



MINUTES

Finance and Insurance Committee

June 21, 2010
Jury Assembly Room
Lower Level, Courthouse Annex

MEMBERS PRESENT: Supervisors Bob Fraik, John Guarisco, Kathy Just, Vilas Schroeder and Connie Seefeldt

MEMBERS EXCUSED:

OTHERS PRESENT: Deputy County Clerk BobbieJean Boivin, County Administrator Steve Corbeille, Finance Director Pat Kass, Eagle Herald and Peshtigo Times

1. Call to order

Chair Schroeder called the meeting to order at 9:00 a.m.

2. Agenda

Motion (Just/Guarisco) to approve agenda. Motion carried.

3. Public Comment

None

4. Minutes

Motion (Fraik/Guarisco) to approve minutes of May 17, 2010. Motion carried.

5. County Administrator's "Budget Policy for Fiscal Year 2011"

Motion (Seefeldt/Fraik) change item #7(b) to read as follows: A 2% wage **adjustment** increase will be included for 2011 if a specific bargaining unit contract has not been ratified by the initiation of the 2011 budget process. Motion carried.

Motion (Seefeldt/Guarisco) to remove item #3(c) under Fund Balances and discuss inclusion in budget policy at the July Finance Committee meeting. Motion carried.
Voting No – Supervisor Just

Motion (Seefeldt/Guarisco) to recommend County Board adopt the Budget Policy for fiscal year 2011 as amended. Motion carried. Exhibit A

6. Explore Possibility of Collaborating with the City of Marinette in all Areas

Motion (Fraik/Seefeldt) to recommend County Board explore the possibility of collaborating with the City of Marinette in all areas, contingent upon the City Council's approval. Motion carried. Voting No – Supervisors Guarisco and Just Exhibit B

7. Revised County Investment Policy – Part VIII Investment Parameters

Motion (Just/Guarisco) to recommend County Board approve revised County Investment Policy related to Part VIII Investment Parameters – (3) Competitive Bids and Part IX Proper Numbering. Motion carried. Exhibit C

8. Marinette County Investment Procedures/Internal Controls

Motion (Fraik/Guarisco) to approve changes to the Investment Procedures/Internal Controls to reflect changes to County Investment Policy for Competitive Bids and addition to approved brokers/dealers. Motion carried. Exhibit D

9. Change Accounts Payable to Weekly Processing

Motion (Guarisco/Seefeldt) to approve Finance Director to proceed with necessary steps to change accounts payable to weekly processing. Motion carried. Exhibit E

10. Resolution to Create Two Distinct funds – Parks & Forestry

Motion (Seefeldt/Guarisco) to recommend County Board approve Resolution from Parks and Forestry to create two distinct non-lapsing funds – the County Forest Land Acquisition Fund and the County Forest and Parks Development Fund. Motion carried. Exhibit F

11. Finance Director's Report

May Monthly Investment Report – \$44,575,294.70. Exhibit G

12. Appropriation Entries

Motion (Fraik/Guarisco) to approve Schedule of Appropriation Entries and recommend to the County Board approval of those indicated. Exhibit H

13. Schedule of Vouchers

Motion (Guarisco/Schroeder) to approve payment of Schedule of Vouchers totaling \$32,273.11. Motion carried.

Motion (Just/Seefeldt) to recommend to the County Board payment of Schedule of Vouchers totaling \$315,690.00. Motion carried.

14. Adjournment

Motion (Fraik/Seefeldt) to adjourn at 10:53 a.m.

Next meeting date: July 19, 2010 at 9:00 a.m.

BobbieJean Boivin
Deputy County Clerk

Date approved/corrected:

BUDGET POLICY FOR FISCAL YEAR 2011

It is the legal responsibility of the County Administrator to communicate to the County Board of Supervisors the condition of the county, recommend such matters to them for their consideration, and submit to them the annual budget for consideration and adoption.

The County Administrator has determined that the annual budget be considered as a policy document, an operational guide, the county's financial plan, and an avenue of communication.

In order to plan, compile, and complete a budget document for the County Board, it is necessary for the Administrator and administrative support staff of the county to have certain guidelines and policies to follow.

The following 2011 Budget Policy shall be the guideline and policy of the Marinette County Board of Supervisors. The Marinette County Administrator and Finance Director shall apply this policy to all Marinette County Departments/Agencies for the preparation and review of the county's 2011 budget.

(1) COUNTY SERVICES

- (a) New county services shall be considered only if:
 - (1) State or Federal laws specifically mandate such action with corresponding financial commitment; or
 - (2) The Finance Committee recommends and the County Board approves the proposed new services and/or implementation of certain changes based upon the analysis of existing programs.
- (b) The county should continue to reorganize departments as well as enter cooperative agreements with other municipalities to reduce the tax levy while still attempting to maintain adequate county services.

(2) REVENUES

- (a) Revenues. The State of Wisconsin's 2009-2011 biennial budget contains a municipal levy limit provision for 2011. The limit restricts a county's levy increase to the greater of either 3% or the county's net new construction growth in equalized value. The target for development of the 2011 budget will be a 3% growth in the tax levy.
- (b) Sales Tax. The County's sales tax collections are committed by ordinance for payment of principal and interest on debt service resulting in no debt service tax levy. In prior year budgets, the County Board approved using surplus sales tax collections to fund capital outlay expenditures. The usage of surplus sales tax collections will be needed to fund a portion of the capital outlay expenditures in the 2011 budget to continue to provide current services at the levels that are currently available to taxpayers.
- (c) User Fees and Charges. Every effort shall be made to identify and/or establish appropriate user fees or charges, as authorized by State law, for appropriate public services as recommended in the 2011 Schedule of Marinette County User Fees. This User Fee Schedule will be presented to the County Board for approval in September 2010.

