

Resolution No. 10092023-2
Town of Walworth, WI
Investment Policy

GOALS AND DEFINITIONS

To hold the Town of Walworth's public funds in savings accounts earning the highest interest rates available with balances that do not exceed the Federal Deposit Insurance Corporations (FDIC) insurance policy limits.

As of the date of adoption of this policy "investments" of the Town of Walworth's public funds shall be limited to savings accounts and if applicable, and not detrimental to cash flow, certificates of deposit, (CD's) provided such CD's are paying an interest rate substantially higher than the interest rates of available savings accounts and the CD's are of short duration. (Three to six months.)

The Town of Walworth's Clerk-Treasurer can make deposits into the town's existing savings accounts, but the Town of Walworth's public funds cannot be moved from an existing savings account to another savings account or if applicable a CD, or to another bank, without board approval.

The Clerk-Treasurer is to check area banks three times per year, in January, May and September to determine current interest rates for savings accounts and CD's.

POLICY

It is the policy of the Town of Walworth, Wisconsin to invest public funds in a manner that will provide the highest investment return with maximum security while meeting the daily cash flow demands of the Town and conforming to all State and local statutes governing the investment of public funds. This policy is intended to identify objectives and guidelines for the investment of the Town's financial assets to enhance quality of decisions, rationalize the decision-making process, identify objectives for Town Staff and Officers and demonstrate the Town's commitment to long-term financial planning.

SCOPE

This policy applies to those funds that are under the authority of the Town of Walworth.

I. GENERAL OBJECTIVES

This policy seeks to attain the following goals:

1. SAFETY

Investments by the Town may be undertaken in a manner that seeks to ensure the preservation of capital in individual investments and the overall portfolio. The objective will be to mitigate credit risk, interest rate risk and custodial risk.

a. Credit Risk

The Town will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- * Limiting investments to the types of securities permitted under Wisconsin Statutes Chapter 66.0603.
- The Town shall, with full board approval and by resolution, approve the public depositories that are deemed appropriate for use under Wisconsin and Federal law.

b. Interest Rate Risk

The Town will minimize interest rate risk, which is the risk that the market value of savings accounts and CD's will fall due to changes in market interest rates, by:

- Making it the duty of the Clerk-Treasurer to check competitive interest rates of applicable local banks three times per year in January, May and September.

c. Custodial Risk

The Town will minimize custodial risk, which is the risk that in the event of an individual financial institution's failure, the Town's deposits may not be returned to it, by:

- Maintaining a list of public depositories and financial institutions authorized to provide deposit and investment services.
- All public depositories and financial institutions authorized to provide deposit and investment services must supply as appropriate audited financial statements demonstrating compliance with State and Federal capital adequacy guidelines.
- Limiting deposits at any financial institution to \$250,000 for non-interest-bearing accounts and \$250,000 for interest-bearing accounts in order to maintain FDIC insurance coverage for all deposits.

2. LEGALITY

Investments by the Town shall be made in accordance with Federal Law, Wisconsin Statutes, Town Ordinances, and this Policy.

3. LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

4. YIELD

Investments shall be made with the objective of attempting to attain a reasonable market rate of return throughout budgetary and economic cycles, subject to the Town's safety and liquidity objectives. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

II. STANDARDS OF CARE

1. Prudence

The standard of prudence to be used by the Clerk-Treasurer and the Town Board shall be the "prudent person" standard, which states "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".

The Town Clerk-Treasurer and the Town Board acting in accordance with written procedures and this Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner. Notwithstanding any other provision of law, the Clerk-Treasurer and Town Board who deposits public money in any authorized public depository, in compliance with Wisconsin statutes sec. 34.05 is, under the provisions of Wisconsin statutes sec. 34.06, is relieved of any liability for any loss of public monies which results from the failure of any public depository to repay the public depositor the full amount of its deposits, thus causing a loss as defined **in** Wisconsin Statutes sec. 34.01(2).

2. Ethics and Conflicts of Interest

Town Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Officers and employees to whom investment authority has been delegated under this policy must disclose any material interests in financial institutions with which they conduct business on behalf of the Town and shall further disclose any personal financial/investment positions that could reasonably be related to the performance of the Town's public funds.

3. Delegation of Authority

Management and administrative responsibility for the Town's investments in accordance with this policy is vested in the Treasurer under the directions and approval of the Town Board. Individuals authorized to engage in investment transactions on behalf of the Town are set forth in Exhibit 1 attached hereto and incorporated by reference. The Clerk-Treasurer shall be responsible for the management of the Town's investment program in accordance with this policy, under the direction and approval of the town board, managing all transactions undertaken under it, and for reporting to the town board as provided in this Policy.

