

GREEN COUNTY INVESTMENT POLICY
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GREEN COUNTY, WI INVESTMENT POLICY

I. STATEMENT OF PURPOSE

The intent of the Investment Policy of Green County is to define the parameters within which funds are to be managed. This Investment Policy formalizes the framework for Green County's investment activities that must be exercised to ensure effective and judicious fiscal and investment management of County funds. The guidelines are intended to be broad enough to allow the investment officer to function properly within the parameters of responsibility and authority. It is also intended to be specific enough to safeguard to establish a prudent set of procedures to assure the investment assets are adequately safeguarded.

II. GOVERNING AUTHORITY

The investment program will be operated in conformance with federal, state, and other legal requirements, including Wisconsin State Statute Chapters 34, 59.62, 66.0603, 405, and Green County Code.

III. SCOPE

This Investment Policy applies to all commingled cash and investments of the County with the exception of funds in the Landfill Trust.

In order to effectively manage the County's investment portfolio, except for funds in certain restricted and special funds, the County may pool its funds to maximize investment earnings and increase efficiencies. Investment income derived from this pooled investment will be credited to the general fund.

IV. OBJECTIVES

The primary objectives, in priority order, of Green County's investment activities will be:

1. **Safety** Safety of principal is the foremost objective of Green County's investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
2. **Liquidity** The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
3. **Return** The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints of safety and liquidity needs.

V. DELEGATION OF AUTHORITY

The authority to make investment decisions, and affect investment transactions is delegated to the Treasurer, also known as the Investment Officer, as per Chapter 59.62 of Wisconsin State Statute and 1-6-10 of the Green County Code. If the Treasurer is unable to perform investment duties, this responsibility will jointly rest with the Deputy Treasurer and the Finance Director. The Deputy Treasurer and the Finance Director must act jointly and cannot act separately when carrying out their investment duties.

Green County may contract with one or more investment managers or advisers to make investment commitments consistent with this policy. If the County engages such investment advisers, authority will be non-discretionary.

Any investment managers, advisers or other third parties acting on behalf of Green County will adhere to this Investment Policy.

A copy of the Investment Policy will be provided on a regular basis to all current employees of Green County responsible for making or influencing investment decisions. A copy of the Investment Policy will also be included in all future new or renewal contracts with similar third-party vendors.

VI. STANDARDS OF CARE

1. Prudence

The standard of prudence to be used by the Treasurer will be the “prudent person” standard of Chapter 881.01 of the Wisconsin State Statute and will be applied in the context of managing an overall portfolio. Investment of County funds “will be made with judgment and care under circumstances in which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of their capital as well as the probable income to be derived.”

2. Ethics and Conflicts of Interest

The Treasurer and/or Deputy Treasurer, any other employees and contractors involved in the investment process will refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair or create an appearance of impairment of their ability to make impartial decisions.

County personnel acting in accordance with written procedures and this Investment Policy and exercising due diligence will be relieved of personal liability for any loss of County funds, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

VII. AUTHORIZED FINANCIAL INSTITUTIONS

1. Depositories

The primary provider of banking services will be the County’s official depository. The Finance and Accounting Committee will establish as its official depository a banking institution located within Green County. This primary depository will abide by the guidelines as per County Code 1- 11-1. The Finance and Accounting Committee will review the designation from time to time as it deems

appropriate and before the expiration of any contract for services with this depository. The Finance and Accounting Committee will also establish the maximum and minimum amounts to be deposited at the primary bank from time to time.

As per Chapter 59.61(3) of the Wisconsin State Statutes, all Wisconsin banks, state or federal chartered, as well as the Wisconsin local government pooled investment fund, are authorized depositories. The Investment Officer may place funds in such depositories. The governing board of Green County, by resolution, will designate one or more depositories.

All financial institutions acting as a depository for the County must enter into a depository agreement with the County. This agreement requires the depository to pledge collateral to secure amounts over and above guaranteed amounts. See Collateralization Section IX.

Investment Advisers

The Treasurer may engage investment advisers. Investment advisers registered under the Securities and Exchange Commission (SEC) Act of 1940 and bank trust departments registered with the appropriate bank regulators with expertise in managing public sector funds may serve as investment advisers for Green County.

Selection and engagement of investment advisers will be at the discretion of the Treasurer, subject to Finance and Accounting Committee approval.

VIII. SUITABLE AND AUTHORIZED INVESTMENTS

Consistent with the GFOA Policy Statement on State and Local Laws Concerning Investment Practices, the investments that follow will be permitted by this Policy and are defined by Wisconsin State Statute Chapters 34.09, 66.0603 and 405.

If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by Green County until this Investment Policy has been amended and the amended version approved by the Finance Committee and adopted by the Board.

Investments are limited by Green County as follows:

1. Bonds or securities issued or guaranteed as to principal and interest by the federal government, an agency, or a sponsored enterprise (GSE) of the federal government with a final maturity not exceeding five years from the date of trade settlement.
2. Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is designated as a depository by resolution subject to the collateralization requirements as per Collateralization Section IX. Maturities of such will not exceed three years.
3. Deposit accounts through an agent or placement service that arranges redeposit of County funds into deposit accounts in one or more institutions insured by the federal deposit insurance corporation or by the national credit union administration.¹

¹ As per Wisconsin State Statute 34.05. Examples include CDARS and ADM deposit products.