(d) Intergovernmental Revenues (Grant-In-Aids).

- (1) There shall be no new grant applications accepted in 2011 that will require new county tax levy for funding unless the Finance Committee recommends and the County Board approves the grant application.
- (2) All existing grants shall be identified in the budget process indicating the various governmental participants, i.e., state, federal, and county, comparing 2010 with 2011 funding levels.

(3) **FUND BALANCES**

- (a) Recognizing the importance and need for the county to maintain a sufficient undesignated fund balance to meet the needs of fiscal stability and cash flow requirements, an undesignated fund balance equal to \$7,000,000 shall be maintained in the General Fund.
- (b) A tax equalization fund was established in 2001. Unexpended appropriations and excess general fund revenue are deposited in this fund annually after any deficits from general fund budgets are deducted. This fund will be used to maintain the tax rate when special projects are placed in the budget. The fund is available at times for a pay as you go solution for capital projects. It is estimated that the balance will be in the \$1,750,000-2,000,000 range by December 31, 2010.
- ~~(c) Health and Dental Self Insurance Fund. The County has the residual fund balance remaining from the former self insurance fund. The intention will be to declare a health insurance premium holiday during 2011. The effect of this declaration will be to return to the county and employee the excess health and dental premiums from the former fund. The County will use its portion to balance the cost of health insurance over future budget years. It is estimated the remaining balance from the health and dental self insurance fund will be approximately \$1,500,000.~~

(4) **CONTINGENCY**

Each year there shall be appropriated in the General Fund, a contingency line item in an amount no less than \$250,000, which will be administered pursuant to the State Statutes and County Policy.

(5) **CAPITAL IMPROVEMENT/REPLACEMENT FUND**

Recognizing the need for the county to plan for future capital improvement projects and the replacement, restoration and maintenance of the county's infrastructure, the budget shall reflect the appropriate level funding as indicated in the county's capital improvement plan for calendar year 2011.

(6) **INDIRECT COST PLAN**

The County Board realizes that certain departments, i.e., Finance, Human Resources, Administration, Corporation Counsel and others, are providing essential administrative services to all county departments and are an important part of county government. The Board also recognizes that these administrative services have no available revenue sources, but does recognize that State and Federal government does allow for the partial reimbursement of expenditures associated with the operation of these administrative departments. Therefore, it

shall be the policy of the County Board to continue to prepare and submit a county indirect cost plan for the purpose of recovering these funds. This shall remain in effect as long as revenues received exceed the cost of the production of the plan or until changed by county policy.

(7) **PERSONNEL POLICY**

(a) Staffing Levels.

- (1) All departmental staffing shall be identified in the proposed 2011 budget. On April 20th 2010, the Marinette County Board of Supervisors approved the addition of one (1) Sheriff Deputy Position effective January 1, 2011.
- (2) Additional personnel requests and/or personnel changes must comply with the process stated in the Personnel Policies and Procedures Manual.
- (3) Should any existing Federal or State grant funds be eliminated or grants are reduced below the 2010 level of funding, the position will be subject to review for future continuation by the Committee of Jurisdiction, Personnel Committee, Finance Committee and County Board.

(b) Employee Compensation. In considering employee compensation, the county shall consider such factors as the rate of inflation, employee morale, and the need of attracting and retaining high-qualified employees when determining increases in compensation for all groups of county employees. In an effort to meet this need it requires that employee compensation be budgeted in accordance with:

- (1) The County's Personnel Policies and Procedures.
- (2) The wage increases approved in all bargaining unit contracts for 2011.
- (3) A ~~2%~~ wage increase adjustment will be included for 2011 if a specific bargaining unit contract has not been ratified by the initiation of the 2011 budget process.
- (4) Union re-evaluation requests and annual salary adjustments shall not be considered unless there has been a substantial change in duties and responsibilities, which may be required for the proper function of the department. The process for such requests shall be in accordance with the applicable bargaining unit contract.
- (5) The County Board's Executive Committee has placed a moratorium on non-represented re-evaluation requests for 2010 which indicates non-represented position re-evaluations will not be part of the 2011 budget process.

(8) **EXPENDITURES**

- (a) It shall be the policy of Marinette County that all departments of Marinette County shall operate within the approved 2011 budget. The Marinette County Finance Committee and the Marinette County Board of Supervisors shall authorize any transfers from the general fund for departmental budget shortfalls as individually determined on a case-by-case basis.
- (b) General expenditures and outlay - Increases will be considered if the department can meet its overall departmental tax levy goal. If it becomes necessary to request additional funds above

the departments/agencies 2010 operational budget, documentation and justification for such increases shall be presented to the County Administrator for consideration during the budget process.

(9) **COMPLIANCE WITH BUDGET PROCEDURES**

- (a) All county departments/agencies 2011 budget requests shall be prepared and submitted in accordance with the 2011 budget schedule.
- (b) Failure to provide the information on the required format or following an identified deadline will result in the department's 2011 budget remaining as the actual 2010 budget unless adjusted by the County Administrator and Finance Director.

(10) **2011 BUDGET ADOPTION**

Pursuant to State law the County Administrator shall submit the 2011 budget and message to the County Board for their consideration and adoption in accordance with the budget schedule.

(11) **COUNTY OPERATING TAX LEVY FOR THE YEAR 2011**

The County's operating levy for budget year 2011 will be developed to minimize negative impacts on County programs and services, while staying within state imposed operating levy limits and funding allocations.

The county's operating tax levy for budget year 2010 was set at \$14,175,881 an increase of \$483,703 over 2009. The County applied excess sales tax collections of \$865,150 to fund tourism promotion and capital outlay items within the 2010 budget.

