

# **Deposit and Investment Policy**

## **I. Background**

- A. The Treasurer of Hanover County has established a Detailed Deposit and Investment Policy. The Board of Supervisors has adopted the Detailed Deposit and Investment Policy as a joint policy between the County and the Treasurer. The Detailed Deposit and Investment Policy is subject to amendment by the Treasurer. It is the intent of the Board of Supervisors that such amended Detailed Deposit and Investment Policy will remain a joint policy between the County and the Treasurer, as long as it continues to agree with the overarching Deposit and Investment Objectives outlined below, or until the Board adopts otherwise.
- B. All investable balances shall be invested with the same care, skill, prudence and diligence that a prudent and knowledgeable person would exercise when undertaking an enterprise of like character and aims under circumstances prevailing at that time.

## **II. Scope, and Deposit and Investment Objectives**

- A. This Deposit and Investment Policy applies to the investment activities of Hanover County, except for investments of the Retiree Medical Benefits Trust.
- B. Safety - the safeguarding of principle shall be the foremost objective of the investment program by mitigating credit risk and interest rate risk with all other objectives subordinated to the attainment of this objective.
- C. Liquidity - the investment portfolio shall be managed at all times with sufficient liquidity to meet all daily and seasonal needs, as well as special projects and other operational requirements either known or which might be reasonably anticipated.
- D. Yield - the investment portfolio shall be managed with the objective of obtaining no worse than a fair value rate of return over the course of budgetary and economic cycles, taking into account the above objectives and the cash flows of the County.

## **III. Allowable Investments**

- A. All investments shall be in compliance at all times with provisions of the Code of Virginia and the Treasurer's Detailed Deposit and Investment Policy.

## **IV. Prohibited Securities**

The following securities shall be expressly prohibited, unless specifically approved in writing by the Treasurer:

- 1. Derivative products that include any of the following characteristics: high price volatility, illiquid markets, products that are not market tested, highly leveraged products, products requiring a high degree of sophistication to manage, and products that are difficult to value.
- 2. Reverse repurchase agreements (repos).

## **V. County and Treasurer Internal Controls**

- A. The County and Treasurer shall maintain a system of internal controls which shall be

documented and reviewed with internal and independent auditors and meet the requirements of the Government Accounting Standards Board and other applicable regulators.

- B. These controls shall be designed to provide reasonable assurance of loss prevention due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.
- C. There shall be a separation of transaction authority from accounting and record keeping with all transaction activity properly documented in the Treasurer's cash receipts system and bank reconciliations to the general ledger performed monthly.
- D. Treasurer and County officials 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.
- E. The Treasurer shall annually update the Board of Supervisors and at least quarterly update County administration on securities held, maturities, investment returns, unrealized gains (loses), comparisons to established benchmarks, market conditions and prevailing investment philosophy.
- F. Bank transfers.
  - 1. Dual authorizations representing the County and the Treasurer shall be in compliance with the Accounting Policy for all transfers that move County funds from a County account to a non-county account (e.g., debt service payments).
  - 2. In addition, the Treasurer's Office will have dual processing procedures requiring two people to conduct transfers with County bank accounts.
  - 3. All financial institutions used by the County will have written instructions regarding County authorizations for wire transfers, restrictions on accounts funds can be wired and other procedures that will mitigate unauthorized movement of funds (e.g., call-back to independent person, written confirmations, etc.).