4. State of Wisconsin Investment Board's Local Government Investment Pool.
5. Money Market Mutual Funds. No-load money market mutual funds restricted to investments permitted in Wisconsin State Statute Chapter 66.0603. Investments in money market mutual funds may only be made with the notice and approval of the Finance and Accounting Committee.
6. Corporate bonds issued by U.S. companies and denominated in U.S. currency with maturities not exceeding three years from the date of trade settlement, and with a rating of the highest or second highest rating category of a nationally recognized statistical rating organization ("NRSRO"). Investments in corporate bonds may only be made with the notice and approval of the Finance and Accounting Committee.

Any deviation from this list must be preapproved by the Finance and Accounting Committee in writing.

Any investment held at the time of this Investment Policy's adoption that does not meet the guidelines of this Investment Policy will be considered on a case by case basis and the Investment Officer will propose appropriate resolution.

IX. COLLATERALIZATION

The Treasurer may place funds in excess of those covered by the Federal Deposit Insurance Corporation (FDIC), or the National Credit Union Share Insurance Fund (NCUSIF) in any financial institution named as a County depository if it meets the collateralization requirements that follow.

Amounts in excess of coverage by the FDIC or the NCUSIF or the State of Wisconsin provided protection must be fully collateralized by collateral.

Acceptable collateral will include only:

- obligations of the U.S. Government, its agencies, or GSEs that are fully guaranteed by the U.S. government

The collateral must be held by a third party custodial bank approved by Green County. The custodian will send statement of pledged collateral to the Treasurer's office on a monthly basis. The collateral will be marked-to-market as of the last day of the month.

These securities must have a cumulative face value totaling a minimum of 100% of amounts (principal and interest) over that protected by the FDIC and/or NCUSIF.

Letters of credit, as defined under Wisconsin State Statute Chapter 405, provided the issuer of the letter of credit has a Standard & Poor's bank rating of no lower than AA-, will also be accepted as surety.

X. COMPETITIVE PROCUREMENT

The Treasurer will strive for competitive investment selection and transactions. Except for funds placed in the Local Government Investment Pool, a competitive bid process will be conducted. For each investment purchase, at least two (2) bids will be secured. Bids will be received from eligible institutions as outlined in this policy (Section VII). In general, awards will be made to the highest effective yield;

however, transaction costs (such as wire transfer costs, bank charges) and experience and service may also be considered.

XI INVESTMENT PARAMETERS

1. Diversification

It is the policy of Green County to diversify its investment portfolio. To eliminate risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities, all the County's investment portfolio will be diversified by maturity, issuer, and class of security.

Total holdings of any one issuer may not exceed 10% of the market value of the portfolio at the time of purchase, with the exception of U.S. Government issues and issues of agencies that are fully guaranteed as to both principal and interest by the U.S. government.

Diversification strategies will be determined and revised periodically by the Treasurer.

2. Mitigating market risk in the portfolio

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. Green County recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The County will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. In general, investments will be scheduled to mature to meet cash requirements to avoid the need to sell securities on the open market prior to maturity.

Maturities of individual securities must be in compliance with Chapter 66.0603 of Wisconsin Statute:

- time deposits may not exceed three years
- debt that is not guaranteed as to principal and interest by the federal government or its agencies, or a Wisconsin municipality must have a maturity not more than seven (7) years
- corporate bonds issued by U.S. Companies and denominated in U.S. currency with maturities may not exceed three years

3. Liquidity

All securities must be readily marketable to ensure adequate portfolio liquidity.

XII. SAFEKEEPING AND CUSTODY

1. Third Party Safekeeping

All securities purchased will be properly designated as an asset of Green County and will be evidenced by safekeeping receipts in Green County's name and held in safekeeping by a third-party custodial bank or other third-party custodial institution, chartered by the United States government or the State of Wisconsin and no withdrawal of such securities, in whole or in part, will be made from safekeeping except by the County Treasurer or a designee.

2. Delivery vs. Payment

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in Green County's safekeeping institution prior to the release of funds.

XIII. INTERNAL CONTROLS

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft, loss or misuse. The internal control structure will be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. The internal controls will address the following points at a minimum:

- Written procedures
- Avoidance of physical delivery of securities
- Control of collusion
- Thorough management review

XIV. REPORTING

The Treasurer will make a report on the county's investments to the Finance and Accounting Committee on a monthly basis. In addition, the Treasurer will include a description of the county's investment portfolio as part of his/her annual report to the County Board of Supervisors.

The report will include the purchase amount, maturity, interest rate, interest earned, and receipts and disbursements from the portfolio.

It will be the Treasurer's responsibility to establish and maintain records and accounts that may be required to accurately reflect all investment transactions

Reports from Investment Advisers and Custodians

All investment advisers and custodians retained by the County will provide detailed monthly statements to the County Treasurer. Such reports will contain at a minimum a description of each security including units held, cost, market value and current yield as well as a detailed list, by date, of all transactions executed during the period.

XV. ADOPTION AND AMENDMENT

This policy will be reviewed on an annual basis by the Treasurer and the Finance and Accounting Committee. Any recommended changes must be approved by the Finance and Accounting Committee, and the necessary resolution to modify the existing policy will be presented to the Green County Board for its action. If no changes are made, the Investment Policy will include a note of the date of review.

Appendices

- Appendix I [Wisconsin State Statute Chapter 34 Public Deposits](#)
- Appendix II [Wisconsin State Statute Chapter 59.62 Investment Authority Delegation](#)
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- Appendix IV [Wisconsin State Statute Chapter 405 Uniform Commercial Code – Letters of Credit](#)