

FILE # 7387/8037

JAN 6 2003

CITY OF БЕЛОIT  
CITY CLERK

**RESOLUTION  
MODIFYING THE ADMINISTRATIVE POLICY STATEMENT  
INVESTMENT OF CITY FUNDS**

WHEREAS, the Beloit City Council adopted an Investment Policy on the 19<sup>th</sup> day of June, 1995, and

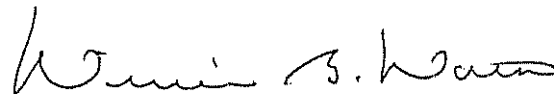
WHEREAS, the Beloit City Manager reviews and updates Administrative Policies from time to time, and,

WHEREAS, Recommended Practices of the Government Finance Association of the United States and Canada advised that an independent investment committee of financially knowledgeable members oversee investments, and

WHEREAS, a review committee has met, reviewed and recommended changes to the City's Investment of City Funds Policy.


NOW THEREFORE BE IT RESOLVED that the attached Investment Policy Statement governing the investment of City funds is amended as attached.

Dated at Beloit, Wisconsin, this 6th day of January, 2003.



William B. Watson  
President of the Council

ATTEST:



Carol S. Alexander, CMC  
City Clerk

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the investment officer with the following:

- Audited financial statements
- Proof of State Registration or a Broker's License
- Certification of having read entity's investment policy
- Depository contracts

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Investment Officer.

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

8.0 **Authorized & Suitable Investments:**

The City of Beloit is empowered to invest in securities as recited in Section 66.06 of the Wisconsin Statutes that are excerpted on the next page:

ages resulting from the entry and destruction, if reasonable care is exercised.

(b) *Compensation of weed commissioner.* 1. Except as provided in sub (2) (b), a weed commissioner shall receive compensation for the destruction of noxious weeds as determined by the town board, village board or city council upon presenting to the proper treasurer the account for noxious weed destruction, verified by oath and approved by the appointing officer. The account shall specify by separate items the amount chargeable to each piece of land, describing the land, and shall, after being paid by the treasurer, be filed with the town, village or city clerk. The clerk shall enter the amount chargeable to each tract of land in the next tax roll in a column headed "For the Destruction of Weeds", as a tax on the lands upon which the weeds were destroyed. The tax shall be collected under ch. 74, except in case of lands which are exempt from taxation, railroad lands or other lands for which taxes are not collected under ch. 74. A delinquent tax may be collected as is a delinquent real property tax under chs. 74 and 75 or as is a delinquent personal property tax under ch. 74. In case of railroad lands or other lands for which taxes are not collected under ch. 74, the amount chargeable against these lands shall be certified by the town, village or city clerk to the state treasurer who shall add the amount designated to the sum due from the company owning, occupying or controlling the lands specified. The state treasurer shall collect the amount chargeable as prescribed in subch. I of ch. 76 and return the amount collected to the town, city or village from which the certification was received.

2. For the performance of duties other than the destruction of noxious weeds, a weed commissioner shall receive compensation to be determined by the town board, village board or city council.  
History: 1999 a 150

## SUBCHAPTER VI

### FINANCE; REVENUES

**66.0601 Appropriations.** (1) **PROHIBITED APPROPRIATIONS** (a) *Bonus to state institution.* No appropriation or bonus, except a donation, may be made by a town, village, or city, nor municipal liability created nor tax levied, as a consideration or inducement to the state to locate any public educational, charitable, reformatory, or penal institution.

NOTE: Sub. (1) (a) is shown as renumbered from s. (1e) (a), as affected by 1999 Wis. Act 65, s. 14, and 1999 Wis. Act 150, s. 90, by the revisor under s. 13.93 (1) (b).

(b) *Payments for abortions restricted.* No city, village, town, family care district under s. 46.2895 or agency or subdivision of a city, village or town may authorize funds for or pay to a physician or surgeon or a hospital, clinic or other medical facility for the performance of an abortion except those permitted under and which are performed in accordance with s. 20.927.