The estimated increase allowable at 3% growth will be approximately \$425,276 or a levy of approximately \$14,601,157. Sale tax will be required to fund tourism promotion and some level of capital outlay within the 2011 budget.

Marinette County is in a strong financial position which will enable us to weather the current economic downturn and fiscal restraints placed upon the county by the State of Wisconsin. This is the result of a strong fiscal policy coupled with a visionary approach by county management to operate Marinette County government in an efficient and effective manner.

2011 BUDGET SCHEDULE DOCUMENT

June 20 <u>21</u> , 2010	Budget Policy to Finance committee for review and recommendation to County Board.
June 29, 2010	County Board approval of the Finance Committee recommendations on the Budget Policy. The committee directs the County Administrator to formulate budget guidelines for use by departments and agencies in preparation of the county's fiscal year budget for 2011.
July 19-23, 2010	Initial meeting dates for the Highway, Sheriff, and Health and Human Service Departments to discuss needs with County Administration.
July 26, 2010	Department/Agency computer printouts distributed along with revenue/expenditure justification sheets.
August 6, 2010	Last day for department heads and/or staff to key in departmental budget(s) request into the computer system. All funding requests shall be in accordance with the budget policy/guidelines established by the County Board and County Administrator.
August 9-24, 2010	Department Heads, along with other pertinent department staff shall meet with the County Administrator and Finance Director to present and review their 2011 budget request.
August 25-Sept 24, 2010	County Administration to make any final adjustments to the over-all 2011 county budget.
September 28 <u>21</u> , 2010	County Board consideration of proposed 2011 User Fee Schedules .
September 29-30, 2010	Finance Committee to conduct budget hearings on the 2011 county budget.
October 14-22, 2010*	Official publication of the proposed 2011 county budget as required by Wis. Stat (65.90) (4).
October 26, 2010	County Administrator's submittal and budget message to the County Board.
November 9, 2010	Budget public hearing and adoption of the 2011 county budget by the County Board of Supervisors.

*Not less than 15 days before public hearing.

NOTE: New budget personnel requests and/or union re-evaluation requests must be a part of the budget process. All departments must comply with the timetables in accordance with the Personnel Policies and Procedures Manual and/or any applicable bargaining unit contracts.

DRAFT

CITY OF MARINETTE, WISCONSIN

RESOLUTION NO. __-2010

**AUTHORIZING MAYOR TO EXPLORE A
COLLABORATION WITH MARINETTE COUNTY**

WHEREAS, there is a current trend whereby local governmental units are collaborating and consolidating services in order to create cost savings and efficiencies in local government; and

WHEREAS, the City of Marinette is interested in exploring such a collaboration with Marinette County in several areas, specifically financial services at this time.

IT IS HEREBY RESOLVED that the Mayor is given permission by the Marinette Common Council to meet with officials from Marinette County in order to explore the possibility of collaborating with Marinette County in all areas related to finance and is further given authority to direct City employees to cooperate fully with County employees in any manner that will assist in gathering and analyzing financial information.

Dated this ____ day of _____, 2010.

Resolution introduced and adoption moved by Alderperson _____.

Motion for adoption seconded by Alderperson _____.

On roll call, adopted _____.

ROBERT M. HARBICK, MAYOR

ATTEST:

James M. Anderson, City Clerk

MARINETTE COUNTY INVESTMENT POLICY

I. Governing Authority

Legality

The investment program shall be operated in conformance with federal, state, and other legal requirements, including Wisconsin Statute §66.0603.

II. Scope

This policy applies to the investment of all funds, excluding the investment of employees' retirement funds. Proceeds from certain bond issues, as well as separate foundation or endowment assets, may be covered by a separate policy as necessary.

1. Pooling of Funds

Except for cash in certain restricted and special funds, Marinette County will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

III. General Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

1. Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

a. Credit Risk

Marinette County 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 listed in Section VII of this Investment Policy
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which Marinette County will do business in accordance with Section V.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

b. Interest Rate Risk

Marinette County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy (see section VIII).

2. *Liquidity*

The investment portfolio shall remain sufficiently liquid 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 (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the short-term portion of the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools, which offer same-day liquidity for short-term funds.

3. *Yield*

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

4. *Local Considerations*

Where possible, funds may be invested for the betterment of the local economy or that of local entities within the State. Marinette County may accept a proposal from an eligible institution, which provides for a reduced rate of interest provided that such institution documents the use of deposited funds for community development projects.

IV. Standards of Care

1. Prudence

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. Investment officers acting in accordance with written procedures and this investment 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 fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

The “prudent person” standard states that, “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.”

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. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of Marinette County.

3. Delegation of Authority

Authority to manage the investment program is granted to the Finance Director and County Treasurer, hereinafter referred to as investment officers and derived from the following: Wisconsin State Statute 59.62. Responsibility for the operation of the investment program is hereby delegated to the investment officers, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officers. The investment officers shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

V. Authorized Financial Institutions, Depositories, and Broker/Dealers

1. Authorized Financial Institutions, Depositories, and Broker/Dealers

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved

security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include “primary” dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

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

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of National Association of Securities Dealers (NASD) certification (not applicable to Certificate of Deposit counterparties)
- Proof of state registration
- Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties)
- Certification of having read and understood and agreeing to comply with Marinette County’s investment policy.
- Evidence of adequate insurance coverage.

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the investment officers in June.

2. Minority and Community Financial Institutions

From time to time, the investment officers may choose to invest in instruments offered by minority and community financial institutions. In such situations, a waiver to certain parts of the criteria under Paragraph 1 may be granted. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate entity on a consistent basis and should be consistent with state or local law. The finance committee must approve these types of investment purchases.

