

Investment Policy

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Kankakee County Treasurer

I. PURPOSE

The purpose of this Investment Policy is to establish guidelines for the prudent investment of public funds under the custody of the Kankakee County Treasurer. The policy is designed to:

- Ensure the **safety of principal**
- Maintain sufficient **liquidity** to meet operational needs
- Achieve a **reasonable rate of return** consistent with legal and fiduciary responsibilities

All investments shall be made in accordance with Illinois law and this policy.

II. SCOPE

This policy applies to all public funds under the custody and control of the Kankakee County Treasurer, including:

- Operating funds
- Special funds
- Tax collections and distributions
- Any other funds held by the Treasurer

As defined by Illinois law, “public funds” include all funds belonging to or in the custody of a public agency.

III. STANDARD OF CARE

Investments shall be made with the judgment and care that persons of prudence, discretion, and intelligence exercise in managing their own affairs—not for speculation, but for investment.

The Treasurer shall act as a fiduciary, prioritizing:

1. Safety
2. Liquidity
3. Return

This mirrors best practice across Illinois public investment programs.

IV. AUTHORITY

The Treasurer is authorized to invest funds pursuant to:

- The **Public Funds Investment Act (30 ILCS 235)**
- The **Public Funds Deposit Act (30 ILCS 225)**
- The **Illinois Counties Code (55 ILCS 5)**

Illinois law explicitly authorizes counties to invest funds in accordance with the Public Funds Investment Act.

V. INVESTMENT OBJECTIVES

The investment program shall be guided by the following priorities:

1. Safety of Principal

Protection of capital is the foremost objective.

2. Liquidity

Investments shall be structured to ensure funds are available when needed for disbursement.

Illinois law requires investments to mature before funds are needed.

3. Rate of Return

A competitive rate of return shall be sought within the constraints of safety and liquidity.

VI. AUTHORIZED INVESTMENTS

The Treasurer may invest in instruments permitted under Illinois law, including but not limited to:

A. U.S. Government Obligations

- Treasury bills, notes, bonds
- Securities backed by the full faith and credit of the United States

B. Federal Agency Securities

- Federal Home Loan Bank
- Federal Farm Credit System
- Federal National Mortgage Association (FNMA)

C. Financial Institution Deposits

- Interest-bearing savings accounts
- Certificates of deposit (CDs)
- Time deposits in qualified institutions

Deposits must be in institutions compliant with Illinois law.

D. Credit Union Investments

- Insured Illinois-based credit unions only

E. Public Investment Pools

- Illinois Funds or similar pools authorized by statute

F. Other Authorized Instruments

- Short-term discount obligations
- Certain highly rated commercial paper (if applicable under law)

VII. PROHIBITED INVESTMENTS

The following are prohibited unless specifically authorized by Illinois law:

- Derivatives or speculative instruments
- Equity securities (stocks)
- Any investment not explicitly authorized under statute
- Investments creating a conflict of interest

Illinois law prohibits treasurers from having a personal interest in investments made with public funds.

VIII. DIVERSIFICATION

Investments shall be diversified to minimize risk of loss:

- By institution
- By instrument type
- By maturity

No single institution or instrument type shall dominate the portfolio to an extent that increases risk exposure.

IX. MATURITY AND LIQUIDITY MANAGEMENT

- Investments shall be matched to anticipated cash flow needs
- The Treasurer's determination of liquidity needs is legally conclusive under Illinois law
- A portion of funds shall remain readily liquid

X. SAFEKEEPING AND CUSTODY

- Securities shall be held by a third-party custodian or in safekeeping
- All transactions shall be evidenced by written confirmation
- Collateralization shall be required where deposits exceed FDIC or applicable insurance limits

XI. ETHICS AND CONFLICTS OF INTEREST

- The Treasurer and staff shall avoid any personal financial interest in investments
- All investment decisions shall be made solely in the public interest
- Compliance with Illinois ethics laws is required

XII. INTERNAL CONTROLS

The Treasurer shall establish internal controls designed to:

- Prevent loss due to fraud or error
- Ensure proper authorization of transactions
- Maintain accurate accounting records

Controls shall be reviewed periodically.

XIII. REPORTING AND TRANSPARENCY

The Treasurer shall provide regular reports to the County Board, including:

- Portfolio holdings
- Investment performance
- Compliance with policy and law

XIV. REVIEW OF POLICY

This Investment Policy shall be:

- Reviewed annually
- Updated as necessary to reflect changes in law or best practices

XV. EFFECTIVE DATE

This policy shall take effect upon approval by the Kankakee County Treasurer and, where required, the County Board.