(c) *Payments for abortion-related activity restricted.* No city, village, town, family care district under s. 46.2895 or agency or subdivision of a city, village or town may authorize payment of funds for a grant, subsidy or other funding involving a pregnancy program, project or service if s. 20.9275 (2) applies to the pregnancy program, project or service.

(2) **CELEBRATION OF HOLIDAYS.** A town, county, school board or school district may appropriate money for the purpose of initiating or participating in appropriate celebrations of any legal holiday listed in s. 895.20.

History: 1999 a 65 s 14; 1999 a 150 ss 89.90.92.94.165 to 167; s 13.93 (1) (b)

**66.0603 Investments.** (1g) **DEFINITION.** (a) In this section, "governing board" has the meaning given under s. 34.01 (1) but does not include 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 gov-

erning 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 if the time deposits mature in not more than 3 years.

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.

NOTE: Subd. 3q. was created as s. 66.04 (2) (a) 3q. by 1999 Wis. Act 167, s. 32, and renumbered to s. 66.0603 (1m) (a) 3q. by the revisor under s. 13.93 (1) (b).

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.

NOTE: Subd. 3t. was created as s. 66.04 (2) (a) 3t. by 1999 Wis. Act 65, s. 17 and renumbered to s. 66.0603 (1m) (a) 3t. by the revisor under s. 13.93 (1) (b).

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.

(b) A town, city or village may invest surplus funds in any bonds or securities issued under the authority of the municipality, whether the bonds or securities create a general municipality liability or a liability of the property owners of the municipality for special improvements, and may sell or hypothecate the bonds or securities. Funds of an employer, as defined by s. 40.02 (28), in a deferred compensation plan may also be invested and reinvested in the same manner authorized for investments under s. 881.01 (1). [Funds of any school district operating under ch. 119, held in trust for pension plans intended to qualify under section 401 (a) of the Internal Revenue Code, other than funds held in the public employee trust fund, may be invested and reinvested in the same manner as is authorized for investments under s. 881.01.]

NOTE: The bracketed language was deleted by 1999 Wis. Act 150 without being shown as stricken. No change was intended. Corrective legislation is pending.

(c) A local government, as defined under s. 25.50 (1) (d), may invest surplus funds in the local government pooled-investment

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fund. Cemetery care funds, including gifts where the principal is to be kept intact, may also be invested under ch. 881.

(d) A county, city, village, town, school district, drainage district, technical college district or other governing board as defined by s. 34.01 (1) may engage in financial transactions in which a public depository, as defined in s. 34.01 (5), agrees to repay funds advanced to it by the local government plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.

(2) **DELEGATION OF INVESTMENT AUTHORITY.** A county, city, village, town, school district, drainage district, technical college district or other governing board, as defined in s. 34.01 (1), may delegate the investment authority over any of its funds not immediately needed to a state or national bank, or trust company, which is authorized to transact business in this state if all of the following conditions are met:

(a) The institution is authorized to exercise trust powers under s. 221.0316 or ch. 223.

(b) The governing board renews annually the investment agreement under which it delegates its investment authority and reviews annually the performance of the institution with which its funds are invested.

(3) **ADDITIONAL DELEGATION OF INVESTMENT AUTHORITY.** In addition to the authority granted under sub. (2m) [sub. (2)], a school district operating under ch. 119 may delegate the investment authority over any of its funds not immediately needed and held in trust for its qualified pension plans to an investment manager who meets the requirements and qualifications specified in the trust's investment policy and who is registered as an investment adviser under the Investment Advisers Act of 1940. 15 USC 80b-3.

**NOTE:** The correct cross-reference is shown in brackets. Corrective legislation is pending.

(4) **INVESTED FUND PROCEEDS IN POPULOUS CITIES USE.** In a 1st class city, all interest derived from invested funds held by the city treasurer in a custodial capacity on behalf of any political entity, except for pension funds, is general revenue of the city and shall revert to the city's general fund upon the approval by the political entity evidenced by a resolution adopted for that purpose.

History: 1999 a. 9 ss. 1607, 1608; 1999 a. 65 ss. 15 to 17; 1999 a. 150 ss. 93, 95, 168; 1999 a. 167 ss. 31, 32; 1999 a. 186 ss. 43, 44; s. 13.93 (1) (b).

