

THE VILLAGE OF



RIDGEWAY

FINANCE COMMITTEE MEETING - BUDGET WORKSHOP #3 (REVISED AGENDA 10/24/2022) AGENDA

October 25, 2022 at 5:30 PM

Ridgeway Community Center - Board Room (Room 101/102) 208 Jarvis Street, Ridgeway, WI 53582

CALL TO ORDER AND ROLL CALL

CONSENT AGENDA

1. Adoption of Agenda
- [2.](#) Adoption of Minutes: 10/17/2022

ITEMS FOR CONSIDERATION/ACTION

3. **REVIEW AND FINALIZATION OF 2023 BUDGET**
4. **REVIEW OF DRAFT FINANCIAL MANAGEMENT PLAN**
- [5.](#) **REVIEW OF DRAFT FUND BALANCE POLICY, DEBT MANAGEMENT POLICY, AND INVESTMENT POLICY**

ADJOURNMENT



RIDGEWAY

FINANCE COMMITTEE MEETING - BUDGET WORKSHOP #2 MINUTES

October 17, 2022 at 5:30 PM

Ridgeway Community Center - Multipurpose & Community Room (Room 113/114) 208 Jarvis Street,
Ridgeway, WI 53582

Meeting called to order by Chair Casper at 5:30 pm.

PRESENT: Michele Casper, Kellee Venden, Steve Vosberg,

Hailey Roessler-Clerk/Treasurer arrived at 6:26pm.

Motion by Venden, Seconded by Vosburg, to convene in closed session pursuant to Wisconsin State Statute Section 19.85: considering employment, promotion, compensation or performance evaluation data of a public employee at 5:35 pm.

Motion by Vosburg, Seconded by Venden, to reconvene in open session at 6:25 pm.

GENERAL FUND, PUBLIC PROPERTY & EVENTS FUND, TID FUND, SEWER FUND, WATER FUND WORKSHOP

Roessler and the trustees discussed the draft 2023 budget. Changes were made as discussed with final review and questions answered next week Tuesday, October 25, 2023.

ADJOURNMENT

Motion by Venden, Seconded by Vosburg, to adjourn at 9:10 pm. Motion carried.



RIDGEWAY

208 Jarvis Street | Suite A | Ridgeway, WI 53582

Iowa County, Wisconsin

RESOLUTION 2022-16

A RESOLUTION ESTABLISHING A FUND BALANCE POLICY

Developed for compliance with GASB 54

WHEREAS, the Governmental Accounting Standards Board (GASB) has adopted Statement Number 54 (GASB 54) Fund Balance Reporting and Governmental Fund Type Definitions;

WHEREAS, the Village Board of the Village of Ridgeway wishes to comply with GASB 54 as required;

NOW THEREFORE BE IT RESOLVED, that the Village Board of the Village of Ridgeway hereby adopts the following policy:

Village of Ridgeway Fund Balance Policy

PURPOSE

The purpose of this policy is to establish guidelines for the general fund, unassigned fund balance to improve and maintain the Village’s financial stability in order to protect the Village from unforeseen or unbudgeted situations, sudden changes in revenues or spending requirements; natural disasters; major infrastructure failures and unexpected litigation. In addition, the purpose of a fund balance policy is to ensure that there will be adequate liquid resources to serve as a financial cushion.

It is essential that governments maintain adequate levels of unrestricted fund balance to mitigate current and future risks and to ensure stable tax rates. Fund balance levels are a crucial consideration, too, in long-term financial planning.

DEFINITIONS - FUND BALANCE CLASSIFICATIONS

Fund Balance - Fund balance is a measure of the financial resources available in a governmental fund.

Nonspendable Fund Balance - amounts are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently nonspendable, such as, but not limited to, inventories, prepaid items, and long-term receivables such as advances.

Restricted Fund Balance - amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - amounts are comprised of unrestricted funds used for specific

purposes pursuant to constraints imposed by formal action of the Village Board of the Village of Ridgeway and that remain binding unless removed by the Village Board of the Village of Ridgeway by subsequent formal action. The formal action to commit a fund balance must occur prior to December 31st; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A committed fund balance cannot be a negative number.