VI. Safekeeping and Custody

1. Delivery vs. Payment

All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

2. Safekeeping

Securities will be held by a [centralized] independent third-party custodian selected by the entity as evidenced by safekeeping receipts in Marinette County’s name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70).

3. Internal Controls

The investment officers shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the finance committee, ~~where present~~, and with the independent auditor. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error,

misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of Marinette County.

VII. Suitable and Authorized Investments

1. Investment Types

Consistent with the GFOA Policy Statement on State and Local Laws Concerning Investment Practices, the following investments will be permitted by this policy and are those defined by state and local law where applicable:

- U.S. Treasury obligations which carry the full faith and credit guarantee of the United States government and are considered to be the most secure instruments available;
- U.S. government agency and instrumentality obligations that have a liquid market with a readily determinable market value;
- Certificates of deposit and other evidences of deposit at financial institutions,
- Commercial paper, rated in the highest tier (e.g., A-1, P-1, F-1, or D-1 or higher) by a nationally recognized rating agency;
- Investment-grade obligations of state, provincial and local governments and public authorities;
- Repurchase agreements whose underlying purchased securities consist of the aforementioned instruments;
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and
- Local government investment pools either state-administered or developed through joint powers statutes and other intergovernmental agreement legislation.

Investment in derivatives of the above instruments shall require authorization by the Marinette County Finance Committee.

2. Collateralization

Where allowed by state law and in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization may be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

3. Repurchase Agreements

Repurchase agreements, if used, shall be consistent with GFOA Recommended Practices on Repurchase Agreements.

VIII. Investment Parameters

1. Diversification

The following diversification limitations shall be imposed on the portfolio:

- Maturity: No more than 75 percent of the portfolio may be invested beyond 12 months.

- Default risk: No more than 20 percent of the overall portfolio may be invested in the securities of a single issuer, except for securities of the U.S. Treasury. No more than 40 percent of the portfolio may be invested in each of the following categories of securities:
 - a. Commercial paper,
 - b. Negotiable certificates of deposit,
 - c. Any other obligation that does not bear the full faith and credit of the United States government or which is not fully collateralized or insured and
 - d. No more than 50 percent of the total portfolio may be invested in the foregoing instruments at any time.
- Liquidity risk: At least 10 percent of the portfolio shall be invested in overnight instruments or in marketable securities which can be sold to raise cash in one day's notice.

2. Maximum Maturities

To the extent possible, Marinette County shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, Marinette County will not directly invest in securities maturing more than six (6) years from the date of purchase or in accordance with state and local statutes and ordinances. Marinette County shall adopt weighted average maturity limitations (which range from 90 days to 6 years), consistent with the investment objectives.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding six (6) years if the maturities of such investments are made to coincide as nearly as practicable with expected use of funds. The intent to invest in securities with longer maturities shall be disclosed in writing to the legislative body.

Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

3. Competitive Bids

The investment officer shall obtain competitive bids from at least two brokers or financial institutions on all purchases greater than \$1,000,000 face value of investment instruments purchased on the secondary market.

The investment officer may purchase instruments from any authorized broker equal to or less than \$1,000,000 face value without competitive bid with approval of one of the following: County Administrator, County Treasurer, or County Finance Committee Chair.

IX. Reporting

1. Methods

The finance director shall provide a monthly report listing all individual securities held at the end of each month.

The finance director shall prepare a detailed investment report semi annually. The investment report will be prepared in a manner, which will allow Marinette County to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report will be provided to the finance committee. The report will include the following:

- Listing of individual securities held at the end of the reporting period.
- Realized and unrealized gains or losses resulting from appreciation or depreciation by listing the cost and market value of securities over one-year duration that is not intended to be held until maturity.
- Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks.
- Listing of investment by maturity date.
- Percentage of the total portfolio, which each type of investment represents.

2. Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and risks undertaken, and the benchmarks shall have a similar weighted average maturity as the portfolio.

3. Marking to Market

The market value of the portfolio shall be calculated monthly as part of the monthly report. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on "Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools."

X. Policy Considerations

1. Exemption

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Amendments

This policy shall be reviewed annually at the June meeting of the Finance Committee. All changes recommended by the investment officers must be approved by the finance committee and County Board.

XI. Approval of Investment Policy

The investment policy shall be formally approved and adopted by the governing body of Marinette County and reviewed as deemed appropriate.

XII. Supporting Documentation

Documents, as applicable, including but not limited to the following, will be available as supplements to the investment policy:

- Relevant investment statutes and ordinances,
- Investment Procedures and Internal Controls
- Glossary
- Broker/Dealer Questionnaire
- Credit studies for securities purchased and financial institutions used,
- Safekeeping agreements,
- Wire transfer agreements,
- Sample investment reports,
- Methodology for calculating rate of return,
- GFOA Recommended Policies.

Finance Committee Adopted: November 10, 2008

County Board Adopted: November 12, 2008

Reviewed by Finance Committee: June 22, 2009

Marinette County Investment Procedures/Internal Controls

Purpose

Written investment procedures are a key part in internal controls and ensure the internal controls are followed. These procedures outline the process for making investment decisions, detail the activities of the investment staff, and specify how investment decisions are to be carried out. The County's Investment Policy states the County's investment objectives, outlines the risk tolerances of the governing body and delegates authority to investment personnel. The Investment Procedures formalize the investment process and put the investment policy in action.

Investment Purchasing Procedural Controls

1) Authority to Initiate Investment Transaction

- The Finance Director and County Treasurer shall analyze cash flow and determine specific cash needs of the County before any new funds are invested.

