CITY OF STOUGHTON, 207 S Forrest Street, Stoughton, WI 53589

ORDINANCE OF THE COMMON COUNCIL

To repeal Section 2-583 of the Stoughton Code of Ordinances, Related to the Investment Policy.

Committee Action: Utilities Committee recommended approval 4-1 on 05/15/2023
Finance Committee recommend approval 7-0 on 06/13/2023

Fiscal Impact: None

File Number:	O-22-2023	**First Reading:**	June 27, 2023
		Second Reading:	July 11, 2023

RECITALS

WHEREAS, the City of Stoughton codified the City's Investment Policy under Ordinance Section 3.12 in calendar year 1986 and clarified the provision of this ordinance with R-00-21 on July 25, 2000; and.

WHEREAS, the City of Stoughton amended Ordinance Section 3.12 with O-15-08 on 06/10/2008; and,

WHEREAS, the City of Stoughton further clarified the provision of Ordinance Section 3.12 with R-51-22 on April 24, 2012; and,

WHEREAS, there have been no further changes to the ordinance or subsequent clarifications since 2012 other than the Ordinance Section number has been changed to 2.583; and,

WHEREAS, the Director of Finance/Comptroller has noticed that (a) the current policy does not conform to certain sections of the Wisconsin statutes, certain sections of the policy have not been followed and (c) certain sections of the policy need to be expanded upon; and,

WHEREAS, the Director of Finance/Comptroller and City Attorney both agree that there is no requirement for the investment policy to be codified; and,

WHEREAS, the Director of Finance/Comptroller recommends the complete rescission of Ordinance Section 2.583 – Investment Policy in order to create efficiencies for future revisions to the City's Investment Policy; and,

WHEREAS, the Director of Finance/Comptroller, City Treasurer and Utilities Finance Manager have drafted an updated policy based upon the Best Practices of the Government Finance Officers Association (GFOA) and that the updated policy has been reviewed by the City Attorney for conformity with the Wisconsin Statutes,

ORDINANCE

NOW THEREFORE, The City Council of the City of Stoughton, Dane County, Wisconsin, ordains as follows:

1. Section 2-583 of the Stoughton Code of Ordinances is hereby repealed.

2. This ordinance will take effect immediately after publication or posting pursuant to law.

The foregoing ordinance was adopted by the Common Council of the City of Stoughton at a meeting held on _____.

APPROVED:

_____
Timothy Swadley, Mayor

ATTEST:

_____
Candee Christen, City Clerk

Posted: _____

Published: _____

Attest: _____

Sec. 2-583. - Investment policy.

(a) Pursuant to Wisconsin Act 25, effective August 1, 1985, and its limitations on the protection previously afforded by the state public guarantee fund on public deposits, the city will limit its deposits with any single approved local public depository at any one time, to a maximum of $500,000.00.

(b) An exception to the limitation in subsection (a) of this section shall exist for deposits made to the local government pooled investment fund, administered by the state treasurer's office, under guidelines established by the state investment board.

(c) An exception to the limitation in subsection (a) of this section shall also exist, allowing deposits exceeding $500,000.00 where the public depository has pledged specific identifiable government securities as collateral for the excess deposits; such security shall either be physically held by the city or evidenced by a trust receipt issued by an independent third party trustee.

(d) Municipal investments shall comply with the provision set forth in Wis. Stats. §§ 25.30, 66.0603.

(e) The city may, from time to time, utilize a competitive bidding process to obtain the highest possible rate of return on its investable funds.

(f) The city finance director/treasurer and his designated deputy are authorized to utilize telephone communications and wire transfers to expedite the necessary transfer of funds between the approved public depositories.

(g) An exception to the limitation in subsection (a) of this section shall exist for deposits made to the Wisconsin Investment Trust, sponsored by the League of Wisconsin Municipalities.

(h) An exception to the limitation in subsection (a) of this section shall exist for deposits made to the MBIA WI Class Investment Pool.

(Code 1986, § 3.12; Ord. No. 0-15-08, § 1, 6-10-2008)

R - 21 - 00

RESOLUTION ADOPTING CITY INVESTMENT POLICY

WHEREAS, Ordinance Section 3.12 of the Stoughton Municipal Code outlines investment standards and requirements of the City of Stoughton and provides certain authority and restrictions related to the investment of City deposit funds, and

WHEREAS, the Common Council wishes to adopt a more comprehensive investment policy related to the City's investment goals and procedures and based upon sound public investment principles.

NOW, THEREFORE, BE IT RESOLVED, that the City of Stoughton Common Council hereby adopts the attached investment policy which is intended to further clarify the provisions of Ordinance Section 3.12.

That this Resolution was adopted by the Common Council for the City of Stoughton this 25th day of July, 2000.

VOTE:

Ayes: 12

Noes: 0
Adopted: 7-25-00

APPROVED:

_____
Robert E. Barnett, Jr., Mayor

ATTEST:

_____
Judy A. Kinning, City Clerk

RESOLUTION # R-21-00
(A further clarification of Ordinance #3.12)

1.0 Policy

It is the policy of the City of Stoughton to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the city and conforming to all state and local statutes and any bond resolution restrictions governing the investment of public funds.

2.0 Scope

This investment policy applies to all financial assets of the City. These funds are accounted for in the City's Annual Financial Reports, including those of the Stoughton Electric, Water and Wastewater Utilities.

3.0 Prudence

Investments shall be made with judgement 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 standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio.

4.0 Objective

The primary objectives, in priority order, of the City's investment activities shall be:

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

4.2 **Liquidity:** The city investment portfolio will remain sufficiently liquid to enable the city to meet all operating requirements which might be reasonably anticipated.

4.3 **Return on Investment:** The city investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the city's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority

Management responsibility for the investment program is delegated to the City of Stoughton Director of Finance, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures

shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate employees.

6.0 Authorized Financial Dealers and Institutions

The Director of Finance will maintain a list of financial institutions authorized to provide broker and investment services. No public deposit shall be made except in a qualified public depository as established by state laws and as authorized by the city.

Every two years the City will request bids for banking services (for two-year terms) from qualified local banks.

A current audited financial statement is required to b e on file for each financial institution and broker/dealer in which the City invests.

7.0 Authorized & Suitable Investments

The City is empowered by Wisconsin State Statutes 66.04(2) & 25.50, to invest in the following types of securities:

1. Time deposits in any credit union, bank savings bank, trust company or savings and loan association.

2. Bonds or securities of any county, city, drainage district, VTAE district, village, town, or school district of the state.

3. Bonds or securities issued or guaranteed by the federal government.

4. The local government investment pool and Wisconsin Investment Trust.

5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.

7. Repurchase agreements with public depositories, with certain conditions.

8.0 Collateralization

Collateralization will be required on all demand deposits as well as certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be one hundred two percent (102%) of market value of principal and accrued interest.

Collateral will always be held by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained.

The right of collateral substitution is granted.

9.0 Diversification

The City will diversify its investment by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

10.0 Maximum Maturities

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than 7 years from the date of purchase.

11.0 Internal Control

The Director of Finance shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

12.0 Reporting

The Director of Finance is charged with the responsibility of including a report on cash and investment activity and returns monthly to the city council.

13.0 Investment Policy Adoption

This City investment policy shall be adopted by resolution of the City Council. The policy may be reviewed periodically and any modifications made thereto must be approved by the city council.