Assigned Fund Balance - amounts are comprised of unrestricted funds constrained by the Village of Ridgeway’s intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the Village of Ridgeway’s intended use of those resources. The action to assign a fund balance may be taken after the end of the fiscal year. An assigned fund balance cannot be a negative number.

Unassigned Fund Balance - residual amounts in the General Fund not reported in any other classification. Unassigned amounts in the General Fund are technically available for expenditure for any purpose. Unassigned fund balance will occur only in the General Fund or in other funds when there is a negative fund balance that cannot be eliminated by reducing restricted, committed or assigned fund balances.

MINIMUM FUND BALANCE AND RESERVES

General Fund Working Capital

The Village of Ridgeway will strive to maintain a minimum unassigned General Fund balance of not less than 25 percent and not more than 35 percent of the subsequent years budgeted expenditures for working capital, which will avoid issuing short-term debt to meet the cash flow needs of the current operating budget during the time between significant collection of major revenue sources such as property taxes.

If the unassigned General Fund Balance exceeds the minimum unassigned General Fund balance policy, the excess fund balance can be used to fund one-time items or transferred to capital projects to fund additional projects or reduce future borrowings. Excess fund balance will not be used to fund ongoing operational costs. The Village Board shall approve any usage or transfer of excess funds above the minimum policy.

In the event the unassigned General Fund balance will be calculated to be less than the minimum requirement at the completion of any fiscal year, the Village will attempt to replenish the General Fund to an amount equal to the minimum fund balance policy.

REVIEW

The Village Board will conduct an annual review of the sufficiency of the minimum unassigned General Fund balance level.

The above and foregoing Resolution was duly adopted by the Village Board of the Village of Ridgeway at its meeting held on _____, 2022, by a vote of _____ in favor, _____ opposed, and _____ not voting.

APPROVED:

By _____
Michele B. Casper, Village President

ATTEST:

By _____
Hailey E. Roessler, Village Clerk

Fund Balance Policy – Village of Ridgeway Adopted _____



RIDGEWAY

208 Jarvis Street | Suite A | Ridgeway, WI 53582

Iowa County, Wisconsin

RESOLUTION 2022-17

A RESOLUTION ESTABLISHING A DEBT MANAGEMENT POLICY

BE IT RESOLVED that the Village Board of the Village of Ridgeway hereby adopts the following policy:

1. **Statement of Policy.** The Village recognizes that the foundation of any well-managed program of capital financing is a comprehensive debt management policy. A debt policy sets forth the parameters for issuing debt and managing outstanding debt and provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated. The debt policy recognizes a binding commitment to full and timely repayment of all debt as an intrinsic requirement for entry into the capital markets. Adherence to the debt policy helps the Village to maintain a sound debt position and protect its credit quality. Further advantages of a debt policy are:
 - a. Enhances the quality of decisions by imposing order and discipline.
 - b. Promotes consistency and continuity in decision making.
 - c. Rationalizes the decision-making process.
 - d. Identifies objectives for staff to implement.
 - e. Demonstrates a commitment to long-term financial planning objectives.
 - f. Is regarded positively by the rating services in reviewing credit quality.

2. **Capital Improvement Planning.** The Village will develop and maintain a multi-year Capital Improvement Plan (CIP) for consideration and adoption by the Village Board. The CIP will be for the coming five fiscal years and will be updated periodically. The CIP will contain the following information:
 - a. A description of each project.
 - b. A listing of the expected sources of funds for each project.
 - c. Estimated timing for each project.
 - d. An analysis of the debt financing required and the conformance of the planned financings with policy targets and the economic and fiscal resources of the Village to bear such indebtedness over the next five years.

3. Limitations on Issuance of Debt

a. Legal Limits.

