


Albemarle County Policy

	Policy No.: BP-##	Approved Date:
	Policy Name: Investment Policy	Adopted Date:
	Prepared By: Department of Finance & Budget, Office of Investment & Debt Management	Amended Date:

PURPOSE

The purpose of the Investment Policy is to establish the framework for investing Albemarle County’s public funds in a manner that ensures safety, liquidity, and yield, in accordance with applicable laws and prudent financial practices. The policy functions as a complementary component of the County’s overall Financial Management Policies by ensuring that funds are invested lawfully, transparently, and efficiently, and provides standards for internal controls, performance measurement, reporting, authorized investments, and oversight.

SCOPE

This policy applies to the investment of all financial assets and funds held by the County, including operating cash, reserves, bond proceeds, and other financial assets. It covers all County monies identified except:

- Monies held in escrow (e.g., performance bonds).
- Monies held in non-zero balance bank accounts related to programs administered with funds from external sources.
- Unreimbursed bond proceeds and related interest.
- Earned credit account monies.

Funds covered under this policy include all governmental, proprietary, trust, agency, and other funds managed by the County, including those held for related entities such as the Albemarle County Economic Development Authority.

DEFINITIONS

Safety. Preservation of principal through minimizing credit and market risk.

Liquidity. Ensuring that funds are available to meet operational and debt service requirements.

Yield: Attaining a market rate of return within the constraints of safety and liquidity.

Prudent Person Standard. Requirement that investments be made with judgment and care equivalent to that used by a prudent individual managing their own affairs.

Delivery vs. Payment (DVP). A settlement method ensuring that securities are deposited with the custodian before County funds are released.

Authorized Investments. Investments permitted under the Virginia Investment of Public Funds Act and additional restrictions established by the County.

ROLES AND RESPONSIBILITIES

Chief Financial Officer (CFO)

- Holds ultimate authority for managing the County's investment program.
- Oversees staff, advisors, and consultants involved in investment activities.
- Ensures compliance with policy, statutory requirements, and internal controls.
- Serves as Chair of the Advisory Investment Committee.

Chief of the Office of Investment & Debt Management (OIDM).

- Serves as Investment Officer and manages day-to-day investment operations.
- Executes trades, manages reporting, and maintains written procedures and internal controls.
- Oversees investment staff and ensures adherence to established policy and procedures.

OIDM Staff / Investment Staff.

- Conduct transactions in accordance with delegated authority.
- Monitor compliance, evaluate downgraded securities, prepare reports, and complete cash flow analyses.

Advisory Investment Committee.

- Provides advisory oversight on investment strategy, risk, compliance, and performance.
- Reviews portfolio structure, risk exposures, and policy updates.
- Meets at least quarterly and consists of cross-functional County employees designated for expertise and operational relevance.

External Financial Institutions, Broker/Dealers, and Consultants.

- Must be authorized and meet County criteria to conduct business.
- Are reviewed annually for financial condition and proper registration.

