

Finance/Audit Committee Approval \_\_\_\_\_  
Trustees Approval \_\_\_\_\_  
Originally Issued \_\_\_\_\_  
Revised \_\_\_\_\_ 5/4/2011 \_\_\_\_\_  
Review Date \_\_\_\_\_

Fiscal Policies

***Investment Policy***

This policy, in accordance with the Ohio Revised Code, will govern the investment activities of Sylvania Township, Lucas County, Ohio (hereafter "Township"). It will be reviewed periodically for compliance in order to insure the flexibility necessary to effectively manage the Township's accounts.

**Purpose:**

The purpose of the Investment policy is to define the classifications of, time limits, and investment options for, the various types of cash balances maintained by the Township.

**Authority:**

Ohio Revised Code Chapter 135 and GASB 40

**Scope:**

It is the Township's general policy to invest public funds under its control and supervision as would a "prudent investor" which means that 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.

***Investment Policy:***

Investment decisions of the Township's public moneys shall be managed by the Investment Committee which shall meet at least once during each calendar month. The Investment Committee shall consist of: one (1) Trustee, appointed by the Township Board of Trustees; the Township Fiscal Officer; the Township Administrator; and the Township Director of Accounting and Budgeting. The award of active, inactive or interim deposits shall be made by the Fiscal Officer or the Board of Trustees in accordance with Ohio Revised Code Chapter 135 based upon the advice and consent of the Investment Committee.

**Time limits:**

Investments with an initial maturity of more than three months must mature within 5 years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

**Risk Management:**

The Ohio Revised Code prescribes allowable deposits and investments: deposits are either; (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at

all times shall be at least one hundred five percent of the deposits being secured. The Township shall at a minimum, meet these requirements.

**Classification & Investment options:**

Monies held by the Township are classified by State statute into three categories – each with alternative investment options.

1. **Active monies** are public monies determined to be necessary to meet current demands upon the Township treasury.
  - a. **Investment option:** Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawals on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
2. **Inactive deposits** are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories.
  - a. **Investment option:** Inactive deposit must either be evidenced by certificates of deposit maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
3. **Interim deposits** are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by the time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.
  - a. **Investment option:** Interim monies held by the Township can be deposited or invested in the following securities:
    - I. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States
    - II. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities
    - III. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by a least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
    - IV. Bonds and other obligations of the State of Ohio or Ohio local governments

- V. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
- VI. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions
- VII. The State Treasurer's investment pool (STAR Ohio)
- VIII. Authorized investments may include investments in commercial paper and bankers acceptances with appropriate limitation if ORC training requirements have been met.

**Prohibited acts and investments options include:**

- Stripped principal or interest obligations, reverse repurchase agreements, and derivatives
- Taxable notes for the purpose of arbitrage
- Leverage and short selling

**Required disclosure:** *GASB Statement No. 3 as modified by Statement No. 40* ~~limits to limit~~ custodial credit risk disclosure requirements to investment securities that are uninsured, are not registered in the name of the Township, and are held by either (a) the counterparty, or (b) the counterparty's trust department or agent but not in the Township's name.

**Institutional Attestation:**

I hereby attest that in accordance with Ohio Revised Code Section 135.14(O) I have read the hereinabove Investment Policy; agree to abide by its provisions; and acknowledge receipt of a copy of the Investment Policy.

\_\_\_\_\_  
(Name of Institution)

By: \_\_\_\_\_  
(Print name)

\_\_\_\_\_  
(Signature)

Its: \_\_\_\_\_  
(Title)

Date: \_\_\_\_\_