4. Authorized and Suitable Investments

- a) In accordance with Wisconsin statues 34.01 (5) and 34.09 all Wisconsin banks, State or Federal chartered, as well as the Wisconsin Local Government Pooled-Investment Fund, are potential depositories that the town board may authorize.
- b) In addition to the Wisconsin Local Government Pooled Investment Fund, the banks and credit unions enumerated in the attached exhibit 2 are currently authorized by the town board.

III. INTERNAL CONTROLS

The Treasurer should establish a system of internal controls designed to prevent losses of Town funds arising from fraud, or losses incurred if funds in any bank exceed the FDIC limitations.

Internal controls should address:

- Separation of transaction authority from accounting and record keeping.
- Clear delegation of authority.
- Written confirmation of transactions and/or wire transfers.
- Dual authorizations of wire transfers.
- Development of a wire transfer agreement with the lead bank and third-party custodian.
- Investment and interest earnings will be recorded in the Town's accounting records based on generally accepted government accounting procedures.
- A monthly report of all investment transactions will be prepared by the Treasurer for review by the Town Board that will include:

-Total return on each account as compared to applicable benchmarks; i.e. current interest rates at other banks.

-Transactions occurring after the previous report.

IV. COLLATERALIZATION OF FUNDS

Under Wisconsin Statute 20.144 (1) (a) and 34.08, the state of Wisconsin has pledged funds for the payment of losses of public deposits from authorized public depositories until the balance of the State's appropriation is exhausted. No payment for a loss will be made by the State in excess of \$400,000 for any one public depositor in any individual public depository. Because the FDIC insures deposits up to \$250,000 a public depositor is currently insured for up to \$650,000 in any one public depository.

Wisconsin Statute 34.07 provides that a surety bond or other security, including an irrevocable letter of credit issued by a Federal Home Loan bank, State bank, National bank, Federal or State savings bank, Federal or State credit union, or Federal or State savings and loan association, may be required of, or given by, a public depository for any public deposit that exceeds the \$650,000 amount insured. Under this statute the Town Board may, from time to time, allow the placement of public deposits in excess of an agency of the United States and the coverage provided under Wisconsin State Statute 34.08 (2) subject to the provisions of this section VI.

Each financial institution designated a public depository by the Town will be required to certify to the Treasurer all foregoing requirements. Financial institutions holding Town deposits in excess of \$650,000 may be required to provide quarterly call reports and income statements including all schedules.

Authorized public depositories that do not meet the foregoing requirements shall fully collateralize all savings accounts or certificates of deposit or other time deposits of the Town by obligations of the U.S. Government or its agencies (if principal is guaranteed by the United States). Such securities shall be delivered to the Town or a Custodial Bank with which the Town has entered into such custodial agreement. All collateral agreements will be written so as to preclude release of the assets without the approval of the Town Board. The market value of the collateral shall, at all times, be equal to or exceed 102% of the principal amount of the time deposit. Value of the collateral shall be monitored monthly. The treasurer shall be authorized to sign for agreements with the custodial bank for the receipt for any pledged securities, reporting any such activity in the monthly report to the Town Board.

The Town will not authorize as a public depository any financial institution unwilling or incapable of posting required collateral for funds in excess of insured or guaranteed limits.

V. POOLING OF CASH

Except where otherwise provided by the Town Board, and only with the approval of the Town Board, the Treasurer is authorized to pool the cash of various funds to maximize investment earnings where it is advantageous and prudent to do so within the limits of FDIC insurance coverage.

VI. ADOPTION AND APPROVAL

By resolution, the Investment Policy shall be formally approved and adopted by the Town Board and reviewed as needed but at least every three years.

VIII. LIST OF ATTACHMENTS

Exhibit 1 attached to this policy, sets forth;

- List of authorized personnel, and;
- List of authorized public depositories and financial institutions.

This policy was voted on and adopted by the Town Board on 9th day of October 2023.

TOWN OF WALWORTH,

Town Chair: David J. Rowbotham

Town Supervisor No. 1: Steve Santeler

Town Supervisor No. 2: William Pearce

ATTEST:

Marie Baker, Clerk-Treasurer

Exhibit 1

List of authorized Personnel as of 10/09/2023:

David J. Rowbotham, Chair
Marie Baker, Clerk/Treasurer
Steve Santeler, Supervisor No. 1
Bill Pearce, Supervisor No. 2

List of Authorized Public Depositories and Financial Institutions as of 10/09/2023:

First National Bank and Trust Co.

Town Bank