- i. General Obligation (G.O.) Debt Limit. The total principal amount outstanding of debt obligations carrying the G.O. pledge of the Village may not exceed an amount equal to five percent of the Village's equalized value (including any tax increments) as determined by the Wisconsin Department of Revenue. As identified in the "Affordability Targets" section of this policy, the Village has imposed on itself a more restrictive direct debt burden limitation range of 65% to 75% of the statutory debt limit.
- ii. Purpose and Authority. Debt obligations may be issued by the Village under the authority of, and for the purposes defined in the following Chapters or Sections of the Wisconsin Statutes:
 1. Chapter 24 – State Trust Fund Loans
 2. Chapter 67 – G.O. Bonds and Notes
 3. Section 67.12(1)(a) – Tax and Revenue Anticipation Notes
 4. Section 66.0621 – Revenue Obligations
 5. Section 66.1335 – Housing and Community Development
 6. Section 66.0701 through 66.0733 – Special Assessment B Bonds

b. Public Policy Limits.

- i. Purposes of Debt Issuance. In determining whether a particular project is appropriately financed with debt obligations, the Village Board will consider the following public policy objectives:
 1. It is the intent of the Village to cash fund projects, in whole or in part, as an alternative to debt financing when practical. It is recognized, however, that most major projects will contain some element of debt financing. This also serves to promote taxpayer equity by amortizing the costs of improvements over their useful lives, providing the Village the ability to charge those benefiting from the improvements over time.
 2. The Village may issue debt obligations to purchase capital assets and to fund infrastructure improvements when current revenues or fund balance/retained earnings are unavailable or reserved for other purposes.
 3. The Village may also issue debt obligations to provide funds for the implementation of economic development projects. These types of projects will normally be undertaken within a tax incremental district, with debt service repaid from future tax increment collections.
 4. The Village will not issue long-term debt obligations to provide funds for operating purposes. Issuance of short-term debt obligations to finance operating expenses will only be considered in the event of an extreme financial emergency.
- ii. Use of Derivatives. Derivatives are financial contracts or financial instruments whose value is derived from the value of something else (known as the underlying instrument). The Village will, as a general practice, not enter into contracts and financing agreements involving interest

rate swaps, floating/fixed rate auction or reset securities or other forms of debt bearing synthetically determined interest rates. The only type of derivative that will be considered for use by the Village would be a State and Local Government Series (SLGS) Securities investment offered by the US Treasury or a Guaranteed Investment Contract (GIC) when used in conjunction with an advance refunding of the Village's debt. The interest rate earned on time deposit SLGS securities is one basis point below the current estimated Treasury borrowing rate for a security of comparable maturity. Generally, the Village will always use SLGS for advance refunding escrow accounts but in the event that SLGS are not available from the US Treasury, the Village would consider the use of a GIC but only after competitive proposals are taken from at least three vendors for same.

c. Financial Limits.

i. G.O. Debt.

1. Affordability & Debt Profile Targets. To provide for a capital financing program that is sustainable based on the financial resources of the Village, and to further maintain a credit profile that will allow the Village to maintain its current rating on outstanding debt issues, the following affordability and debt profile targets are established.

- a. Direct Debt Burden. The total principal amount of G.O. debt outstanding, expressed as a percentage of the Village's total equalized value, and as a total per capita. The Village has established a targeted range between 65% and 75% of the statutory debt limit for direct debt burden.
- b. Payout Over Ten Years. The percentage of outstanding G.O. debt principal that will be retired within ten years. The Village's target is repayment of no less than 100% of all outstanding principal within ten years.
- c. Tax Rate for Debt Service. The Village's annual G.O. debt service payment, net of any revenues used to reduce the levy amount needed, divided by the Village's equalized value reduced by any tax increments. The Village's targeted maximum tax rate for debt service is \$4.50.

ii. Revenue Debt. The Village may finance the capital needs of its revenue producing enterprise activities through the issuance of revenue-secured debt obligations. Prior to issuing revenue-secured debt obligations, the Village will develop financial plans and projections showing the feasibility of the planned financing, required rates and charges needed to support the planned financing, and the impact of the planned financing on ratepayers. The amount of revenue-secured debt obligations will be limited by the feasibility of the overall financing plan, as well as any existing covenants related to debt obligations with a claim to the same revenue source.

iii. Short-Term Debt.

