

INVESTMENT POLICY

Policy

It is the policy of the Wisconsin Government Finance Officers Association (WGFOA) to invest reserve funds in a manner which will provide a competitive investment return with maximum security while providing for the cash flow needs of the Association.

Authority

The establishment of investment policies is the responsibility of the WGFOA Executive Board. Management and administrative responsibility for the investment program is hereby delegated to the WGFOA Treasurer with assistance provided by the WGFOA President.

Prudence

Investments shall be made for the Association using prudence with judgment and care under circumstances then prevailing. The standard of prudence to be used shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio.

Objective

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

Safety: Safety of the principal is the foremost objective of the investment program. Investments of the Association shall be undertaken in a manner that seeks the preservation of capital and the mitigation of credit and interest rate risk in the overall portfolio.

Liquidity: The Association's investment portfolio will remain sufficiently liquid to enable the Association to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets. Alternatively, a portion of the portfolio may be placed in money market mutual funds which offer same-day or short-notification liquidity for short-term funds.

Return on Investments: The Association's investment portfolio shall be designed with the objective of attaining a reasonable rate of return based on the current rate environment.

Authorized and Suitable Investments

WGFOA may only invest funds in investments permitted under Wisconsin Statutes section 66.0603. The Association may invest monies in any federally insured financial institution up to the current Federal Deposit Insurance Corporation (FDIC) limits. Investments in Certificates of Deposits shall not exceed FDIC limits at any point for the duration of the investment. All broker/dealers must provide investments on a "delivery versus payment" basis. Securities will be held by an independent third-party custodian with all securities held in WGFOA's name.

The WGFOA may invest in the following types of investments:

- Treasury obligations including bills, notes, bonds and stripped coupons.
- Bonds, notes, debentures and similar obligations issued by Agencies of the United States.
- Interest bearing savings accounts, certificates of deposit or any other investment constituting direct obligations of commercial banks that are FDIC insured or collateralized.
- If eligible, pooled investment accounts typically set up for local governmental entities.
- Money market mutual funds permissible under state law.

Collateralization

It is the policy of the WGFOA to require that funds on deposit in excess of FDIC limits be secured by some form of collateral in order to manage custodial credit risk.

Maximum Maturities

To the extent possible, the WGFOA will attempt to match its investments with anticipated cash flow requirements. In order to manage interest rate risk and unless matched to a specific cash flow, the WGFOA will not directly invest in securities maturing more than three (3) years from the date of purchase.

Ethics and Conflicts of Interest

Officers 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. Investment officials shall disclose any material interests in financial institutions with which he/she conducts business. The officials shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

Reporting

The WGFOA Treasurer will prepare a monthly financial statement that includes a listing of all current investments at their book value, their yield to maturity, maturity date and income earned. This report will be provided to the WGFOA President and Vice President monthly and will be provided to other members of the WGFOA Executive Board and WGFOA membership at WGFOA Executive Committee and WGFOA Business Meetings.

Approved by the WGFOA Executive Board – 12/1/21