

ICCTFOA Annual Conference
Boise, Idaho
September 21, 2017

Investing Public Funds

Outline

Introduction

Investment Law

Investment Policy

Investment Procedures

Resources

Idaho Public Investment Law

- Idaho Code 50-1013 – Deposit and Investment of Public Funds
 - The treasurer *shall be required to keep all money* in his hands **belonging to the corporation** *in* such **place or places of deposit** as shall be **provided by ordinance**; provided, however, that the treasurer **may be directed and empowered by resolution, to invest** any money in his hands **in any of the following**:

Legal Investments

■ Bonds:

■ State and Local:

- a Revenue bonds issued by the revenue bond act.
- a City coupon bonds
- a Local improvement district bonds
- a Bonds, treasury bills, interest-bearing notes, or other obligations issued or guaranteed for both principal and interest by full faith and credit of the United States.
- a General obligation bonds issued or guaranteed by the full faith and credit of the State of Idaho.



Legal Investments

- State and Local Bonds (Cont.)
 - a General obligation bonds of any county, city, metropolitan water district, municipal utility district, school district or other taxing district of this state.
 - a Bonds, notes or other similar obligations issued by public corporations of the state of Idaho including, but not limited to, the Idaho state building authority, the Idaho housing authority and the Idaho water resource board, but such investment shall not extend beyond seven (7) days.
 - a Tax anticipation bonds or notes, income and revenue anticipation bonds or notes and registered warrants of the state of Idaho or of taxing districts of the state of Idaho.



Legal Investments

- Bonds:

- Federal

- ^a Notes, bonds, debentures, or other similar obligations issued by the farm credit system or institutions forming a part thereof under the farm credit act of 1971; in bonds or debentures of the federal home loan bank board established under the federal home loan bank act; in bonds, debentures and other obligations of the federal national mortgage association established under the national housing act and in the bonds of any federal home loan bank established under said act and in other obligations of agencies and instrumentalities of the government of the state of Idaho or of the United States.



Legal Investments

- Bonds:
 - Corporate
 - ^a Bonds, debentures or notes of any corporation organized, controlled and operating within the United States which have, at the time of their purchase, **an A rating or higher** by a commonly known rating service.
 - ^a Prime commercial paper



Legal Investments

■ Banks

- Time deposit accounts with public depositories
- Repurchase agreements and reverse repurchase agreements covered by any legal investment for the state of Idaho or as otherwise allowed by this section, provided that reverse repurchase agreements shall only be used for the purpose of liquidity and not for leverage or speculation.
- Savings accounts including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.
- Prime banker's acceptances.



Legal Investments

- Savings & Loans

- Time deposit accounts and other savings accounts of state or federal **savings and loan associations located within the geographical boundaries of the state** in amounts **not to exceed the insurance provided by the federal savings and loan corporation**, including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.



Legal Investments

■ Credit Unions

- Share, savings and deposit accounts of state and federal **credit unions located within the geographical boundaries of the state** in amounts **not to exceed the insurance provided by the national credit union share insurance fund and/or any other authorized share guaranty corporation**, including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.



■ Funds

- Money market funds, mutual funds, or any other similar funds **whose portfolios consist of any allowed investment** as specified in this section.

Investment Policy

- Policy
- Scope
- Prudence
- Objectives
- Delegation of Authority
- Ethics and Conflicts of Interest



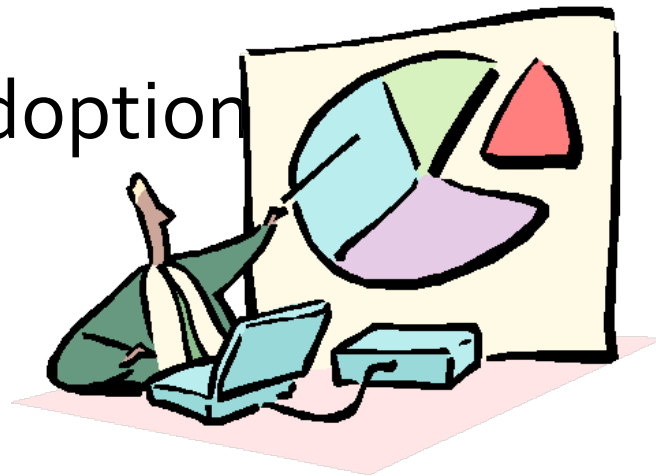
Investment Policy

- Authorized Financial Dealers and Institutions
- Authorized and Suitable Investments
- Investment Pools/Mutual Funds
- Collateralization
- Safekeeping and Custody
- Diversification



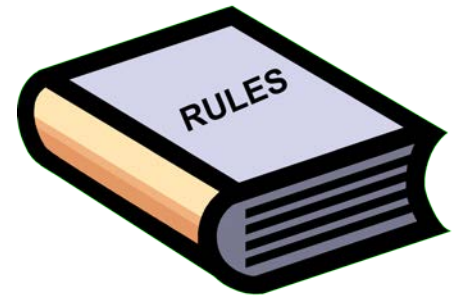
Investment Policy

- Maximum Maturities
- Internal Control
- Authority/Responsibility
- Performance Standards
- Reporting
- Investment Policy Adoption
- Glossary



Procedures

- Process
 - Selection of Broker/Dealer, etc.
 - Funds Transfer
 - Documentation
- Assignment/Separation of Duties
- Accounting Process



KNOW THE
RULES!

