



# **EDWARD J. LEONARD**

## *Franklin County Treasurer*

373 S. High Street, 17<sup>th</sup> Floor, Columbus OH 43215-6306 (614) 525-3438

<http://Treasurer.franklincountyohio.gov>

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### **County Investments Remain Safe**

In light of the recent debate over raising the Federal debt ceiling, Franklin County Treasurer Edward Leonard wants to reassure the public that the County's investments are secure and the investment portfolio will continue to be actively yet securely managed to generate competitive returns.

During Treasurer Leonard's administration, Franklin County's investment portfolio has always been conservatively managed. As a result of the historic decline in interest rates over the past several years, governments at every level have experienced lower earnings. Franklin County is no exception. However, through proactive management, the County's annual portfolio yields have declined at a much slower pace.

Under Ohio law, public entities such as Franklin County are limited to investing in U.S. Government securities, bank certificates of deposit, certain short-term corporate obligations, and various cash equivalent securities. Public entities are prohibited from investing in stocks.

Despite the conservative nature of Franklin County's investments, a downgrade of U.S. Treasury debt would affect the investments of all public entities. If a downgrade should occur in the future, AAA to AA bond yields will likely move higher and borrowing costs will also increase for all sectors of the economy. Local governments, businesses, and consumers will pay more interest in an already fragile economic recovery. Additionally, budget cuts at the state level will continue to present funding challenges for all levels of local government, including Franklin County.

Even with the prospect of a downgrade, Treasuries are still the benchmark investment of choice in terms of safety. Treasurer Leonard will continue investing in U.S. Government obligations as the primary asset class. The County's investment portfolio will also continue to be conservatively managed with the following order of priority: safety of principal, sufficient liquidity to meet the County's operating needs, and competitive yields.

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