
SUBJECT: INVESTMENT

ADOPTED DATE: MAY 3, 2021

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Purpose

The purpose of this policy is to set forth the investment objectives and parameters for the management of public funds of Cass County, "County". The intent of this policy is to safeguard funds on behalf of the County, assure the availability of funds for operational and capital needs, comply with applicable North Dakota Century Code (NDCC 21-04 and 21-06-07), and provide a competitive return on investment.

Scope

In accordance with accounting standards, financial reporting guidelines, and North Dakota Century Code, this investment policy applies to all monetary assets held or controlled by the Finance Director on behalf of the County. This policy does not apply to funds related to the issuance of debt where there are other indentures in effect for such funds. In addition, any future revenues and proceeds, which have statutory investment requirements conflicting with this policy, will not be subject to this policy.

Objectives

The primary objective of the County, in priority order, of investment activities shall be safety, liquidity, and yield.

Management of Investments

The Finance Director shall be responsible for setting investment objectives, strategies, identifying cash flow needs, and ensuring compliance with this policy and applicable North Dakota Century Code. The Finance Director is responsible for overseeing the day-to-day management of County investments. In the event the Finance Director is unable to carry out investment responsibilities, the Sr. Accountant shall assume the duties. The Finance Director shall be responsible for the transfer of appropriated funds to affect investment transactions, for investment of operating funds, and bond proceeds that are consistent with this Investment Policy.

Delegation of Authority

In accordance with North Dakota Century Code, 21-04, the County Board has the authority to designate brokers to invest county funds when it is deemed to be in the best interest of the County. Any investments made by brokers on behalf of the County must do so in accordance with this policy and North Dakota Century Code 21-06-07.

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Authorized Depositories, Investment Institutions and Dealers/Brokers

The County Board in accordance with North Dakota Century Code 21-04 shall designate depositories. At least biannually, the Finance Director shall be provided a collateral pledge agreement along with documentation, such as bank resolution/minutes, approving the collateral pledge agreement.

Each depository used by the County must be either a Savings Association or a Commercial Bank.

County funds will be invested in instruments, which meet at least one of the following criteria:

- A. Governmental bonds, notes, bills, mortgages, and other securities, which were direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress.
- B. General Obligations of a state or local government with taxing powers which was rated "A" or better by a national bond rating service.
- C. Revenue obligation of a state or local government with taxing powers, which was rated "AA" or better by a national bond rating service.
- D. Time Deposits fully insured by the Federal Deposit Insurance Corporation.
- E. Other investment instruments as allowed by North Dakota Century Code, i.e. mutual funds or units of a short-term investment fund.

NDCC 21-06-07. Political Subdivisions May Invest Funds

- 1. Counties, cities, school districts, park districts, and townships in this state may invest moneys in their general fund, or balances in any special or temporary fund, in:
 - a. Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of Congress.
 - b. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of a type listed above.
 - c. Certificates of deposit fully insured by the federal deposit insurance corporation or by the state.

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- d. Certificates of deposit, savings deposits, or other deposits fully insured or guaranteed by the federal deposit insurance corporation and placed for the benefit of the public depositor by a public depository through an appropriate deposit placement service as determined by the commissioner of financial institutions.
 - e. State and local securities:
 - i) Any security that is a general obligation of any state or local government with taxing powers which is rated in the highest three categories by nationally recognized rating agency.
 - ii) Any security that is a general obligation of a school district and is rated in the highest two categories by a nationally recognized rating agency.
 - iii) An obligation of the state housing finance agency that is rated in the highest two categories by a nationally recognized rating agency.
 - iv) Obligations of this state and general obligations of its political subdivisions.
 - f. Commercial paper issued by a United States corporation rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less.
2. Bonds, treasury bills and notes, or other securities so purchased must be taken into consideration in making levies for the ensuing year, and when funds are needed for current expenses, the governing board and authorities of such municipalities may convert those obligations into cash.

Ethics and Conflict of Interest

The Finance Director, Sr. Accountant and anybody involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or could impair their ability to make impartial investment decisions. All County staff involved in the investment process shall disclose to the County Board any material financial interests in financial institutions that conduct business with the Board or County, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the County's investment program.

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Authorized Investments and Portfolio Composition

Investments and Depositories are restricted to those complying with the applicable sections of North Dakota Century Code 21-06-07. Listed below are some specific examples:

- U.S. Government Securities
- U.S. Government Agencies
- Federal Instrumentalities (U.S. Government-Sponsored Enterprises)
- Certificates of Deposits
- Registered Investment Companies/Money Market Mutual Funds
- Certain Mutual Funds

Reporting

The Finance Director shall report, on a biannual basis, cash positions to the County Board. The Finance Director shall also maintain reports, available for review that includes, at a minimum, the following information for each individual investment:

- Description/Listing of Investment Instruments
- Interest rate or yield to maturity
- Maturity dates
- Purchase Price or remaining principle (Book Value)
- Monthly/Annual Interest

Safekeeping and Custody

To protect against potential fraud and embezzlement, the assets of the County shall be secured through safekeeping procedures. The Finance Director and Sr. Accountant shall be bonded to protect the public against possible embezzlement and malfeasance. An independent auditor shall review safekeeping procedures, legality of investments, and the receipting of interest annually.

HISTORICAL REFERENCE DATE: MAY 3, 2021