POLICY

Contents

1.0 POLICY OVERVIEW 3

2.0 GOVERNING AUTHORITY 4

3.0 INVESTMENT COVERAGE 4

4.0 OBJECTIVES 5

5.0 PRUDENCE 5

6.0 ETHICS AND CONFLICT OF INTEREST 5

7.0 DELEGATION OF AUTHORITY 6

8.0 ADVISORY INVESTMENT COMMITTEE 6

9.0 SAFEKEEPING 7

10.0 INTERNAL CONTROLS 8

11.0 DELIVERY VS. PAYMENT 8

12.0 REQUIREMENTS FOR SUITABLE AND AUTHORIZED INVESTMENTS 8

13.0 AUTHORIZED BROKER/DEALERS 14

14.0 DIVERSIFICATION, SIZE, & MATURITY 14

15.0 COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS 15

16.0 REPORTING REQUIREMENTS 16

1.0 POLICY OVERVIEW

- 1.1 The Investment Policy functions as a complementary component of the County’s overall Financial Management Policies by providing the framework for investing public funds and ensuring their prudent, lawful, and transparent management.
- 1.2 The County will invest County-held funds, including operating cash, reserves, bond proceeds, and other financial assets, in accordance with the County’s Investment Policy (the “Policy”) to maximize return, while adhering to the following investment priorities in order of importance: safety, liquidity, and yield. The County will invest in conformance with the Virginia Security for Public Deposits Act, Government Finance Officers Association (GFOA) best practices, and all other applicable laws and regulations.
- 1.3 The Chief Financial Officer will oversee the day-to-day management and will maintain a system of internal controls for investments, which will be documented in writing and subject to review by the County’s independent auditor. The Advisory Investment Committee of staff is advisory, helping to ensure that

investments are made in accordance with policy, legal constraints, and prudent financial management.

- 1.4 The County will conduct a comprehensive cash flow analysis at least annually. Disbursements, collections, and deposits of all funds will be scheduled to ensure maximum cash availability and investment potential.
- 1.5 Investment performance will be measured against appropriate benchmarks (e.g., Local Government Investment Pool (LGIP), Treasury indices). Monthly reports will be provided to the Advisory Investment Committee, and quarterly reports will be provided to the Board of Supervisors, including holdings, returns, and compliance metrics.

2.0 GOVERNING AUTHORITY

Funds of the County will be invested in accordance with this policy and all applicable local, state and federal codes and regulations including but not limited to the Virginia Investment of Public Funds Act (Code of Virginia §2.2-4500 et seq.), the Virginia Security for Public Deposits Act (Code of Virginia § 2.2-4400 et seq.) and the Virginia Public Procurement Act (Code of Virginia § 2.2-4300 et seq.).

3.0 INVESTMENT COVERAGE

- 3.1 This policy applies to the investment of all the financial assets and funds held by the County. Specific requirements or limitations imposed upon the investment of Bond Proceeds, Debt Service Funds, and Debt Service Reserve Funds are in Section 12.3 of this policy.
- 3.2 This policy applies to all County monies identified except:
 - Monies held in escrow, such as Performance Bonds.
 - Monies held in a non-zero balance bank account for programs administered by a Department from private donors or other governmental entities such as DSS Special Welfare fund (i.e. County holds the funds until they are paid to certain recipients).
 - Unreimbursed bond proceeds and any interest earned on such proceeds.
 - Earned Credit Account monies.
- 3.3 Funds included in the investment policy are accounted for in the County's Annual Comprehensive Financial Report and include, (but are not limited to):
 - General Fund
 - Special Revenue Funds
 - Debt Service Funds
 - Capital Projects Funds
 - Internal Service Funds
 - Trust and Agency Funds
 - Enterprise Funds
- 3.4 Funds of other entities, including those who act as conduit issuers for bonds secured by the County's annual appropriation, are subject to this policy. These funds include. but are not limited to the following examples:

- Albemarle County Economic Development Authority
- Albemarle Broadband Authority

4.0 OBJECTIVES

All of the County's funds, regardless of investment terms, will be invested with the following objectives listed in the order of priority:

- i. Safety- Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio.
- ii. Liquidity – The investment portfolio will remain sufficiently liquid to enable it to meet all operational requirements which might be reasonably anticipated.
- iii. Yield – The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account its investment risk constraints and the cash flow characteristics of the portfolio.

5.0 PRUDENCE

- 5.1 Investment personnel will adhere to the “prudent person” standard, applied in the context of managing the County's overall portfolio. This standard 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.” *See Harvard College v. Amory, 9 Pick. 446, 461 (Mass. 1830).*
- 5.2 In accordance with the Investment of Public Funds Act (Virginia Code § 2.2-4500 et seq.), the Chief Financial Officer and their designees with delegated investment authority will not be held personally liable for fluctuations in market value or credit risk of individual securities, provided that:
 - due diligence was exercised in the selection and management of the investment;
 - any material deviations or emerging risks are reported promptly to the Advisory Investment Committee; and
 - reasonable and prudent actions are taken to mitigate adverse developments.

