

# WINNEBAGO COUNTY INVESTMENT POLICY

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## I. Scope

The purpose of this investment policy is to establish guidelines for investments and criteria for the Investment Officer to make daily investment decisions that are within the Investment Officer's responsibilities. It is the intent of this policy to provide a specific set of basic procedures to assure that investments are safeguarded, yet provide the appropriate flexibility in meeting the County's investment goals and objectives. This investment policy applies to all commingled cash and investments. This policy does not apply to any escrowed or agency funds of the County.

## II. Objective

### 1. Safety

Wisconsin Act 25, pledges general purpose revenues under Section 20.124 (1) (a), *Wis. Stats.*, for the payment of losses of public deposits until the balance of the appropriation is exhausted. However, no payment for a loss in excess of \$400,000 for any one public depositor in any individual public depository will be made. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$100,000 making a public depositor protected for a total of \$500,000 for deposits in any one institution.

Section 34.07, *Wis. Stats.*, as amended provides that a surety bond or other security may be required of or given by any public depository for any public deposits that exceed the amount of deposit insurance provided by an agency of the United States or by the Wisconsin Credit Union Savings Insurance Corporation and the coverage provided under Section 34.08 (2), *Wis. Stats.*

#### A. Credit Risk

In order to safeguard all County investments and deposits, the County will use available financial institution rating services to evaluate investment depositories.

Winnebago County, with the adoption of this investment policy, will allow its investment officer to place additional funds in excess of \$500,000 in any bank so named as a County depository if the depository provides a surety bond or collateralization of the time deposit or certificate of deposit. Additional unsecured deposits up to a maximum of \$2,500,000.00 may be placed in any depository rated in the highest category by the financial rating institution used by the County.

#### B. Interest Rate Risk

Investments should be scheduled to mature to meet cash requirements to avoid the need to sell securities on the open market prior to maturity.

### 2. Liquidity

The Investment Officer shall determine the maturity of any investment by analyzing the following factors:

- a. Immediate cash requirements.
- b. Projected expenditures.

- c. Available funds on hand.
- d. Maturing investments.
- e. Anticipated receipts.

### **3. Yield**

In making all investment decisions, the Investment Officer shall endeavor to obtain the highest rate of interest offered unless that offer is contrary to the overall investment objectives of the County. Local financial institutions should receive favorable consideration when other factors are relatively equal.

## **III. Standards of Care**

### **1. 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.

### **2. Delegation of Authority**

Pursuant to Sections 38.12(2), 38.125(m), 38.12(7), 38.14, 66.042(6), 66.04(2), and 219.05 and Chapter 34, *Wis. Stats.*, the authority to invest and reinvest the funds of the County, to sell or exchange securities so purchased, and to provide for the safekeeping of such securities as vested in the County Board is hereby delegated to the Finance Director.

The Finance Director shall be delegated the day-to-day responsibility of the overall financial operation to determine cash availability and needs and shall periodically redeem the securities in which County money has been invested so that the proceeds may be applied to meet the cash flow needs of the County Treasury. The Finance Director, as Investment Officer, shall report to the Finance Committee regarding investments, and shall consult with the Finance Committee as they may request regarding such investments.

Responsibility for the administration of this policy statement rests with the Finance Committee. Delegation of the authority for day-to-day administration of the policy to the Finance Director does not relieve the Finance Committee of its ultimate responsibility.

## **IV. Safekeeping and Custody**

### **1. Internal Controls**

- a. Avoidance of physical delivery of securities.

Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.

- b. Documentation.

Delivered securities shall be kept in the Finance Directors office in a locked desk. A safekeeping receipt shall be kept in the Finance Directors office in a locked desk for all book entry investments.

## 2. Forms and Contracts

- a. A Public Pledge Agreement or Bailment Agreement shall be used to perfect the County's interest in securities used as collateral for Certificates of Deposit.
- b. The PSA Master Repurchase Agreement shall be used to perfect the County's interest in securities used as collateral for Repurchase Agreements.

## V. Suitable and Authorized Investments

The Investment Officer may purchase securities that are permissible investments from available funds that are not required for the immediate needs of the County, and may sell or exchange for other eligible securities and reinvest the proceeds of the securities so sold or exchanged. The investment activity of the County shall conform to the rules for Wisconsin public funds as governed, in part by Section 66.06, Wis. Stats.

