner that seeks to ensure the preservation of capital and the potential losses are avoided on individual securities whether from securities defaults or erosion of market value
- **Liquidity:** **the County's** investment portfolio shall be sufficiently liquid to enable **the County** to meet all operating requirements that might be reasonably anticipated.
- **Return:** **the County's** investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account **Wahkiakum County's** investment risk constraints and cash flow characteristics of the portfolio.

- **Legality:** Funds of the County will be invested in accordance with the Revised Code of Washington (RCWs), The Budgeting Accounting and Reporting System (BARS) manual, these policies and written administration procedures.

#### **4. Prudence:**

The 'prudent investor' rule states: 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.

All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transactions that might impair public confidence in Wahkiakum County Government.

All participants will avoid incurring unreasonable and avoidable risks, either with regards to individual financial institutions or types of investments (such as financial forwards and futures or any leverages investment purchases).

Persons authorized to invest shall not accept gifts from the institution with which the County places investments.

#### **5. Delegation of Authority:**

Authority to manage the County's investment program is derived from RCW 36.29.020.

The Treasurer is the authorized investment officer for the County and its taxing districts. That authority may be delegated to a Deputy Treasurer designated as the authorized investment officer. Investments shall be placed in authorized investments when directed by the governing body in whose name the funds are held. Length of time is determined by resolution of the governing body; specific investment determined by the Treasurer and or Investment Officer.

#### **6. Authorized Financial Dealers and Institutions:**

No deposit shall be made except in a qualified public depository in the State of Washington as provided in chapter 39.58 RCW. The County Treasurer will maintain a list of financial institutions that are qualified public depositories as determined by the Public Deposit Protection Commission.

A list will be maintained of approved brokers/dealers selected on the basis of their qualifications, including credit worthiness.

Security brokers and dealers who wish to handle investments for the County must apply for certification by the County Treasurer. The certification process will require detailed financial experience. Approval or non-approval will be determined upon review of the application.

## **7. Authorized and Suitable Investments:**

**The County** is empowered to invest in the following types of securities through RCW 36.29.020 Listed below are the authorized investment:

- US Treasury Bills, notes or bonds
- US Government securities, including but not limited to:
  - Federal Home Loan Banks (FHLB)
  - Federal Home Loan Mortgage Corporate (FHLMC)
  - Federal National Mortgage Association (FNMA)
  - Federal Farm Credit Banks (FFCB)
  - Federal or State Chartered Credit Union
  - Washington State Local Government Investment Pool.
- Bankers Acceptance purchased on the secondary market from an underlying bank rating either A1 or P1. Underlying bank credit of AA or better.
- Certificate of deposits, savings time or money accounts with qualified public depositories of the PDPC.
- Registered Warrants according to RCW 39.59.030, the Treasurer is authorized to invest in purchase registered warrants of junior taxing districts in the County within the liquidity needs of the County.
- Interest rate on warrants will be fixed by the Treasurer on the first business day of each month based on state pool rate plus a reasonable percentage to cover administrative costs. Requirements of RCW 36.29.060 are applicable to the call for these warrants.
- Municipal bonds of the State of Washington or local governments bonds within the State of Washington that at the time of investment one of the three highest credit ratings of a nationally recognized rating agency. General Obligation bonds issued by a State or local government outside the State of Washington that at the time of investment one of the three highest credit ratings of a nationally recognized rating agency

### **EXAMPLES OF SECURITIES NOT ELIGIBLE AS INVESTMENTS FOR COUNTY FUNDS**

- Negotiable Certificates of Deposit
- Commercial Paper
- Collateralized Mortgage Obligations
- Corporate Stocks
- Corporate Bonds
- Foreign Government Obligations
- Options and Futures Contracts
- Real estate
- Limited Partnerships

**8. Investment Restriction/Limit and Diversification:**

- Financial institutions must be insured by the Federal Deposit Insurance Corporation.
- The County’s investment portfolio will be diversified (depending on the rate of interest from each financial institution) to reduce the risk of loss and to avoid incurring unreasonable and avoidable risks associated with concentration investments in specific financial institutions or in specific classes of securities.
- Districts with a portfolio over \$2,000,000 shall have no more than sixty-five percent (65%) of any one fund of the district exposed to any one institutions credit worthiness.
- Wahkiakum County will diversify its investment portfolio so that no more than sixty-five percent (65%) will be invested in a single security type. Depending on the rate of interest from the financial institution.
- The Investment Officer will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio accordingly.