2) Authority to Approve Investment Transaction

- The Finance Director will recommend investment transactions and Treasurer shall acknowledge, in writing, to type of security (as allowed by the investment policy), denomination, and duration.
- Securities greater than \$1,000,000 face value - The Finance Director, or designee, shall obtain at least (2) quotes for securities from authorized brokers as listed in the Investment Procedures. A quote listing with the relevant information from the offers will be prepared and reviewed by the Finance Director. The Finance Director, or designee, may use the Government Finance Officers Association (GFOA) internet-based auction to obtain quotes.
- Securities equal to or less than \$1,000,000 face value – The Finance Director, or designee, with approval of one of the following: County Administrator, County Treasurer, or County Finance Committee Chair shall have the authority to purchase securities from authorized brokers as listed in the Investment Procedures without obtaining at least two bids.
- Finance Director will report all purchases to the County Treasurer.
- Finance Director, or designee, will contact offerer with instruction to buy.

3) Authority to Initiate Wire Transaction

- The Broker will supply Finance with details of the purchase which will be forwarded to the Treasurer's Department.
- The Treasurer, or designee, will contact safekeeping and fax or email a copy of CUSIP to safekeeping for security verification. The purchase of the individual

securities shall be executed "delivery versus payment" (DVP) through the Federal Reserve System. By so doing, County funds are not released until the County has received, through the Federal Reserve wire, the securities purchased.

- The Treasurer, or designee, will initiate the wire transaction and supply the Finance Department Accountant with the information necessary for investment bookkeeping and the preparation of the related accounting entries.

Approved Broker/Dealers & Financial Institutions

Vining Sparks
UBS Financial Services, Inc.
Merrill Lynch Wealth Management
M&I Capital Markets
GFOA Yield Advantage Internet Based Auction
All Wisconsin banks, state or federal chartered
All Marinette County Credit Unions, state chartered
Local Government Investment Pool

Approved Custodians for Safekeeping of Securities

Farmers and Merchants Bank through M&I Marshall & Ilsley Bank in Milwaukee

Authorized Personnel

Persons authorized to transact investment business on behalf of the Marinette County

Patrick Kass, Finance Director
Bev Noffke, County Treasurer
Cheryl Allen, Deputy Treasurer
Kristi Yates, Accountant

Approved: November 10, 2008

Revised: May 18, 2009

Revised: June 21, 2010

Processing Accounts Payable on a Weekly Basis

Internal Controls

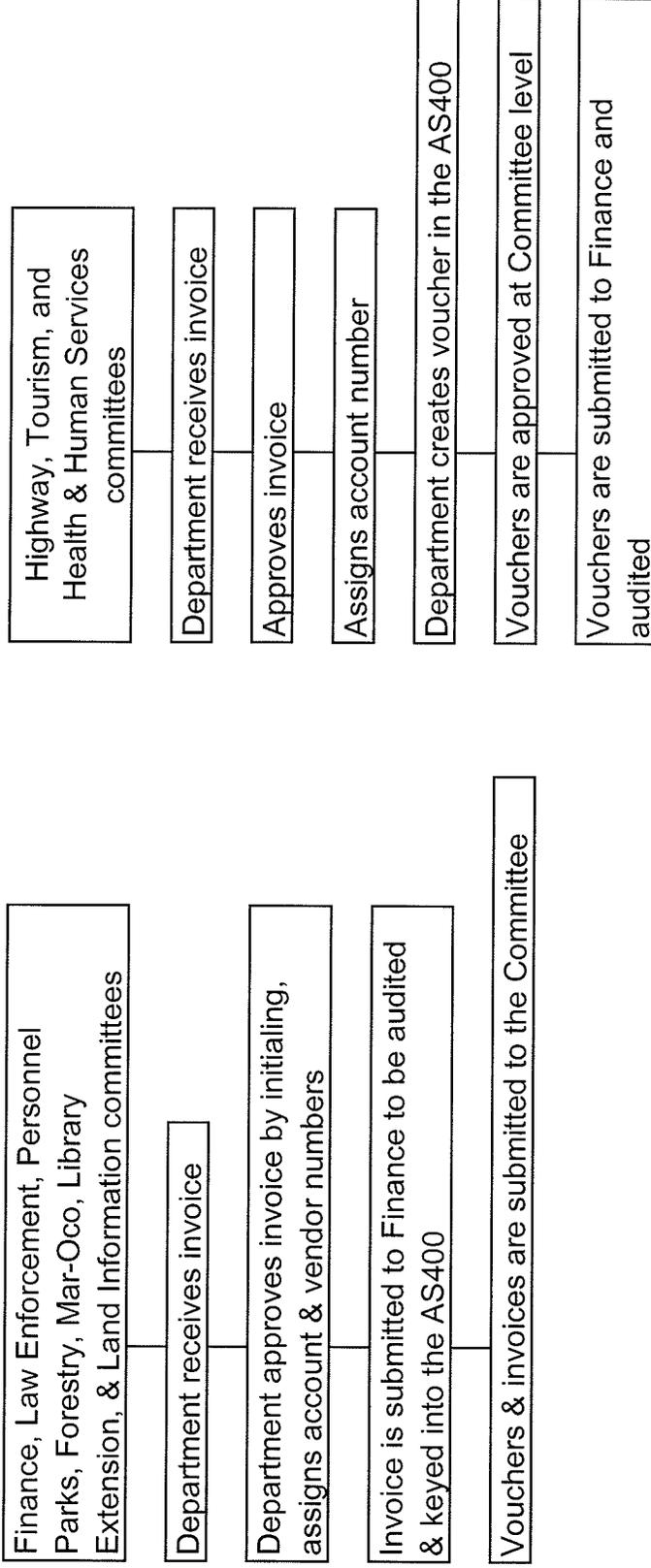
- Item to be paid must be in the approved budget.
Budget is approved by the parent committee, Finance Committee/Executive Committee, and the County Board.
- Payment of invoice is approved by the department head or designee.
- All invoices will be reviewed by the Finance Department. Any items not budgeted will not be processed unless Finance Director deems necessary to process invoice before budget transfer. Schedule of all payments will be presented to the parent committee at their monthly meeting. All documentation is available at the Finance Department.