**Cross-reference:** See also s. 157.50 (6) as to investment of municipal care funds. Municipalities may only invest in certain specifically authorized bonds, securities, deposits, etc., and may not invest in mutual funds, even if the assets of the funds consist solely of statutorily-allowed bonds and securities. 77 Atty Gen. 274.

**66.0605 Local government audits and reports.** Notwithstanding any other statute, the governing body of a county, city, village or town may require or authorize a financial audit of a municipal or county officer, department, board, commission, function or activity financed in whole or part from municipal or county funds, or if any portion of the funds are the funds of the county, city, village or town. The governing body may require submission of periodic financial reports by the officer, department, board, commission, function or activity.

History: 1977 c. 29; 1999 a. 150 s. 97; Stats. 1999 s. 66.0605

**66.0607 Withdrawal or disbursement from local treasury.** (1) Except as otherwise provided in subs. (2) to (5), in a county, city, village, town or school district, all disbursements from the treasury shall be made by the treasurer upon the written order of the county, city, village, town or school clerk after proper vouchers have been filed in the office of the clerk. If the statutes provide for payment by the treasurer without an order of the clerk, the clerk shall draw and deliver to the treasurer an order for the payment before or at the time that the payment is required to be made by the treasurer. This section applies to all special and general provisions of the statutes relative to the disbursement of money from the county, city, village, town or school district treasury except s. 67.10 (2).

(2) Notwithstanding other law, a county having a population of 500,000 or more may, by ordinance, adopt any other method of

allowing vouchers, disbursing funds, reconciling outstanding county orders, reconciling depository accounts, examining and auditing practices, if the ordinance prior to its adoption is submitted to the department of revenue, which shall submit its recommendations on the proposed ordinance to the county board of supervisors.

(3) Except as provided in subs. (2), (3m) and (5), disbursements of county, city, village, town or school district funds from demand deposits shall be by draft or order check and withdrawals from savings or time deposits shall be by written transfer order. Written transfer orders may be executed only for the purpose of transferring deposits to an authorized deposit of the public depository in the same or another authorized public depository. The transfer shall be made directly by the public depository from which the withdrawal is made. No draft or order check issued under this subsection may be released to the payee, nor is the draft or order check valid, unless signed by the clerk and treasurer. No transfer order is valid unless signed by the clerk and the treasurer. Unless otherwise directed by ordinance or resolution adopted by the governing body, a certified copy of which shall be filed with each public depository concerned, the chairperson of the county board, mayor, village president, town chairperson or school district president shall countersign all drafts or order checks and all transfer orders. The governing body may also, by ordinance or resolution, authorize additional signatures. In lieu of the personal signatures of the clerk and treasurer and any other required signature, the facsimile signature adopted by the person and approved by the governing body may be affixed to the draft, order check or transfer order. The use of a facsimile signature does not relieve an official from any liability to which the official is otherwise subject, including the unauthorized use of the facsimile signature. A public depository is fully warranted and protected in making payment on any draft or order check or transferring pursuant to a transfer order bearing a facsimile signature affixed as provided by this subsection notwithstanding that the facsimile signature may have been affixed without the authority of the designated persons.

(3m) A county, city, village, town or school district may process periodic payments through the use of money transfer techniques, including direct deposit, electronic funds transfer and automated clearinghouse methods. The county, municipal or school district treasurer shall keep a record of the date, payee and amount of each disbursement made by a money transfer technique.

(4) Except as provided in sub. (3m), if a board, commission or committee of a county, city, village, town or school district is vested by statute with exclusive control and management of a fund, including the audit and approval of payments from the fund, independently of the governing body, payments under this section shall be made by drafts or order checks issued by the county, city, village, town or school clerk upon the filing with the clerk of certified bills, vouchers or schedules signed by the proper officers of the board, commission or committee, giving the name of the claimant or payee, and the amount and nature of each payment.