**9. Diversification**

The County will diversify its investment by security type and institution. The County’s investment portfolio will be limited as follows:

- |   |      |
|---|------|
| • Treasury and Federal Agency                       | 100% |
| • Bankers Acceptances (A1 or P1)                    | 25%  |
| • Certificates of Deposits                          | 50%  |
| • Savings or Time Accounts                          | 100% |
| • Municipal Bonds                                   | 25%  |
| • Washington State Local Government Investment Pool | 100% |

**10. Safekeeping and Custody:**

All security transactions entered into by the County shall be conducted on a **delivery-versus-payment (DVP)** basis. Securities will be held by a third party custodian designated by the County Treasurer. The custodian shall issue a safekeeping receipt to the County listing the specific instrument, rate, maturity, and other pertinent information.

In order to have a dollar volume and flexibility to obtain the highest possible yield while protecting the safety and liquidity of the funds, the Treasurer may pool funds under its jurisdiction so long as the original identity of the funds is maintained and the earnings are distributed proportionately.

**11. Investment of Excess Monies of a Municipal Corporation:**

In accordance with RCW 36.29.020, the Treasurer will invest any and all funds which meet the following conditions:

- The funds belong to a municipal corporation; and

- Are in the custody of the Wahkiakum County Treasurer; and
- Are not required for immediate expenditure; and
- The governing body of the corporation has not provided directions as to the investment of said funds.

The interest or other earnings thereon shall be deposited in the Current Expense Fund of Wahkiakum County and may be used for general county purposes.

## **12. Maximum Maturities**

To the extent possible, **the County** will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, **the County** will not directly invest in securities maturing that will extend the overall portfolio weighted average maturity beyond 2 years. Stated maximum maturity of the total portfolio shall not exceed 2 year.

Reserve funds may be invested in security maturities to coincide as nearly as practical with the expected use of the funds. These funds will not be included in the total portfolio weighted average maturity since they are restricted funds.

## **13. Investment Service Fee:**

In accordance with RCW 36.29.020, the Treasurer will charge a fee of five percent (5%) on the interest or other earnings from investments made as directed by a written resolution or oral direction from the corporation. These fees will be levied at the time the interest or other earnings are credited to the account. It shall not exceed \$50.00 for a specific investment. For a multi-year investment, not more than \$50.00 per maturity date shall be charged.

## **14. Reporting:**

The County Treasurer is charged with the responsibility of reporting investment activity and returns in the County monthly and annual financial reports.

- Detailed listing of investment and deposits in the portfolio by fund and by investment.
- The months investment purchases, sales and maturities.

## **15. Finance Committee:**

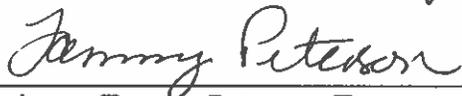
Finance Committee consists of County Treasurer as Chairman; County Auditor as Secretary; and the Board of Commissioners meeting quarterly to review the investment performance and the invest plan. (RCW 36.48.070)

## **16. Investment Policy Adoption:**

The Wahkiakum County Investment Policy will be formally adopted by the Finance Committee and reviewed periodically for appropriate modifications. Any amendments to this policy must be approved by the Finance Committee.

The Investment Policy of Wahkiakum County as set forth in this document has been reviewed and is hereby accepted.

Dated this 12th day of July, 2022



Chairman Tammy Peterson, Treasurer



Secretary Nicci Bergseng, Auditor



Commissioner Eugene Strong  
Chairman of the Board of Commissioners