Reasons to process invoices on a weekly basis include:

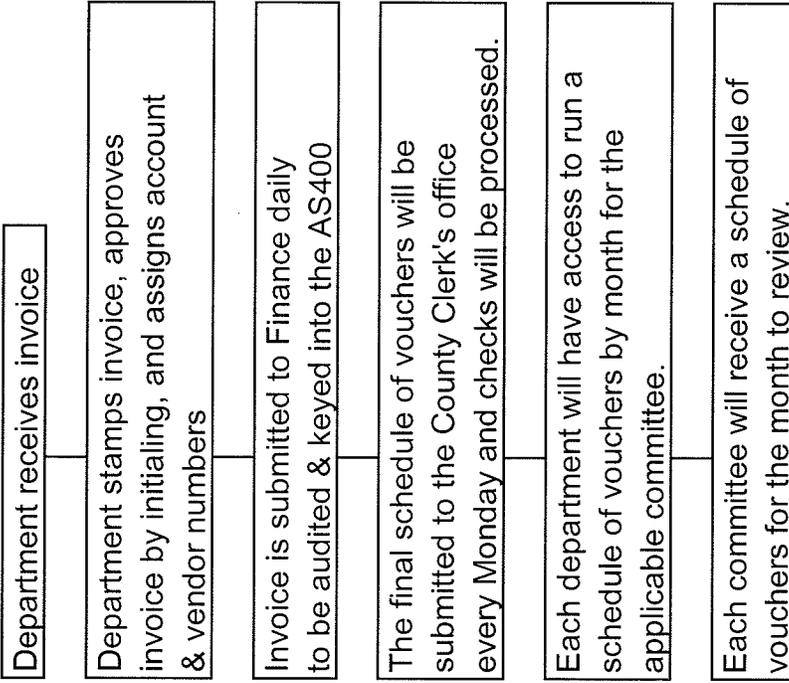
- Taking advantage of discounts
- Avoiding late fees
- Good business practice:
There are concerns about delays in payment from snowmobile/ATV clubs and from other vendors being paid over \$5,000. Currently vendors are waiting 45 – 60 days for large payments. Most of our vendors are part of the community and have their own expenses that need to be paid including payroll.
- Streamline process:
A substantial amount of the accounts payable process has already been removed from the departments and centralized by the Finance Department; this has already created efficiencies and effectiveness. Weekly payments would also make accounts payment more consistent.
- Time efficiency:
The new process would minimize the amount of check runs each month. Currently, 18 check runs are processed each month. If invoices were paid each week, there would be 6 check runs each month (4 weekly runs, Highway & HHS). The County Clerk's office prints the checks, and then all checks go to the Treasurer's office to be sealed.
- Decrease the number of checks printed. Multiple checks for the same vendor could be combined into one.
- Eliminate calling the committee chair for approval:
Weekly checks would eliminate the need to call the committee chair for approval for checks that must be processed immediately. Any missed invoices would wait until the next week.

There will be some additional programming required to change the accounts payable process to a weekly basis. Some of the programming will address the issue of ACH payments.

Current Voucher Process



Proposed Process



RESOLUTION NO. 341

**CREATING TWO DISTINCT FUNDS
- COUNTY FOREST LAND ACQUISITION FUND
- COUNTY FOREST AND PARKS DEVELOPMENT FUND**

WHEREAS, the Wisconsin Department of Natural Resources has notified Marinette County that the 15-Year Comprehensive Land Use Plan requires that monies received from the sale or trade of county forest land shall be placed in a fund for the sole purpose of acquiring future county forest land; and,

WHEREAS, there is a need to update certain accounts and distribution of proceeds,

NOW, THEREFORE, BE IT RESOLVED that a new County Forest Land Acquisition fund and a new County Forest and Parks Development Fund are established retroactive to January 1, 2010.

BE IT FURTHER RESOLVED, that the Marinette County Board of Supervisors directs the Finance Director to transfer funds from the current funds to the appropriate new funds; and,

BE IT FURTHER RESOLVED, excluding the proceeds from the sale or trade of county forest land, the proceeds from the sale, lease, and rental of, or the sale of products from, all county-owned property under the jurisdiction of the Forestry and Parks Committee shall be credited to the County Forest and Parks Development Fund. Such proceeds include but are not limited to revenue accounts 44510 Firewood Cutting Permits, 46721 Camping Permits, 46724 Additional Parks Day Use Fees, 46812 Timber Sales "C" Contract, 46814 Other Co. Forest Revenue, and 48312 Sale of County Land; and,

BE IT FURTHER RESOLVED, the County Forest and Parks Development Fund shall be non-lapsing and shall be limited to \$400,000. Expenditures may be made for County Parks and Forest developments or improvements, parks and recreational land acquisition; and replacement of antiquated park facilities, equipment, and vehicles; and,

BE IT FURTHER RESOLVED, proceeds from the sale or trade of county forest land, revenue account 48605, shall be credited to the County Forest Land Acquisition Fund which shall be non-lapsing and uncapped and shall only be used to acquire future county forest land; and,

BE IT FURTHER RESOLVED, that the Recreation Land and Park Development Fund created by Resolution 233 on September 26, 2006 and the County Parks Improvement Fund created by Resolution 244 on March 27, 2007 are eliminated.

