

City of Morganton
Investment Policy
May, 1987

SCOPE

This investment policy applies to activities of the City with regard to investing the financial assets of all funds

OBJECTIVES

Funds of the City will be invested in accordance with North Carolina General Statutes 159-30, these policies and written administrative procedures. The City's investment portfolio shall be managed in a manner to attain a market rate of return while preserving and protecting capita in the overall portfolio.

RESPONSIBILITY

The Finance Director or his/her designee shall have the responsibility for the administration of the investment policy of the City of Morganton. The Finance Director will routinely monitor the contents of the portfolio, the available markets, and the relative values of competing instruments, and will adjust the portfolio accordingly.

PORTFOLIO DIVERSIFICATION

The City will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities.

Diversification by Instrument:	Percent of Portfolio
US Treasury obligations (bills, notes, bonds)	100%
US Government Agencies (fully guaranteed)	100%
(Bankers Acceptances (Bas) (G.S. 147-69.1(C4F)	40%
(Commercial Paper (G.S. 147-69.1 (C4E)	
Repurchase Agreements	25%
Certificates of Deposit (CDs) Commercial Banks	100%
Certificates of Deposit (CDs) Savings and Loans	25%
NCCMT	50%

Diversification by Financial Institution:

Bankers' Acceptances (Bas):

No more than 25% of the total portfolio with any one institution.

Commercial Paper:

No more than 25% of the total portfolio with any one issuer.

Repurchase Agreements:

No more than 15% of the total portfolio with any one institution.

Certificates of Deposit (CDs):

No more than 50% of the total portfolio with one institution.

Certificates of Deposit (CDs) S & L's:

No more than 50% of the total portfolio with one institution.

NCCMT:

No more than 50% of the total portfolio.

Maturity Scheduling:

Investment maturities shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll, power purchases), as well as considering sizeable blocks of anticipated revenue (tax receipts, etc.). Maturities shall be timed to comply with the following guidelines:

Under 270 days	50%
Under 1 year	75%
Under 3 years	100%

POLICY PROCEDURES

A. Strategy

The City invests funds by using a specific, but flexible, investment strategy. The City formulates its investment strategy by monitoring the performance of current economic indicators and current economic projections. The criteria for selecting investments are ranked as to: legality, safety, liquidity, yield, and ease and cost of handling. Obvious profit opportunities are taken when market conditions shift. Long-term investments (over one year) are limited to maturities of three years or less. Maturities are selected, to coincide with the periods when funds will be needed to meet expenditures.

B. Market Trading Procedures

The City monitors the investment market daily. It is the City's policy to contact the backs in Morganton for bids and offerings to receive the best pricing/yield possible. All purchases, sales, and commitments are verified and documented as to the settlement date, interest rate, maturity date, and price. All transactions are recorded in complete detail. Investments are frequently settled by a bank wire transfer.

C. Collateralization of Deposits

North Carolina General Statute 159-31(b) requires that sufficient collateral be pledged for all public funds. For demand deposits and time deposits, FDIC and FSLIC protection is available for \$100,000. However, once the City's demand or time deposits exceed \$100,000, specific eligible securities must be pledged as collateral for the City's funds. The Finance Director or his/her designee will ensure that sufficient and proper collateral exists for all demand and time deposits in excess of \$100,000.