6.0 ETHICS AND CONFLICT OF INTEREST

- 6.1 The Chief Financial Officer, their designees, and employees, including the Advisory Investment Committee, who are involved in the investment process, will comply with the County's Code of Ethics and the Virginia State and Local Government Conflict of Interests Act, Code of Virginia §2.2-3100 et seq. Specifically, they will:
 - Refrain from accepting any money, loan, gift, favor, services or business or professional opportunity that could reasonably be perceived to influence the performance of their official duties.

- Disclose any material financial interests in institutions with which the County conducts business, or any personal investment positions with the County's investment portfolio.
- Refrain from engaging in personal investment transactions with individuals or entities that conduct business on behalf of the County.
- 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.

7.0 DELEGATION OF AUTHORITY

- 7.1 Authority to manage the investment program is granted to the County's Chief Financial Officer (Director of Finance) who is the official charged with receiving, collecting, safeguarding, and disbursing County funds in accordance with Code of Virginia § 15.2-519. The Chief Financial Officer is responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management for the operation of the County's investment program.
- 7.2 The Chief Financial Officer may designate the authority to manage the day-to-day operations of the investment program to the Chief of OIDM as the Investment Officer who will act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. The Chief of OIDM may delegate authority to members of their staff yet has the responsibility to oversee members of their staff in the solicitation of offerings, the placing of purchase and sell orders, confirmation of trades, the preparation and distribution of reports, and other activities as required for the daily operations of the investment area. 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.
- 7.3 The Chief of OIDM is also charged with developing written standard investment procedures and an asset allocation plan consistent with this policy. Such procedures will be approved by the Chief Financial Officer.
- 7.4 The Chief Financial Officer may engage financial consultants on a contractual basis to assist in the development and implementation of investment procedures and policies, to provide guidance in investment matters, and to monitor the effectiveness and continued compliance with such policies and procedures, subject to the County's purchasing rules and regulations.

8.0 ADVISORY INVESTMENT COMMITTEE

- 8.1 The Advisory Investment Committee serves in an advisory capacity to support the prudent management of the County's investment portfolio. Its responsibilities include monitoring portfolio performance and structure, reviewing compliance with applicable laws and policies, and providing guidance on investment strategy, risk management, policy updates, and economic considerations that affect the County's development.

- 8.2 The Advisory Investment Committee will consist of the following members, representing a cross-functional group, selected for their roles, expertise, and availability such as:
- Representative of the County Executive’s Office – Provides strategic alignment with County-wide priorities and executive oversight.
 - Chief Financial Officer – Serves as Chair of the Committee and may delegate the role of Chair at their discretion. Provides oversight in alignment with fiscal policy and strategic objectives.
 - Chief of OI&M - Responsible for operational execution of investment decisions and reporting, including coordinating with Office of Management and Budget (OMB) and the Controller’s Office for budget and accounting requirements
 - Representative of Risk Management – Provides guidance on investment-related risks and ensures alignment with the County’s overall risk framework.
 - Representative of the County Attorney’s Office – Provides legal review and ensures investment activities and policies comply with applicable laws.
 - Member of the Economic Development Office – Contributes perspective on local economic trends, business climate, and investment opportunities that support community growth.
 - Other Employees as proposed by the Committee – Additional members may be nominated by the Committee based on relevant expertise, operational needs, or strategic considerations. Such appointments will be documented and approved by the Committee Chair.
- 8.3 In the event of a vacancy or temporary unavailability, the Committee may appoint a qualified alternate with relevant expertise. The Committee may also invite subject matter experts or external advisors to participate in discussions as non-voting members when specialized knowledge is required.
- 8.4 The Committee will meet at least quarterly.