Hereby granted this 29th day of June, 2010 by a majority of a quorum of the Marinette County Board of Supervisors.

George Bousley, Chairperson

Katherine K. Brandt, County Clerk

Recommended: Forestry and Parks Committee – June 11, 2010

Recommended: Finance Committee – June 21, 2010

Marinette County Portfolio Holdings
Finance Director's Monthly Report With % of Portfolio
As of 5/31/10

Report Format: By CUSIP/Ticker
 Group By: Security Type
 Average By: Cost Value

Description	CUSIP/Ticker	Maturity Date	YTM @ Cost	Cost Value	Market Value	% of Portfolio
Certificate Of Deposit						
Bank 4.12 12/22/2011	CDAR1005784359	12/22/11	4.12025	1,052,346.95	1,052,346.95	2.39
Anchor Bank 4.16 11/3/2011	CDAR1005283244	11/03/11	4.16080	1,059,966.07	1,059,966.07	2.40
AnchorBank 3.25 4/26/2012	CDAR1007100732	04/26/12	3.25050	772,776.36	772,776.36	1.75
AnchorBank 3.25 5/3/2012	CDAR1007153054	05/03/12	3.25055	772,294.84	772,294.84	1.75
AnchorBank 3.66 2/16/2012	CDAR1006351332	02/16/12	3.66069	1,040,738.56	1,040,738.56	2.36
AnchorBank 3.66 2/23/2012	CDAR1006424259	02/23/12	3.66069	1,040,022.16	1,040,022.16	2.36
Associated Bank 4.24 10/28/2010	CDAR1002623125	10/28/10	4.24081	805,840.16	805,840.16	1.83
Associated Bank 4.24 11/4/2010	CDAR1002657356	11/04/10	4.24090	830,236.57	830,236.57	1.88
Associated Bank 4.24 6/17/2010	CDAR1009090769	06/17/10	4.24000	25,051.40	25,051.40	0.06
Bank North 1.35 5/17/2011	CD28320-11	05/17/11	1.35000	188,669.71	188,669.71	0.43
Bank North 1.48 5/26/2011	CDAR1010203798	05/26/11	1.48000	500,000.00	500,000.00	1.13
Bank North 1.71 1/9/2011	CD9813-11	01/09/11	1.71000	112,427.57	112,427.57	0.26
Bank North 2.19 10/22/2010	CD8051-10	10/22/10	2.19000	176,778.75	176,778.75	0.40
Citizens Bank 2.25 8/7/2010	CD4531918821	08/07/10	2.25221	101,367.13	101,367.13	0.23
Citizens Bank 2.4 12/29/2010	CD4524988344	12/29/10	2.40000	44,736.35	44,736.35	0.10
Citizens Bank 3.25 12/3/2011	CD4531916486	12/03/11	3.25000	200,000.00	200,000.00	0.45
Farmers & Merchants Bank 3.5 7/18/2010	CD113074278	07/18/10	3.50001	186,856.00	186,856.00	0.42
Farmers & Merchants Bank 5.4 3/21/2011	CD113065839	03/21/11	5.40004	100,089.42	100,089.42	0.23
First National Bank of Niagara 2.14 8/23/2011	CD24504-11	08/23/11	2.14000	201,780.72	201,780.72	0.46
Laona State Bank 3.75 4/15/2012	CD26168	04/15/12	3.75002	151,141.21	151,141.21	0.34
M&I Bank Northeast 3.632 9/25/2010	CD03065381	09/25/10	3.63200	183,430.82	183,430.82	0.42
Nicolet National 3.75 7/19/2010	CD6006130	07/19/10	3.75097	406,220.61	406,220.61	0.92
Nicolet National 4.18 2/12/2011	CD6047381	02/12/11	4.18001	296,973.22	296,973.22	0.67
Nicolet National Bank 2.72 9/29/2012	CD3084	09/29/12	2.72000	402,682.74	402,682.74	0.91
Peshtigo National Bank 1.7 7/18/2011	CD11627-11	07/18/11	1.70000	206,655.93	206,655.93	0.47
Peshtigo National Bank 2.35 6/4/2010	CD12306-10	06/04/10	2.35000	22,874.21	22,874.21	0.05
Peshtigo National Bank 2.35 6/4/2010	CD12306-10	06/04/10	2.35000	202,555.75	202,555.75	0.46
Peshtigo National Bank 4 1/25/2011	CD11741	01/25/11	4.00000	122,800.05	122,800.05	0.28
Stephenson National 3.1 12/22/2011	CD100436922	12/22/11	3.10004	203,069.22	203,069.22	0.46
Stephenson National 4.2 1/22/2012	CD100431428	01/22/12	4.20449	61,170.21	61,170.21	0.14
Sub Total / Average			3.48414	11,471,552.69	11,471,552.69	26.01
FHLMC Bond						
FHLMC GOLD REMIC 3054 YN MBS 5 7/15/2023	31396CNK2	11/10/11	4.51214	996,723.98	997,252.13	2.26
FL REMIC 2736 PD MBS 5 3/15/2032	31394PJ61	01/15/16	4.70320	1,436,925.00	1,475,620.20	3.26
FL REMIC 3299 KD MBS 5 3/15/2035	31397GCV0	08/15/15	4.85492	1,021,250.00	1,064,890.00	2.32
FHR 2644 AW MBS 4 1/15/2026	31393WGM1	07/15/10	4.01482	64,058.85	64,287.27	0.15
FHR 2783 PD REMIC MBS 5 1/15/2033	VS31394X4G8	05/08/15	4.67679	831,768.75	854,028.75	1.89
FHR 2878 QD MBS 5.5 1/15/2028	31395GKM3	10/24/10	5.35553	227,497.54	224,427.02	0.52
FHR 2902 QC MBS 5.5 7/15/2028	31395KKU6	12/25/10	5.22954	776,935.39	773,583.98	1.76
FHR 3336 GD MBS 5 4/15/2036	31397J6X7	08/22/15	4.70280	2,612,500.00	2,667,525.00	5.93
Sub Total / Average			4.76027	7,967,659.51	8,121,614.35	18.09
FNMA Bond						
FNR 04-92 BD MBS 5 12/25/2032	31394BRA4	11/26/12	5.00002	1,352,928.64	1,424,850.33	3.07
FNR 07-B2 AB MBS 5.5 12/25/2020	31396V2P2	09/15/12	5.42821	1,238,075.14	1,305,569.49	2.81
Sub Total / Average			5.20462	2,591,003.78	2,730,419.82	5.88
GNMA Bond						
GZAF 5X1 Arm MBS 4.5 8/20/2038	36225ELS9	10/01/13	4.56125	1,180,507.60	1,252,315.85	2.68
GZAT 3X1 Arm MBS 4.5 10/20/2038	36225EM82	01/01/12	4.50001	601,453.84	619,629.78	1.36
GZFT 5X1 Arm MBS 5 10/20/2038	36225ENR9	01/01/14	5.01420	489,081.92	518,145.95	1.11
GNMA REMIC 2009-61 PC MBS 5 2/16/2036	38376FCP5	06/06/15	4.57148	1,597,500.00	1,602,765.00	3.62
GNR 04-93 PB MBS 5 12/16/2032	38374J6E1	02/28/13	5.06961	814,970.82	861,951.01	1.85
GNR 06-41 DB MBS 5.5 11/16/2031	38374NMQ7	02/12/13	5.24642	2,067,500.00	2,115,940.00	4.69
GNR 09-14 ND MBS 5 3/20/2039	38374XAE5	11/20/13	4.89641	166,506.34	172,778.29	0.38
Sub Total / Average			4.86305	6,917,520.52	7,143,525.88	15.69
Local Government Investment Pool						
Local Government Investment Pool LGIP	LGIP		0.00210	2,502,066.53	2,502,066.53	5.68
Sub Total / Average				2,502,066.53	2,502,066.53	5.68
Money Market						
Department of National Resources MM	DNR		0.00210	694,050.80	694,050.80	1.57
M&I Bank MM	53369074		0.00400	6,006,449.11	6,006,449.11	13.62
Nicolet National Bank MM	1090626		0.00400	4,005,147.70	4,005,147.70	9.08
Sub Total / Average				10,705,647.61	10,705,647.61	24.27
SBA						
SBIC 2005-10B 4.941 9/10/2015	VS831641DZ5	09/16/13	3.76920	1,930,597.87	1,900,467.82	4.38
Sub Total / Average			3.76920	1,930,597.87	1,900,467.82	4.38
Total / Average				44,086,048.51	44,575,294.70	100.00

