

## Peters Township Investment Policy

### OBJECTIVES

#### **Safety of Principal**

The safety of principal is the foremost object of the Peters Township investment program. Investments shall be made in a manner to insure the preservation of the Township's capital by minimizing credit and interest rate risk.

Credit risk is that risk associated with the failure of the insurer of a security. Credit risk shall be mitigated by:

- Limiting investments to only those provided for by Pennsylvania state statute
- Pre-qualifying financial institutions
- Diversifying the investment portfolio
- Investing in securities whose yields do not greatly exceed market averages

Interest rate risk is that risk associate with fluctuations in the value of securities resulting from changes in the interest rates. Interest rate risk shall be mitigated by.

- Structuring the investment portfolio so that securities mature on a schedule that meets cash flow requirements
- Investing in securities with short term maturities

#### **Liquidity**

It is the objective of the Peters Township investment program to maintain sufficient liquidity to meet met all anticipated as well as unanticipated operating requirements. This will be accomplished by:

- Structuring the investment portfolio so that securities mature on a schedule that meets cash flow requirements
- Investing in financial instruments with active secondary or resale markets

#### **Yield**

A secondary objective of the Peters Township investment program is obtaining yields equal to market averages.

### DELEGATION OF AUTHORITY

The Treasurer is designated as the investment officer for Peters Township. The Treasurer is responsible for the operation of the investment program. Procedures and internal controls shall be developed and implemented by the Treasurer to insure compliance with this policy.

## STANDARD OF CARE

The Treasurer's performance as an investment officer shall be judged based upon a "prudent person" standard. If the Treasurer acts according to this policy and exercises due diligence, the Treasurer will be relieved of responsibility for changes in an individual security's credit risk or market price. The Treasurer shall provide timely notification to the Township Manager and the Peters Township Council of any concerns. The Treasurer with the approval of the Township Manager will take appropriate action to insure the safety of the investment's principal.

## REPORTING

The Treasurer shall prepare and submit to the Township Manager and the Peters Township Council a quarterly investment report. This report shall be formatted to allow the reader to ascertain whether the investment activities conform to the requirement of the investment policy. The report shall include:

- A list of individual securities held at the end of the reporting period
- Listing of investments by maturity date
- Listing of the portfolio by type of investment and related percentage
- Listing of the portfolio by issuer of security and related percentage

The Treasurer and the Township Manager shall meet quarterly for the purpose of reviewing the performance of existing investments. At this time the Treasurer and the Township Manager shall select appropriate investments for the upcoming quarter.

## SUITABLE AND AUTHORIZED INVESTMENTS

### **Investment Types**

The Township shall restrict investments of idle funds to financial instruments provided for by Pennsylvania state law as contained in the Second Class Township Code.

### **Collateral**

All investment made by the Township shall be collateralized in conformance with Pennsylvania state law.

## INVESTMENT PARAMETERS

### **Maximum Maturities**

Investment maturities shall be scheduled to coincide with projected cash flow needs. No investment shall have a maturity longer than one year without authorization from the Peters Township Council. Investments should be held to maturity with the following exceptions:

- to minimize loss of principal
- to facilitate a security swap that improves the quality, yield or target duration of an investment
- to meet unanticipated cash needs

## Diversification

The Township shall diversify the investment of idle funds by type of investment as follows:

|   | Maximum Percentage |
|---|--------------------|
| U.S. Treasury Obligations   | 100%               |
| Securities of U.S. Government Agencies or<br>Instrumentalities  | 100%               |
| Investment Pools such as the Pennsylvania Local Government<br>Investment Trust and the Pennsylvania Municipal<br>Investment Program | 50%                |
| Certificate of Deposits, Commercial Banks   | 50%                |
| Certificate of Deposits, Savings and Loans  | 15%                |

In addition to diversifying investments by type, the Township shall diversify the investment of idle funds by issuer of securities as follows:

|  | Maximum Percentage |
|--|--------------------|
| U.S. Treasury  | 100%               |
| U.S. Government Agencies or<br>Government Sponsored Corporations | 100%               |
| Pennsylvania Local Government<br>Investment Trust                | 50%                |
| Pennsylvania Municipal Investment Program                        | 50%                |
| Commercial Bank  | 25%                |
| Savings and Loan   | 10%                |

