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MISSION STATEMENT

The duties of the Franklin County Treasurer are to collect, protect, invest, and distribute the public funds of Franklin County and those taxing bodies for which the Franklin County Treasurer acts as custodian. This requires stewardship whereby consideration is given to the needs, diversity, and return on investment while protecting the whole of the portfolio's value. In all circumstances, the protection of principal takes precedence over the rate of return.

This document establishes the framework to guide the investment policy for safeguarding the public funds entrusted to the office of the Franklin County Treasurer.

## I. SCOPE OF POLICY

The purpose of the policy is to direct the investment activities of all funds under the jurisdiction of the Franklin County Treasurer. The guidelines will be applicable to all current and future funds placed under this office's jurisdiction. The Illinois Compiled Statutes will act as the parameter for all investment decisions. Accountability for the funds will be subject to regular internal monthly review, monthly reporting, and a yearly audit performed by the Franklin County Board's designated auditor.

## II. OBJECTIVE

The cash management and investment decisions for the stewardship of public funds under the Franklin County Treasurer's jurisdiction will meet the following objectives, in order of priority:

1. Safety – Protection of principal takes precedence over the rate of return. The security of public funds shall be the primary concern of the Franklin County Treasurer when selecting depositories and investment strategies.
2. Liquidity – To allow availability of funds within the time frame desired while considering the budgetary constraints of the entrusting entity.
3. Yield – The return on investment will be dependent upon minimizing the risk of the investment, budgetary constraints, cash flow requirements, and the legal restrictions on investment.

## III. GUIDELINES

The stated objectives shall be met by employing the "Prudent Man Rule". Under this rule, the investment of funds is based upon "the judgment and care under circumstances then prevailing that 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 derived and optimum liquidity required for operation of their local government". (NACO Task Force)

## IV. RESPONSIBILITY

Investment of funds under the control of the Franklin County Treasurer will be the direct responsibility of the Franklin County Treasurer. It will be the responsibility of the Franklin County Treasurer for all transactions and establishing a system of control for the activities of all subordinates who are directly involved in the assistance of such activities.

V. SECURITY CONTROL

Only the Franklin County Treasurer is authorized to establish financial accounts for the Office of the Franklin County Treasurer. The record of this office will be audited as part of the yearly county audit by the County Board's designated auditor. Internal control for fund distribution will include, but may not be limited to, the following steps:

1. Checks created by designated employee
2. Checks verified and signed by the Franklin County Treasurer
3. Checks co-signed by the designated authority

In the event the Franklin County Treasurer would be unavailable to sign and the check(s) cannot wait for his return, then a signature stamp may be used to sign at the discretion of the Chief Deputy County Treasurer.

The Franklin County Treasurer will also ensure that all duties relating to the receipting of funds, deposit preparation, depositing of said funds, data entry, and account reconciliation are segregated to the greatest degree possible.

VI. REPORTING

All investment transactions shall be recorded by the Franklin County Treasurer or the Treasurer's staff. A monthly report will be presented to the County Board. This report will list fund balances, investment activities, and all other information required by state law or deemed pertinent.

VII. INVESTMENT VEHICLES

The Franklin County Treasurer shall limit Franklin County's investments to those allowed by law under the Illinois Compiled Statutes. The diversification of the County's portfolio, within the allowed investments, will be the sole responsibility of the Franklin County Treasurer.

VIII. FINANCIAL INSTITUTIONS

The Franklin County Treasurer will have the sole responsibility to select the financial entities that will act as depositories for public monies held in trust by the Franklin County Treasurer. The Franklin County Treasurer will take into account security, size, location, community relations, and other necessary factors deemed pertinent in selecting financial institutions.

IX. ETHICS AND CONFLICTS OF INTEREST

Neither the Franklin County Treasurer nor his staff shall have any personal interest in the investments that the Franklin County Treasurer has authorized.

Neither the Franklin County Treasurer nor his staff shall accept any gifts or favors offered in exchange for special treatment or consideration by the Franklin County Treasurer. All investment decisions will be based solely upon the aforementioned objectives of safety, liquidity, and yield.

X. COLLATERALIZATION

All deposits over the federally insured limits will be required to be collateralized as to maintain a dollar value of the investments over the insured limit. Collateralization agreements will be maintained in the records of the County's portfolio for each financial institution's arrangement. Third party safekeeping arrangements may be required, at the discretion of the Franklin County Treasurer.

XI. BONDING

The Franklin County Treasurer, his deputies, and his employees will be bonded at a rate determined by the Franklin County Board to be reasonable. The bonding shall be with whomever the Franklin County Treasurer chooses subject to approval by the Franklin County Board.

XII. AMENDMENT

This policy may be reviewed from time to time and revised upon the approval of the Franklin County Treasurer. This version of the Investment Policy, dated December 16, 2008, supersedes all previous editions of the Franklin County Investment Policy.

XIII. CAPTIONS AND HEADINGS

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

The above policy is hereby approved and in full force and in effect this 16<sup>th</sup> day of December, 2008 and each day hereafter.

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John Gulley  
County Treasurer  
Franklin County, Illinois