JUNE 21, 2010
FINANCE COMMITTEE MEETING
APPROPRIATION ENTRIES

FINANCE:		2010 ENTRIES		AMOUNT	FROM	AMOUNT	TO
Clerk of Courts	Increase revenue and expenditures for reimbursement from State of WI for Juvenile Seminar	383.60	100-10-48601	174.60	100-10-51220-439		
				209.00	100-10-51220-435		
Finance	Increase revenue and expenditures to recognize WCA Group Health Trust Wellness Grant	15,000.00	100-04-48511	5,000.00	100-04-51431-90		
				10,000.00	100-04-51431-498		
Health & Human Services	Transfer to correct 2010 utility budget allocations	6,720.00	205-54-54505-229	4,704.00	205-38-54110-229-001		
				806.00	205-38-54120-229		
				1,210.00	205-38-54140-229		
Land Information	Increase revenue and expenditures for cost share funding from the Dept of Agriculture	32,396.18	100-33-43578	31,526.18	100-33-56300-498-072		
				870.00	100-33-56300-111-072		
Parks	Transfer contingency funds for engine replacement needed on lawn mower	5,700.00	100-00-34291	5,700.00	100-40-55210-468		
Parks	Increase revenue and expenditures for Friends of Camp Bird donation for Arts & Crafts Bldg heater	500.00	100-40-48513	500.00	100-40-56130-291		
Parks	Increase revenue and expenditures for Friends of Camp Bird/S Meyers Memorial donation for Bldg heater	1,000.00	100-40-48513	1,000.00	100-40-56130-291		
Parks	Increase revenue & expenditures for CC-5044 Goodman Park Fishing Trail Grant 2010-2012	8,250.00	100-40-43576	8,250.00	100-40-55470-980		
Law Enforcement	Increase revenue and expenditures for donations received for Canine Unit	1,306.00	100-52-48514	1,306.00	100-52-52160-890		
Law Enforcement	Increase revenue and expenditures for donation from St Vincent DePaul Society for inmate education	4,000.00	100-52-48513	4,000.00	100-52-52710-290		
Law Enforcement	Increase revenue and expenditures for insurance recoveries for canine physician fees	1,617.43	100-52-48401	1,617.43	100-52-52160-219		

FIN. & CO BOARD:		2010 ENTRIES		AMOUNT	FROM	AMOUNT	TO
Forestry	Transfer Heavy Equipment Sinking Non-Lapsing Fund for 4th function hydraulics for 2010 938H Fabco Wheel Loader purchase	2,315.26	100-00-34216	2,315.26	100-28-56120-890		

(Note: Shaded items use contingency funds.)