9.0 SAFEKEEPING

- 9.1 All investment securities purchased by the County will be held by a third-party custodian, when applicable, as designated by the Chief Financial Officer or their designee. Custody of these securities must be evidenced by a safekeeping receipt.
- 9.2 In accordance with Virginia Code § 2.2-4515, securities with maturities greater than 31 calendar days or more will not be held in safekeeping by the counterparty to the investment transaction. For the purposes of this policy, a counterparty is defined as the issuer or seller of the security, any agent acting on their behalf, or any provider of repurchase agreements.
- 9.3 All investments will be safeguarded in a manner that minimizes custodial credit risk, ensuring that securities are insured, registered, or held in the County’s name by the County or its designated agent, consistent with the disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 40.

- 9.4 The County will obtain the safekeeping institution's most recent Security Operations Center (SOC) 1 Type II report, issued under Statement on Standards for Attestation Engagements (SSAE) 18, on an annual basis to demonstrate the design and operating effectiveness of internal controls relevant to financial reporting.

10.0 INTERNAL CONTROLS

- 10.1 The Investment Officer will establish and maintain a system of internal controls, documented in writing, to safeguard public funds. These controls will be made available annually for review to the Advisory Investment Committee and the County's independent auditor.
- 10.2 The internal control system will be designed to mitigate risks including fraud, employee error, misrepresentation by third parties, unexpected market fluctuations, and imprudent actions by County personnel. The framework should reflect principles consistent with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework and GFOA best practices for public investment programs.

11.0 DELIVERY VS. PAYMENT

- 11.1 All trades of marketable securities will be executed on a delivery versus payment (DVP) basis to ensure that securities are deposited with the County's custodian prior to the release of funds.

12.0 REQUIREMENTS FOR SUITABLE AND AUTHORIZED INVESTMENTS

- 12.1 Investments of public funds are set forth in the Virginia "Investment of Public Funds Act" (VIPFA), Code of Virginia §2.2-4500 et seq. and in the Virginia Local Government Investment Pool Act (LGIP), Code of Virginia §2.2-4600 et seq. Within this statutory framework, the County restricts its investment activity to the following categories of securities. The County sets forth additional conditions by policy for maturity and creditworthiness which is summarized in the table below.

Albemarle County Policy

INVESTMENT INSTRUMENT Framework	VIRGINIA CODE Conditions	ALBEMARLE COUNTY POLICY Additional Conditions	OTHER NOTES
Obligations of the Federal Government & Government Agencies, Va. Code § 2.2-4501(A)(2)	No material restrictions.	Five-year Maximum Maturity.	
Federal Government Certificates (i.e., U.S. Treasury STRIPS), Va. Code § 2.2-4501(A)(2)	Allows for investment in obligations of the United States or securities unconditionally guaranteed by the United States, whether held directly, through repurchase agreements, or through investment companies whose portfolios are restricted to such securities.	Five-year Maximum Maturity.	
Obligations of the Commonwealth of Virginia, Va. Code § 2.2-4501(A)(1)	Allows for the investment in obligations (bonds or similar debt instruments) unconditionally guaranteed as to the payment of principal and interest by the Commonwealth.	Rated AA- or better by Fitch, Aa3 or better by Moody's and AA- or better by Standard & Poor's.	When referring to obligations of the Commonwealth, the VIPFA does not include entities such as Virginia Resources Authority (VRA), and Virginia Public School Authority (VPSA) which are covered under the other Local Governments or "other public body".
Obligations of Other Virginia Local Governments, Va. Code § 2.2-4501(A)(4)	Allows for the investment in obligations (bonds or similar debt instruments) of a Virginia Local Government and other Public Bodies (VRA, VPSA) provided that the Government/Entity is not currently in default. Should the investment be secured by Revenues of the Government/Entity and the underlying project lacks an operating history, the	Rated AA- or better by Fitch, rated Aa3 or better by Moody's and AA- or better by Standard & Poor's.	