(5) In a 1st class city, municipal disbursements of public moneys shall be by draft, order check, order check or as provided under sub. (3m). Checks or drafts shall be signed by the treasurer and countersigned by the comptroller. Orders shall be signed by the mayor and clerk and countersigned by the comptroller, as provided in the charter of the city. Disbursements of school moneys shall be as provided by s. 119.50.

(6) Withdrawal or disbursement of moneys deposited in a public depository as defined in s. 34.01 (5) by a treasurer as defined in s. 34.01 (7), other than the elected, appointed or acting official treasurer of a county, city, village, town or school district, shall be by endorsement, written order, draft, share draft, check or other draft signed by the person or persons designated by written authorization of the governing board as defined in s. 34.01 (1).

## 8.1 **Delegation of Investment Authority:**

The City of Beloit may delegate the investment authority over any of its funds not immediately needed to a state or national bank, or trust company, which is authorized to transact business in this state if all of the following conditions are met:

- a. The institution is authorized to exercise trust powers under s.221.0316 or ch. 34.
- b. The Investment Committee renews annually the investment agreement under which it delegates its investment authority, and reviews annually the performance of the institution with which its funds are invested.
- c. The Investment Committee reports annually its findings to the Beloit City Council.

## 9.0 **Collateralization:**

Collateralization will be required on two types of investments: 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 a minimum of 102% of market value of principal and accrued interest.

Collateralization will also be required on day to day operating funds invested overnight. The level of collateralization will be negotiated at the time that the Bank Services RFP is distributed and the Bank Services contract is finalized.

## 10.0 **Safekeeping and Custody:**

Securities will be held by a custodian designated by the Director of Finance and Information Systems and evidenced by safekeeping receipts.

## 11.0 **Diversification:**

The City of Beloit will diversify its investments by security type and institution. With the exception of U.S. Treasury securities and authorized Local Government Investment Pools, no more than 40% of the City of Beloit's total investment portfolio will be invested in a single security type or with a single financial institution.

### 11.1 Cemetery Perpetual Care

*Total investments of the Cemetery Perpetual Care Fund shall be limited to 60% in equity based mutual funds. Income earned on these investments shall be moved to the Cemetery Fund for cemetery operations. Income shall consist of interest earned and capital gains distributed. Income moved from mutual fund investments shall be limited to seven percent (7%) of the total value of the mutual fund investment at year end. Total income moved shall be limited to that needed to balance the Cemetery Fund net income for the year.*

### 12.0 Maximum Maturities:

To the extent possible, the City of Beloit will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City of Beloit will not directly invest in securities maturing more than seven years from the date of purchase. However, the City of Beloit may collateralize its repurchase agreements using longer-dated investments not to exceed 10 year to maturity.

Reserve funds may be invested in securities exceeding 10 years if the maturity of such investments is made to coincide with the expected use of the funds.

### 13.0 Internal Control:

The Director of Finance and Information Systems 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.

### 14.0 Performance Standards:

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

### 14.1 Market Yield (Benchmark):

The City of Beloit's investment strategy is active. Given this active strategy, the basis used by the Director of Finance and Information Systems to determine whether market yields are being achieved shall be the three month U.S. Treasury Bill, the six month U.S. Treasury Bill or the Wisconsin Local Government Investment Pool monthly rate for the general investment category of city investments and the five year U.S. Treasury Note for the Cemetery and Wastewater categories of city investment.

## 14.2 External Fund Managers

The Investment Committee will interview and approve of any use of an external fund manager. During the selection process, a benchmark will be established in order to be able to determine the fund manager's performance. There will be a formal written performance evaluation at least annually.

## 15.0 Reporting:

The Director of Finance and Information Systems is charged with the responsibility of including a market report on investment activity and returns in the City of Beloit's financial report. Reports will include performance, market sector breakdown, number of trades, interest earnings, etc. In addition, there will be monthly reports of investment inventories, sales, holdings marked to market and cost, interest earnings and gain/loss analysis to the City Manager's Investment Committee.

## 16.0 Investment Policy Adoption:

The City of Beloit's Investment Policy shall be adopted by resolution of the City of Beloit's City Council. The policy shall be reviewed annually by the City Manager's Investment Committee and any modifications made thereto must be approved by the City Council.