

## ***INVESTMENT AND CASH MANAGEMENT POLICY***

The objective of this Investment and Cash Management Policy is to maximize interest earnings, within an environment that strongly emphasizes legal compliance and safety, while providing cash flow liquidity to meet the City's financial obligations.

### **Scope**

This policy applies to all cash and investments which are the responsibility of and under the management of the City.

### **Standards of Care**

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions which they conduct business.

Authority to manage the investment program is granted to the City’s Finance Director, referred to as the “investment officer” in this policy. Responsibility for the operation of the investment program is hereby delegated to the investment officer, who shall act in accordance with the established written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officer. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

### **Legal Investment Instruments**

The City shall only invest in such investment instruments permitted by State of Georgia law for local governments, which include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia, pooled investment programs of the State of Georgia, and no-load mutual funds of direct obligations of the United States. The City shall also require collateralization of applicable investment instruments as may be required by State of Georgia law.

### **Safety**

Investments shall be made with prudence, judgment and care, not for speculation, but for investment considering the primary objective of safety as well as the secondary objective of obtaining competitive market rates of return. Specifically, the City shall seek to maximize safety through the following strategies:

- All applicable City investments (such as certificates of deposit and repurchase agreements) will require collateralization in accordance with State of Georgia laws then in effect.
- Market/Interest rate risk shall be minimized by structuring the investment portfolio so that securities mature to meet ongoing cash requirements (avoiding the need to sell securities prior to maturity) and by investing operating funds primarily in shorter-term securities,

money market funds, or similar investment pools. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of purchase. Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds.

- Undue credit risk shall be avoided by prequalifying the financial institutions, advisors, and broker/dealers with which the City will do business. All financial institutions and broker/dealers for investment transactions must confirm they are legally able to serve in such capacity and provide a letter certifying that the entity has read the investment policy and agrees to abide by it. Upon request, banks shall provide their most recent “Consolidated Report of Condition” or other evidence of financial condition.
- The City shall seek competitive investment rates within its safety criteria. The City shall strive to include local financial institutions to bid on and compete for City investments due to the importance of the financial institutions to the local economy. Selection of financial institution(s) for City investments will ultimately be based upon economics, merit, and in accordance with investment policy objectives.
- The market value of the portfolio shall be monitored at least monthly and a statement of the market value of the portfolio shall be provided to the City at least monthly.

### **Liquidity**

Provision shall be made for adequate liquidity of investments so that the City can efficiently meet, without financial penalty, disbursement and cash flow needs, including emergency needs. It is recognized that the State of Georgia Local Government Investment Pool is structured to provide one-day liquidity on deposits and pays competitive market rates.

### **Pooled Cash Management**

Except for cash in certain restricted and specialized funds, the City will consolidate cash balances from all funds to maximize investment earnings. Investment earnings derived from any pooled cash investments shall be distributed to individual funds based upon each fund's amount of participation.

### **Investment Reporting**

The investment officer shall prepare, at least semi-annually, a report of cash and investments which will be distributed to the City Council and City Administrator. The report will be prepared in a manner which will allow the City to ascertain whether investment activities during the reporting period have conformed to this investment policy. This report shall include: the individual securities and accounts held at the end of the reporting period with maturity dates; realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities and accounts; percentage of the total portfolio which each type of investment represents.