Albemarle County Policy

INVESTMENT INSTRUMENT Framework	VIRGINIA CODE Conditions	ALBEMARLE COUNTY POLICY Additional Conditions	OTHER NOTES
	investment must satisfy the prudent investor standard.		
<p>Commercial Paper, Va. Code § 2.2-4502</p>	<p>"Prime" Commercial Paper:</p> <ol style="list-style-type: none"> 1. The issuing corporation, or its guarantor, has a net worth of at least \$50 million; and 2. The net income of the issuing corporation, or its guarantor, has averaged \$3 million per year for the previous five years; and 3. All existing senior bonded indebtedness of the issuer, or its guarantor, has received at least two of the following ratings: (i) at least A by Moody's Investors Service, Inc.; (ii) at least A by Standard & Poor's; or (iii) at least A by Fitch Ratings, Inc.; and 4. Matures within 270 days of the day of purchase. <p>Not more than 35 percent of the total funds available for investment may be invested in commercial paper, and not more than five percent of the total funds available for investment may be invested in commercial paper of any one issuing corporation.</p>	<p>Rated AA- or better by Fitch, rated Aa3 or better by Moody's and AA- or better by Standard & Poor's. No more than 5 percent of the portfolio can be from one issuer.</p>	<p>To be defined as "Prime" Commercial Paper by the VIPFA, the paper must carry at least two of the following ratings (i) at least prime 1 by Moody's Investors Service, Inc.; (ii) at least A1 by Standard & Poor's; or (iii) at least F1 by Fitch Ratings, Inc. at the time of investment. The VIFPA also provides a means by which Local Governments may invest in non-Prime commercial paper - the County's Policies do not allow for this.</p>

Albemarle County Policy

INVESTMENT INSTRUMENT Framework	VIRGINIA CODE Conditions	ALBEMARLE COUNTY POLICY Additional Conditions	OTHER NOTES
<p>Bankers' Acceptances, Va. Code § 2.2-4504</p>	<p>No material restrictions other than the exclusion of sinking funds.</p>	<p>Maximum maturity of 180 days, and minimum rating of two of the following P-1 or higher by Moody's, A-1 or higher by Standard and Poor's, minimum rating of A or higher by Fitch Ratings provided the issuer is a major domestic bank or the domestic office of an international bank is rated AA- or better by Fitch, rated Aa3 or better by Moody's and AA- or better by Standard & Poor's.</p>	
<p>Federal Government Certificates (i.e., U.S. Treasury STRIPS), Va. Code § 2.2-4501(A)(2)</p>	<p>Allows for investment in obligations of the United States or securities unconditionally guaranteed by the United States, whether held directly, through repurchase agreements, or through investment companies whose portfolios are restricted to such securities.</p>	<p>Five-year Maximum Maturity.</p>	
<p>Repurchase Agreements, Va. Code § 2.2-4507</p>	<p>May invest in overnight, term and open repurchase agreements provided they are collateralized with securities otherwise approved for direct investment.</p>	<p>The Counterparty must be rated AA- or better by Fitch, rated Aa3 or better by Moody's, and AA- or better by Standard & Poor's, and the collateral is held by an independent third party.</p>	
<p>Mutual Funds Va. Code § 2.2-4508</p>	<p>Mutual fund must be composed of securities permissible by the VIPFA, and the Mutual Fund must be registered under the Securities Act (§ 13.1-501</p>		

Albemarle County Policy

INVESTMENT INSTRUMENT Framework	VIRGINIA CODE Conditions	ALBEMARLE COUNTY POLICY Additional Conditions	OTHER NOTES
	<p>et seq.) of the Commonwealth or the Federal Investment Co. Act of 1940.</p>		
<p>Certificates of Deposit Va. Code § 2.2-4509</p>	<p>Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks:</p> <ol style="list-style-type: none"> 1. With maturities not exceeding one year, that have received at least two of the following ratings: (i) at least A-1 by Standard & Poor's; (ii) at least P-1 by Moody's Investors Service, Inc.; or (iii) at least F1 by Fitch Ratings, Inc.; and 2. With maturities exceeding one year and not exceeding five years, that have received at least two of the following ratings: (i) at least AA by Standard & Poor's; (ii) at least Aa by Moody's Investors Service, Inc.; or (iii) at least AA by Fitch Ratings, Inc. 	<p>Certificates of Deposit maturing within one year and issued by domestic banks rated F-1 by Fitch, P-1 by Moody's and A-1 by Standard and Poor's.</p>	
<p>Qualified Investment Pools Va. Code § 2.2-4513.1</p>	<p>"Qualified Investment Pool" means a jointly administered investment pool organized as a trust fund pursuant to Article 1 of Chapter 13 of Title 15.2 of the Code of Virginia that has a professional investment manager.</p> <p>Investments in qualified investment pools shall comply with the</p>		<p>Pooled investment programs (such as the VACo/VML Virginia Investment Pool "VML/VACO", or the Virginia Municipal Investment Trust "VA Mint"), which comply with the types of authorized investments</p>