1. Bond or Note Anticipation Note. Where their use is judged to be prudent and advantageous, the Village may choose to issue Bond or Note Anticipation Notes as a source of interim construction financing. Prior to their issuance, takeout financing must be planned for and determined to be feasible.
2. Tax and Revenue Anticipation Notes. In the event of an extreme financial emergency,

the Village may issue Tax or Revenue Anticipation Notes to fund working cash flow needs. Before issuing such notes, cash flow projections will be prepared to ensure that funds will be available for timely repayment of the Notes.

- iv. Conduit Debt. The Village may sponsor conduit financings for those activities (i.e., economic development, housing, health facilities, etc.) that have a general public purpose and are consistent with the Village Board's overall service and policy objectives. All conduit financings must be non-recourse to the Village.

4. Debt Structuring Practices.

- a. Maximum Term. The term of any debt obligations issued by the Village should not exceed the economic life of the improvements that they finance. If financially feasible, the term should be shorter than the projected economic life. Whenever possible, the term of obligations issued will be ten years or less.
- b. Interest Rates. Debt obligations issued by the Village will carry a fixed interest rate. If, in consultation with its Financial Advisor, the Village determines that a variable interest rate offers specific advantages, it may choose to issue securities that pay a rate of interest that varies according to a predetermined formula or results from a periodic remarketing of the securities.
- c. Debt Service Structure. Whenever possible, debt will be structured so that annual principal and interest payments are approximately level. If necessary, debt structures may be "wrapped" to accommodate existing debt service payments to allow for the Village's affordability targets to be maintained. Notwithstanding the foregoing, the Village will attempt to structure debt so that interest payments are due not later than the first fiscal year following issuance, and principal payments not later than the second fiscal year following issuance. The Village will avoid "balloon" repayment schedules that consist of low annual principal payments and one large payment due at the end of the term. An exception to the foregoing would be cases where it is anticipated that the Village will have funds on hand sufficient to retire the balloon payment (e.g. tax increments, impact fees, land sale proceeds).
- d. Capitalized Interest. The Village may elect to capitalize interest for any debt obligation, but depending on timing of issuance, it should first consider budgeting for the estimated interest expense, or appropriating the funds from other available sources. An exception to this policy would be cases where obligations are issued to finance projects within tax increment districts, and current district increment collections are projected to be insufficient to make interest payments. In these cases, the Village will normally capitalize interest.
- e. Call Provisions. Call provisions for debt obligations will be made as short as possible consistent with achieving the best interest rates possible for the Village. Obligations shall be callable at par.

5. Debt Issuance Practices

- a. Competitive Sale. The Village will issue its debt obligations through competitive sale unless it is determined by the Village and its Financial Advisor that a competitive sale would not be expected to produce the best results for the Village. If the Village determines that bids received through a competitive sale are unsatisfactory, or in the event no bids are received, the Village may enter into negotiation for sale of the obligations

- b. Negotiated Sale. The Village may consider negotiated sales of debt obligations in extraordinary circumstances when the complexity of the issue requires specialized expertise, when the negotiated sale would result in substantial savings in time or money, or when market conditions or Village credit are unusually volatile or uncertain. If the Village elects to negotiate the sale of a debt obligation, it will utilize a Financial Advisor with no interests in the underwriting of the transaction to represent it.
- c. State and Federal Revolving Loan Funds and Pools. As an alternative to open market financing, the Village may elect to seek a loan through State or Federal programs when this will provide advantages to the Village with respect to costs, interest rates, or terms. Examples of available loan programs include State Trust Fund Loans, Clean Water Fund Program Loans, Safe Drinking Water Fund Program Loans, and USDA Rural Development Loans.
- d. Refunding.
- i. Advance Refunding. Federal tax law allows debt obligations to be refinanced one time prior to the obligation's earliest pre-payment date (call date). The Village may issue such advance refunding bonds when legally permissible, and when net present value savings, expressed as a percentage of the par amount of the refunding bonds, equal or exceed a target of two percent.
 - ii. Current Refunding. Current refunding bonds may be issued to refinance existing debt obligations no earlier than sixty days prior to the obligation's earliest pre-payment date (call date). There is presently no limit to the number of times that an issue may be current refunded. The Village may issue current refunding bonds when legally permissible, and whenever doing so is expected to result in a net economic benefit to the Village.
 - iii. Restructuring of Debt. Independent of potential savings, the Village may choose to refund debt obligations when necessary to provide for an alternative debt structure. Refunding may also be undertaken as a means to replace and modernize bond covenants essential to management and operations.
- e. Credit Rating.
- i. Rating Service Relationships. The Village Treasurer is responsible for maintaining relationships with any rating service that currently assign ratings to the Village's debt obligations. This effort shall include providing periodic updates on the Village's general financial condition along with coordinating meetings and presentations in conjunction with a new debt issuance. The Village's Financial Advisor will assist in this effort.
 - ii. Use of Rating Services. The Village Treasurer, in consultation with the Village's Financial Advisor, is responsible for determining whether or not a rating shall be requested on a particular financing, and which rating service(s) will be asked to provide a rating.
 - iii. Minimum Long-Term Rating Requirements. The Village's minimum rating requirement for its long-term G.O. debt is "A" or higher. If a debt obligation cannot meet this requirement based on its underlying credit strength, then credit enhancement may be sought to achieve the minimum rating. If credit enhancement is unavailable or is determined by the Village Treasurer and the Village's Financial Advisor to be uneconomical, the obligations may be issued without a rating.

