

## **INVESTMENT POLICY FOR THE COUNTY OF FALLS, STATE OF TEXAS**

### **I. POLICY STATEMENT**

It is the policy of Falls County, Texas, that the administration of its funds and the investment of those funds shall be handled at its highest public trust. Investments shall be made in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the County and conforming to all applicable state and local statutes governing the investment of public funds. The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. It is the intent of the County to be in complete compliance with the Texas Public Funds Investment Act. The earnings from investments will be used in a manner that best serves the public trust and interests of the County.

### **II. SCOPE**

This investment policy applies to all the financial assets of the County. The County maintains a general fund, special revenue funds, a debt service fund, and trust and agency funds which are accounted for in the Annual Financial Report.  
(Section 2256.005(d))

### **III. PRUDENCE**

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. (Section 2256.006(a))

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments (Section 2256.006(b)).

### **IV. OBJECTIVES AND STRATEGY**

It is the policy of the County that all funds shall be managed and invested with these primary objectives, listed in order of their priority: safety, liquidity, diversification and yield. These objectives encompass Section 2256.005(b) and Section 2256.006.

### **Safety of Principal**

Safety of principal is the foremost objective of the investment program. Investments of the County shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio. The suitability of each investment decision will be made on the basis of these objectives.

### **Liquidity**

The County's investment portfolio will remain sufficiently liquid to enable the County to meet all operating requirements which might be reasonably anticipated.

### **Diversification**

Diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.  
(Section 2256.005(b)(3))

### **Return on Investment**

The County's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, taking into account the County's risk constraints and the cash characteristics.(Section 2256.005(b)(3))

## **V. DELEGATION OF INVESTMENT AUTHORITY**

Sheryl Pringle, Falls County Treasurer, acting on behalf of the County Commissioners' Court, is designated as the Investment Officer of the County and is responsible for investment management decisions and activities. The Commissioners' Court is responsible for considering the quality and capability of staff, investment advisors, and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.  
(Section 2256.005(b)(3), Section 2256.005(f))

## **VI. ETHICS AND CONFLICTS OF INTEREST**

If the investment officer has a personal business relationship with an entity – or is related within the second degree by affinity or consanguinity to an individual – seeking to sell an investment to the County, the investment officer must file a statement disclosing that personal business interest –or relationship- with the Texas Ethics Commission and the County Commissioners' Court. (Section 2256.005(i))

## **VII. AUTHORIZED INVESTMENTS**

The County is empowered by statute and policy to invest in the following types of securities (Section 2256.003(b)(3), Section 2256.003(b)(4))

- A. Fully insured or collateralized certificates of deposit from a bank domiciled in the State of Texas not to exceed one year to the stated maturity.
- B. Texas Local Government Investment Pools as defined by the Public Funds Investment Act. The weighted average maturity of a maximum ninety (90) days, with the maximum maturity for any individual security in the portfolio not exceeding thirteen (13) months.
- C. If additional types of securities are approved for investment by public funds by state statutes, they will not be eligible for investment by the County until this policy has been amended and the amended version approved by the County Commissioners'

## **VII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

A written copy of this investment policy shall be presented to any person seeking to sell to the County an authorized investment. The registered principal of the business organization seeking to sell an authorized investment shall execute a written instrument substantially to the effect the registered principal has:

- (1) received and thoroughly reviewed the investment policy of the County; and
- (2) acknowledged that the organization has implemented reasonable procedures and Controls, in an effort to preclude imprudent investment activities arising out of the investment transactions conducted between the County and the organization.

The investment officer may not buy securities from a person who has not delivered to the County an instrument in substantially the form provided above. (Section 2256.005(k)(1))

## **IX. PERFORMANCE EVALUATION AND REPORTING**

The Investment Officer shall submit quarterly reports to the County Commissioners Court which shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program. At a minimum, this report shall contain:

Beginning and ending market value of the portfolio by market sector and total portfolio,

Beginning and ending carrying (book) value of the portfolio by market sector and total portfolio,

Transactions which change market and book value, detail reporting on each asset

(book, market, and maturity dates at a minimum),

Overall current yield of the portfolio,

Overall weighted average maturity of the portfolio, and maximum maturities in the portfolio.

The report will be prepared and signed by the investment officer. (Section 2256.023)

### X. AUDIT CONTROL

The County, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies (Section 2256.005(m))

### XI. INVESTMENT POLICY ADOPTION

The County's investment policy shall be adopted by the County Commissioners' Court, and the policy shall be reviewed on an annual basis by the County Commissioners' Court. (Section 2256.005(e))

### XII. AMENDMENT

In the event State law changes and the County cannot invest in the investments described in this policy, this policy shall automatically be conformed to existing law.

### APPROVED BY THE COUNTY COMMISSIONERS' COURT

  
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Milton Albright, Precinct # 1  
Date 11-22-21

  
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F. A. Green, Precinct # 2  
Date 11-22-21

  
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Jason Willberg, Precinct # 3  
Date 11-22-21

  
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Nita Wuebker, Precinct # 4  
Date 11-22-21

  
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Jay Elliott, County Judge  
Date 11-22-21

  
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Witnessed by Elizabeth Perez, County Clerk  
Date 11-22-21