Albemarle County Policy

INVESTMENT INSTRUMENT Framework	VIRGINIA CODE Conditions	ALBEMARLE COUNTY POLICY Additional Conditions	OTHER NOTES
	requirements applicable to Local Governments.		required by the Investment of Public Funds Act.
Virginia Local Government Investment Pool Va. Code § 2.2-4602	Virginia Local Government Investment Pool (LGIP) is administered by the State of Virginia to comply with the types of authorized investments required by the Investment of Public Funds Act.		

12.2 INVESTMENT MAXIMUMS BY AUTHORIZED SECURITY CATEGORIES. Investment maximums for the suitable and authorized investments identified in Section 12.1 are also set forth by the statutory framework, “Investment of Public Funds Act”, Code of Virginia § 2.2-4500 et seq. (VIPFA); the “Virginia Local Government Investment Pool Act” (LGIP), Code of Virginia § 2.2-4600 et seq.; and the “Virginia Security for Public Deposits Act” Code of Virginia § 2.2-4400 et seq. The County imposes more restrictive percentage maximums.

Instrument Maximum	Virginia Code	Albemarle County Policy
Obligations of the Federal Government & Government Agencies	No Max	No Max
Federal Government Certificates (i.e. U.S. Treasury STRIPS)	No Max	No Max
Obligations of the Commonwealth of Virginia	No Max	No Max
Obligations of other Virginia Local Governments	No Max	No Max
Commercial Paper	Up to 35%	25%
Bankers Acceptances	Up to 40%	40%
Repurchase Agreements	No Max Up to 100%	30%
Mutual Funds	but no more than 50% in one family	30%
Collateralized Deposit Account	No Max	No Max
Negotiable CD’s and Bank Deposit Notes	Up to 40%	40%
Non-Negotiable Certificates of Deposits	Up to 40%	40%
Insured Certificates of Deposits	No Max	40%
Corporate Notes	No Max	10%
Qualified Investment Pools	No Max	No Max*

Virginia Local Government Investment Pool

No Max

No Max*

*NOTE: The County may invest in LGIP and other investment pools (such as VML/VACO and VA MINT), subject to prudent portfolio diversification and liquidity requirements. While no statutory maximum applies, the County will monitor exposure to any single pool to ensure alignment with overall investment objectives.

12.3 SUITABLE & AUTHORIZED INVESTMENTS – RESTRICTED FUNDS.

12.3.1 Bond Proceeds held by a trustee are typically subject to compliance with the federal tax rules for tax-exempt bonds. These proceeds typically are invested in the Virginia State Non-Arbitrage Program (“SNAP”).

12.3.2 Debt Service Reserve Funds are contingency funds held to cover debt service payments in case of revenue shortfalls. These funds will be invested in accordance with their bond indenture and the Code of Virginia.

12.3.3 Sinking funds as defined by § 2.2-4500 of the Code of Virginia will be invested in accordance with their bond indenture and as authorized by the Code of Virginia.

12.4 **DOWNGRADED SECURITIES (OUT-OF COMPLIANCE).** If a security no longer meets the required credit quality standards after purchase, the Investment Staff will promptly notify the Chief Financial Officer. The security will be evaluated for potential divestment, and any decision to retain it must be supported by documented justification and approved by the Chief Financial Officer.