6. Debt Management Practices

- a. Continuing Disclosure. The Village is committed to continuing disclosure of financial and credit information relevant to its outstanding debt obligations and will abide by the provisions of Securities and Exchange Commission (SEC) Rule 15c2-12 concerning primary and secondary market disclosure. The Village Clerk is responsible for providing ongoing disclosure information and may be assisted by the Village’s Financial Advisor in the execution of this task.
- b. Investment of Debt Proceeds. The Village will temporarily invest the proceeds of debt obligations in accordance with its investment policy. Interest earnings realized within construction accounts will be applied first towards payment of project costs, then for payment of debt service associated with the obligations.
- c. Arbitrage Rebate and Monitoring. The Village Treasurer will establish and maintain a system of record keeping and reporting to meet arbitrage rebate compliance requirements of the federal tax code. This effort will include tracking investment earnings on proceeds of debt obligations, calculating rebate payments in compliance with tax law, and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the Village's outstanding debt obligations. Additionally, general financial reporting and certification requirements embodied in bond covenants shall be monitored to ensure that all covenants are complied with. The Village’s Financial Advisor may assist in the execution of these tasks.

7. **Review.** It is the intent of the Village Board that this Debt Management Policy be reviewed annually and revised as necessary.

The above and foregoing Resolution was duly adopted by the Village Board of the Village of Ridgeway at its meeting held on _____, 2022, by a vote of _____ in favor, _____ opposed, and _____ not voting.

APPROVED:

By _____
Michele B. Casper, Village President

ATTEST:

By _____
Hailey E. Roessler, Village Clerk

THE VILLAGE OF



RIDGEWAY

208 Jarvis Street | Suite A | Ridgeway, WI 53582

Iowa County, Wisconsin

RESOLUTION NO. 2022-18

A RESOLUTION ESTABLISHING AN INVESTMENT POLICY AND DESIGNATING PUBLIC DEPOSITORIES

WHEREAS the Village of Ridgeway investment policy shall be adopted by resolution by the Village Board. The policy shall be reviewed periodically by Village Treasurer and any modifications shall be presented to the Village Board for approval.

NOW, THEREFORE, BE IT RESOLVED That:

Delegation of Authority

The Village Board delegates the authority to invest public funds to the Village Treasurer or designee. This delegation authorizes the Village Treasurer or designee to purchase investments for the Village. Responsibility is delegated to the Village Treasurer or designee to establish procedures to be used for safekeeping, wire transfers, and other banking agreements, consistent with this policy and a system of controls.

BE IT FURTHER RESOLVED that:

Authorized Financial Institutions

The Village Board designates the following institutions as public depositories for the funds of the Village of Ridgeway as stated in 93-94 Sections 34.01(5) and 34.05(1) of the Wisconsin Statutes.