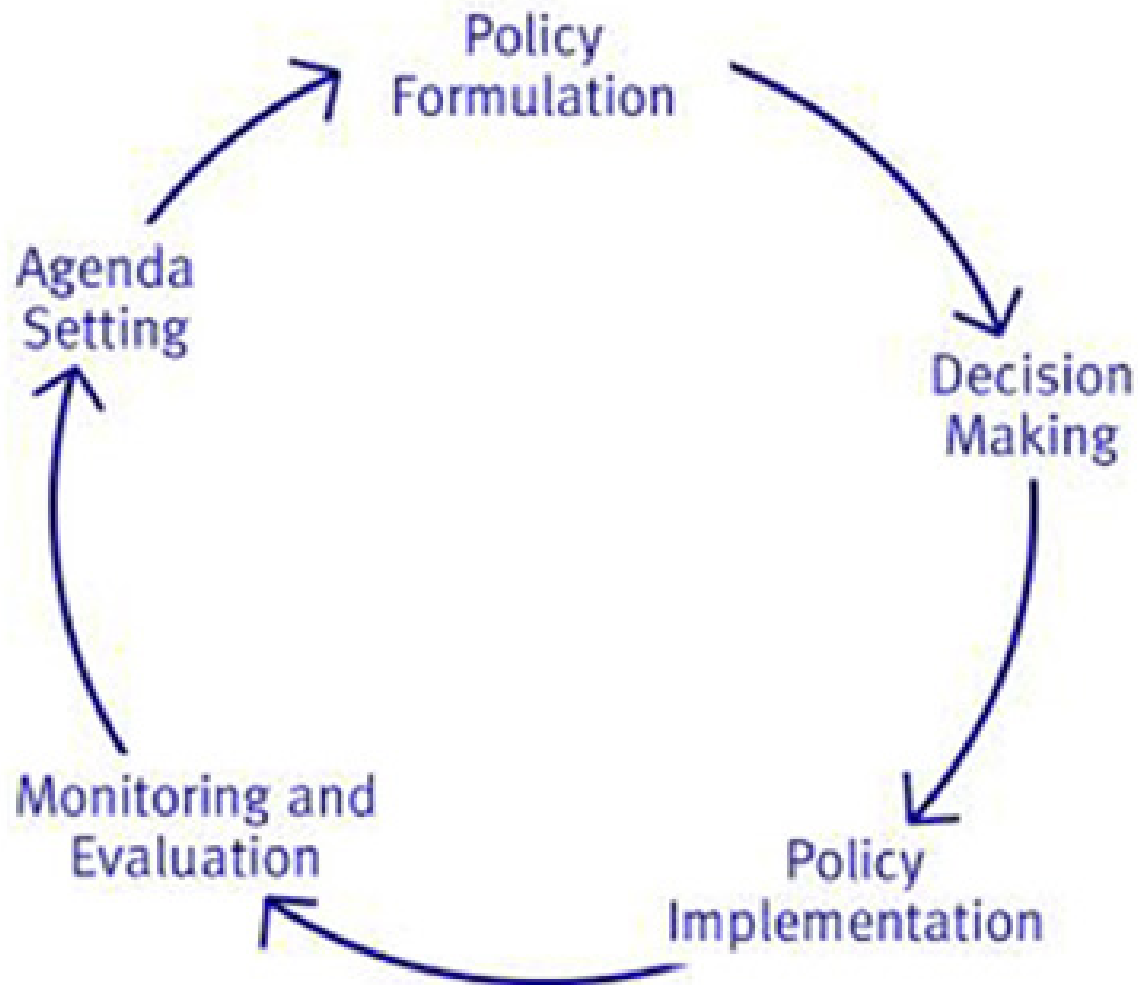


Policies & Procedures

- ▶ Written
 - Clear and understandable
 - Approval process
 - Potential Disciplinary actions
- ▶ Distributed
- ▶ Regularly reviewed
- ▶ Updated as necessary



Policy Cycle



Investment Process

- Investment Sources
 - State Treasurer
 - a LGIP
 - a DBF
 - Bank
 - Broker
 - Other



Resources

- ICCTFOA
- Government Finance Officers Association (GFOA)
- Association of Public Treasurers (APT)
- Association for Finance Professionals

