

City of McPherson Investment Procedures

Transaction Authority

1. Transactions

Securing investments for the City of McPherson (the “City”) will be limited to the following bonded city officials:

- a. City Administrator
- b. Commissioner of Finance
- c. City Treasurer/ Finance Director

At least two of the three authorized officials will have knowledge of each investment transaction.

Transactions concerning the release of matured or called pledged securities will be limited to the following city officials:

- a. City Administrator
- b. Commissioner of Finance
- c. City Clerk
- d. City Treasurer/Finance Director

2. Approval of Governing Body

All investment transactions will be approved by the governing body at the first regularly scheduled commission meeting following the transaction. A record of approval will be reflected in the commission minutes.

Internal Controls

1. Custodial Safekeeping

All assets of the City in Federal Book Entry (FBE) form will be secured through third party custody (the “Custodial Bank”) safekeeping.

The City will enter into a written contract establishing the responsibilities of the custodial bank holding collateral for deposits (the “Custodial Agreement”).

All safekeeping receipts will include the following information:

- a. Trade date and settlement date.
- b. Safekeeping receipt number
- c. Security description and cusip number
- d. Issue date and maturity date
- e. Par amount purchased

f. Purchase price

g. Held for:

1. City of McPherson
2. City of McPherson Cemetery Endowment Fund
3. City of McPherson Salthouse-Broadway Trust
4. City of McPherson Museum Building Fund

Physical securities in registered form will be held in a lock box, within the City vault.

2. Pledging

Securities not backed by the full faith and credit of the United States of America, including but not limited to, repurchase agreements and bank certificates of deposit shall be collateralized through the issuance of bank deposit guaranty bonds or joint custody receipts pledged to the City with a market value in an amount equal to or greater than the investments. (KSA 9-1402)

Pledging receipts will include:

- a. Trade date and settlement date.
- b. Safekeeping receipt number
- c. Security description and cusip number
- d. Issue date and maturity date
- e. Par amount purchased
- f. Pledged to:
 1. City of McPherson
 2. City of McPherson Cemetery Endowment Fund
 3. City of McPherson Salthouse-Broadway Trust
 4. City of McPherson Museum Building Fund

A copy of each pledging receipt will be maintained in a separate file from investment confirmations.

Each pledging institution will provide the City with a monthly statement of pledged securities which will include:

- a. Security Description
- b. Cusip number
- c. Pledging receipt number
- d. Interest rate
- e. Par value
- f. Maturity date
- g. Moody/S&P rating
- h. Book value
- I. Market value

3. Confirmations

Safekeeping receipts will also be considered confirmation of investments. Confirmation of physical registered securities held by the City will not be required.

4. Wire transfers

Method of payment for investment transactions will be wire transfer. All requests for wire transfers will be in written form and transmitted to the City's banking institution via fax, or hand carried. A physical copy of wire transfer requests and a copy of the bank debit will be maintained in the daily receipts and disbursements log.

5. Interest on Investments

Interest on investments will be receipted into the appropriate account and a copy of the receipt maintained in the investment file.

6. Investment records

A separate investment file will be maintained for each of the following funds:

- a. City of McPherson
- b. City of McPherson Cemetery Endowment Fund
- c. City of McPherson Salthouse-Broadway Trust
- d. City of McPherson Museum Building Fund

Each investment file will contain by physical year:

- a. Institution purchased from
- b. Trade date and settlement date
- c. Par amount
- d. Security description
- e. Cusip number
- f. Basis or Price
- g. Yield
- h. Principal amount of purchase
- I. Safekeeping number
- j. Maturity date
- k. Projected interest schedule
- l. Confirmation of trade or photocopy of physical registered security
- m. Receipts for interest received

7. Quarterly Reports

The City Treasurer/Finance Director will submit a quarterly report to the City Administrator and the Commissioner of Finance. This report will include:

1. City of McPherson, Cemetery Endowment, Salthouse-Broadway Trust and Museum Building Fund.

- a. Investments purchased within the respective quarter
- b. Total investments purchased year to date
- c. Interest received within the respective quarter
- d. Interest received year to date
- e. Total amount of pledging for required investments

2. City of McPherson

- a. Percent of investments with maturities greater than one year
- b. Percent of investments in U.S. Treasuries, repurchase agreements, checking accounts, money market deposit accounts and government investment pools
- c. Percent of non-marketable investments with maturities beyond one year

Portfolio Management

Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within these investment procedures and the investment policy of the City.

Adopted 2/1/1999 by Res. 99-3

Amended 2002, 2009