See Appendix C

BE IT FURTHER RESOLVED that a certified copy of this resolution shall be delivered to each of the above-named depositories and said depositories may rely on this resolution until changed by lawful resolution and certified copy of such resolution has been given to the cashier of the respective above-named depositories.

MISCELLANEOUS

Definitions of words and phrases shall, insofar as applicable, have the meanings set forth in Section 34.01 of the Wisconsin Statutes.

This policy is enacted in accordance with the provisions of Chapter 34 and Sections 66.0603, of the Wisconsin Statutes. In case of conflict, the state laws shall prevail.

This policy shall be reviewed periodically, but at least every 3 years, and shall continue in force until appealed or amended by further resolution of the Village Board.

The above and foregoing Resolution was duly adopted by the Village Board of the Village of Ridgeway at its meeting held on _____, 2022, by a vote of _____ in favor, _____ opposed, and _____ not voting.

APPROVED:

By _____
Michele B. Casper, Village President

ATTEST:

By _____
Hailey E. Roessler, Village Clerk/Treasurer

DRAFT

Village of Ridgeway Investment Policy

PURPOSE

This policy applies to all funds under the authority of the Village of Ridgeway, Wisconsin (the "Village") not immediately needed to meet operating expenses of the Village. These funds shall, where permissible, be pooled together to achieve the best rate of return. The following fund types are covered by this investment policy: general, debt service, recreation, fire, capital project, sewer utility, water utility. This policy will include any new funds created, unless specifically exempted.

I. GENERAL OBJECTIVES

1. SAFETY

Safety of principal is the foremost objective of the investment program. Investments of the portfolio shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

2. LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Investment portfolios will be structured so that securities mature concurrently with cash needs to meet anticipated demands. Alternatively, a portion of any portfolio may be placed in money market mutual funds or local government investment pools authorized and permissible under Wisconsin statutes which offer same-day liquidity for short term funds.

3. YIELD

Investment portfolios shall be designed with the objective of attempting to attain a market rate of return throughout budgetary and economic cycles, factoring investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit quality may be sold prior to maturity to minimize loss of principal.
- Liquidity needs of the Village require that a security or securities are sold prior to maturity.
- A security swap would improve the safety and yield of the overall portfolio.

II. STANDARDS OF CARE

1. Prudence

Investments shall be made with judgment and care giving first consideration to the safety of the investment, then liquidity, and finally yield. "Notwithstanding any other provisions of law, a treasurer who deposits public moneys in any public

depository, in compliance with s. 34.05, is thereby relieved of liability for any loss of public moneys which results from failure of any public depository to repay to the public depositor the full amount of its deposits thus causing a loss as defined in s. 34.01 (2)." (Section 34.06 of the Wisconsin Statutes) This policy should not be construed as to imply that an investor should engage in speculative or risky investments. Nor does this policy condone aggressive leveraging for investment purposes.

2. Ethics and Conflicts of Interest

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 shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Village.

3. Delegation of Authority

Management and administrative responsibility for the investment program of the Village is entrusted to the Village Treasurer and Administrator under the direction of the Village Board. Individuals authorized to engage in investment transactions on behalf of the Village are the listed in *Appendix A*.

4. Permissible Investments

Permissible investments include any investment stipulated in Wisconsin statute 66.0603 (1m). *See full list in Appendix B.*

- Debt service reserve fund investments specifically for use toward General Obligation debt shall be further restricted to those permissible as per Wisconsin statute 67.11.

5. Risks

The deposits and investments of state and local governments are exposed to risks that have the potential to result in losses. The Village will seek to mitigate common investment risks: credit risk, concentration risk, interest rate risk, and foreign currency risk.

- The investments of the Village shall be held in the name of the Village and held in custodial safekeeping. All custodial agreements shall comply with the laws of the State of Wisconsin.

III. INTERNAL CONTROLS

The Village Treasurer, Administrator, and Auditor shall establish a system of internal controls designed to prevent losses of Village funds arising from fraud, misrepresentation by third parties, unanticipated changes in financial markets, employee error, or imprudent actions by employees.

Internal controls shall address:

- Separation of transaction authority from accounting and record keeping.