12.5 **COLLATERALIZATION.** Where allowed by governing legislation and in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on all demand deposit accounts, including checking accounts and certificates of deposit, for amounts exceeding FDIC coverage.

13.0 AUTHORIZED BROKER/DEALERS

13.1 A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by creditworthiness and/or other factors, such as FINRA broker check.

13.2 All financial institutions and broker/dealers who desire to become qualified for investment transactions must first be authorized according to the County’s investment procedures.

13.3 An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Investment Officer.

14.0 DIVERSIFICATION, SIZE, & MATURITY

14.1 The County will diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity. Target asset allocation strategies will be developed by the Chief Financial Officer, or designee, and delivered to the Advisory Investment Committee to provide guidance as to appropriate levels of diversification.

- 14.2 Funds available for investment under the program are structured as portfolios such as:
- the Liquidity Portfolio which holds funds needed to meet short-term payment obligations,
 - the Core Portfolio which holds funds not expected to be drawn upon for a period of more than one year, and
 - the Long-Term Portfolio which holds funds not anticipated to be drawn upon for extended periods, but available in response to extraordinary economic conditions.
- 14.3 To the extent practicable, the County will structure its investment portfolios to match anticipated cash flow requirements, thereby ensuring adequate liquidity. Unless specifically aligned with a known cash flow need or permitted by governing legislation, the County will not invest in securities with maturities exceeding five (5) years from the date of purchase.
- 14.4 The County will establish investment maturity limits through written procedures adopted by the Investment Officer. These limits will reflect the County's objectives of safety, liquidity, and yield. The procedures will specify measurable criteria, including weighted average maturity (WAM) thresholds, and will be reviewed periodically to ensure alignment with market conditions and operational needs. The maturity framework established in the procedures will be consistent with the GFOA Recommended Practice on Maturities of Investments in a Portfolio.

15.0 COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

- 15.1 The County pursues the competitive selection of investment instruments whenever practicable. This approach ensures that the County secures favorable pricing, avoids excessive fees or mark-ups, and maintains transparency in its investment activities.
- 15.2 Investment decisions will be guided by asset allocation objectives, anticipated expenditure schedules, and established selection criteria. These criteria may include, but are not limited to, yield, maturity, credit quality, liquidity, diversification, and alignment with the County's risk tolerance and policy objectives.
- 15.3 Competitive offers will be solicited from a list of approved providers, and selections will prioritize the most advantageous terms while remaining in compliance with this policy.
- 15.4 The County may, on occasion, accept investment offers outside of a competitive process when such offers are deemed to be in the County's best interest. In such cases, the County will ensure and document that pricing is reasonable and that the investment aligns with policy objectives. All non-competitive investment decisions must be authorized by the Chief Financial Officer.
- 15.5 Investments in money market funds, investment pools, and overnight securities are exempt from the competitive selection requirement. Nonetheless, the County will monitor available yields and ensure that such investments provide competitive returns consistent with this policy and the County's selection criteria.

16.0 REPORTING REQUIREMENTS

- 16.1 The OIDM Staff will prepare investment activity reports at least quarterly, including a management summary analyzing portfolio status and transactions. Portfolio reports will be presented to the Advisory Investment Committee and provided to the Board of Supervisors. Each report will include:
- A listing of individual securities held, including type, acquisition cost, book cost, and market value.
 - Realized and unrealized gains/losses for securities not held to maturity.
 - Average weighted return compared to applicable benchmarks.
 - Portfolio composition by investment type.
 - A statement of compliance with the investment policy and its objectives.
- 16.2 The market value of the portfolio will be calculated and reported at least quarterly, consistent with GASB Statement 31 (Accounting and Financial Reporting for Certain Investments and for External Investment Pools) and GASB Statement 40 (Deposit and Investment Risk Disclosures-An Amendment of GASB Statement No. 3), and GFOA's Recommended Practice on Mark-to-Market Reporting.