### 1. Investment Types

All investments made by the County shall be made in conformity with Sections 66.0603 and 34.09 Wis. Stats. Investments are further limited by the Winnebago County Board as follows:

- a. Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in this state if the **time deposits mature in not more than two years**, and if such institution is eligible to act as a public depository under Section 34.09, Wis. Stats., and has received the requisite approval as a public depository under Section 34.09, Wis. Stats.
- b. In bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government. **These can be purchased without limitation as to amount.**
- c. In bonds or securities of any county, city, drainage district, village, town, technical college district, village, town or school district of this state.
- d. Any security that matures or which may be **tendered for purchase** at the option of the holder within not more than **5 years** of the date on which it is acquired, if that security has a rating that is the highest or 2nd highest rating category assigned by Standard & Poor's Corporation or Moody's Investor Service. **seven**
- e. Commercial paper of institutions incorporated in the United States with commercial paper ratings of P-1 from Moody's Investor Service and/or A-1 from Standard & Poor's Corporation. Commercial paper may be purchased by an Investment Officer per Wisconsin Statutes and as part of pooled investments.

*This would not change*

## 2. Maximum Maturities

Investments shall not extend beyond any recognized unfunded cash needs of the County. Major consideration of maturity dates should be given to requirements of the payroll, debt service, and the periodic bills and claims to be paid by the County.

Investments in Certificates of Deposit and Repurchase Agreements are limited to maturities of two years or less. All other investments will be limited to securities that mature or which may be tendered for purchase at the option of the holder within three years.

Variable rate securities may be purchased with no final maturity restrictions as long as the securities have effective durations at purchase of five years or less (minimized market valuation risk).

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## VII. Reporting

### 1. Reporting

It shall be the responsibility of the Finance Director to prepare an investment report at least quarterly. The report will include the following:

- a. A listing of individual securities held at the end of the reporting period including purchase date, cost, maturity and yield.
- b. Unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that are not intended to be held to maturity.
- c. Average yield on investments as compared to applicable benchmarks.
- d. The percentage of the total portfolio that each type of investment represents.

## VIII. Policy

### 1. Amendment

This policy shall be reviewed on an annual basis. Any changes must be approved by the Finance Director and the Personnel and Finance Committee, as well as the individuals charged with maintaining internal controls.

### 2. Adopted

Resolution 428-296                      February 20, 1996

### 3. Amended

Resolution 121-1196                      November, 1996

Resolution 17-498                      April, 1998

Resolution 254-799                      July, 1999

- f. Securities of an open-end management investment company or investment trust, if the investment company or investment trust does not charge a sales load, if the investment company or investment trust is registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, and if the portfolio of the investment company or investment trust is limited to the following:
  - 1. Bonds and securities issued by the federal government or a commission, board or other instrumentality of the federal government.
  - 2. Bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government.
  - 3. Repurchase agreements that are fully collateralized by bonds or securities under 1 or 2 above.
- g. In the State of Wisconsin Local Government Pooled Investment Fund.
- h. Repurchase agreements with public depositories as defined in Section 34.01(5), *Wis. Stats.*, in which the depository agrees to repay funds advanced to it, plus interest, if the repurchase agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.

## 2. Collateralization

The County shall require, when investing in collateralized certificates of deposit or repurchase agreements, that the agreement be secured by the depository with bonds or securities issued or guaranteed as to principal and interest by the federal government in conformance with 66.04 (2) (d) *Wis. Stats.* The market value of the collateral shall be maintained on a daily basis in an amount equal to or greater than 102% of the amount of the certificates of deposit and/or repurchase agreements that the County has with the depository. Collateral with a market value equal to 100% of the amount of the certificates of deposit and/or repurchase agreements shall be adequate for investments maturing within five days of purchase.

## VI. Investment Parameters

### 1. Diversification and Investment Depositories

The Finance Director shall negotiate the terms and conditions of a contract for banking services subject to approval of the County Board. The investment officer may invest in any bank, credit union, savings and loan association and investment pool; funds that are not immediately needed, provided the institutions are rated in the highest category by the financial rating institution used by the County.

The investment officer may also contract out with private investment management companies provided the instruments purchased by such investment managers are in accordance with those outlined in this policy under Section V; Suitable and Authorized Investments

Resolution 383-22000	February, 2000
Resolution 270-72001	July, 2001
Resolution 70-82006	August, 2006
Resolution 235-52011	May, 2011