- Clear delegation of authority to subordinate staff members.
- Confirmation of transactions for investments and 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 Village's accounting records based on generally accepted government accounting principles.
- A periodic summary of all investment transactions will be prepared by the Village Treasurer for review by the Village Board.
- Each year, as part of the annual audit by an external auditing firm, there will be an independent review. This review will provide internal control by assuring compliance with this policy.

IV. COLLATERALIZATION

Certificates of Deposit that exceed FDIC insurance limits and/or coverage limits specified in Wisconsin statutes 34.08(1)(2) shall require collateral valued at 102% of the principal and accrued interest. Conditions of the collateral arrangement will be detailed in a "Security Agreement" between the depository financial institution and the Village. Collateral pledged to the Village for this purpose will be held by a third-party custodian, in the Village's name, and evidenced by a "Tri-Party" agreement between the depository financial institution, the Village, and the custodian. Evidence of ownership must be detailed in a safekeeping receipt supplied to the Village Treasurer. Collateral substitution(s) must be authorized by the Village.

The Village may also request collateral, under the same conditions as stated above, for any deposits at any financial institution that exceed FDIC insurance limits.

V. INVESTMENT PARAMETERS

Diversification

Investments shall be diversified by:

- Limiting investments to avoid over concentration in securities from a specific issuer, industry, or business sector, excluding U.S. Treasury obligations.
- Investing in securities with varying maturities.
- Continuously investing a portion of the investment portfolio in readily available funds such as local government investment pools, money market accounts, or money market mutual funds permissible under state statute.

VI. REPORTING

The Village Treasurer shall present a periodic report on the investment program and investment activity to the Village Board. The management summary shall be prepared in a manner that will allow the Village Board to determine if investment activities during the reporting period conform to this Investment Policy.

VII. POOLING OF CASH

Except where otherwise provided by the Village Board, the Village Treasurer is authorized to pool the cash of the funds identified in this policy to maximize investment earnings where it is advantageous and prudent to do so. Investment income will be allocated to the various funds based on the pro rata portion of each fund.

VII. ADOPTION AND APPROVAL

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

LIST OF ATTACHMENTS

The following documents, as applicable, are attached to this policy;

- List of authorized personnel (Appendix A)
- Relevant Wisconsin statutes and local ordinances (Appendix B)
- List of authorized public depositories, financial institutions, and broker/dealers (Appendix C)

Appendix A

List of authorized personnel

Village Treasurer
Village President

Appendix B

66.0603 Investments.

(1g) DEFINITION. In this section, “governing board” has the meaning given under s. [34.01 \(1\)](#) but does not include a local exposition district board created under subch. [II of ch. 229](#) or a local cultural arts district board created under subch. [V of ch. 229](#).

(1m) INVESTMENTS.

(a) A county, city, village, town, school district, drainage district, technical college district or other governing board, other than a local professional football stadium district board created under subch. [IV of ch. 229](#), may invest any of its funds not immediately needed in any of the following:

1. Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in this state.
 2. 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.
 3. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of this state.
- 3m. Bonds issued by a local exposition district under subch. [II of ch. 229](#).

- 3p. Bonds issued by a local professional baseball park district created under subch. [III of ch. 229](#).
- 3q. Bonds issued by a local professional football stadium district created under subch. [IV of ch. 229](#).
- 3s. Bonds issued by the University of Wisconsin Hospitals and Clinics Authority.
- 3t. Bonds issued by a local cultural arts district under subch. [V of ch. 229](#).
- 3u. Bonds issued by the Wisconsin Aerospace Authority.
4. Any security which matures or which may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired, if that security has a rating which is the highest or 2nd highest rating category assigned by Standard & Poor's corporation, Moody's investors service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
5. 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:
- a. Bonds and securities issued by the federal government or a commission, board or other instrumentality of the federal government.
 - b. Bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government.
 - c. Repurchase agreements that are fully collateralized by bonds or securities under subd. [5. a.](#) or [b.](#)

Appendix C

List of authorized public depositories, financial institutions, and broker/dealers

Farmer's Savings Bank
 Quarles & Brady
 Johnson Block CPA's
 Ehlers Investment Partners LLC
 Pershing Advisor Solutions LLC