

Policy Title: **CASH AND INVESTMENT MANAGEMENT**

**I. Statement of Purpose**

The purpose of this investment policy is to establish guidelines for investments and criteria for daily investment decisions which are within the President's responsibilities in accordance with *Board Policy III.F. EXECUTIVE LIMITATIONS: Asset Protection*. It is the intent of this policy to provide a set of basic procedures to assure that investments are safeguarded, yet provide the appropriate flexibility in meeting the district's investment goals and objectives.

**II. Limitations and Guidelines**

1. **Legality.** All investments made by the district shall be made in conformity with Section 66.0603(1m), *Wis. Stats.*, and as hereafter specifically referred to in this policy.

Under no circumstances shall district funds be deposited in any financial institution that has not been declared as a public depository under Section 34.09, *Wis. Stats.*

2. **Safety.** In order to safeguard all district investments and deposits, the district may use available financial institution rating services to evaluate investment depositories.

The district shall require, when investing in repurchase agreements, that collateral be pledged in an amount equal to or greater than the amount of the repurchase agreements plus accrued interest. The collateral shall be direct obligations of the United States, or of its agencies if the payment of principal and interest is guaranteed by the federal government, or obligations of the State of Wisconsin. Evidence of such collateral shall be provided to the district by the depository.

Consideration shall be given to the total amount of existing district funds held by the depository, and/or the capacity of the depository to accept the deposit or investment.

3. **Liquidity.** The maturity of any investment shall be determined by the district by analyzing the following factors: (a) immediate cash requirements of the district, (b) projected district expenditures, (c) available district funds on hand, (d) maturing district investments, and (e) anticipated district receipts.

Investments shall not extend beyond any recognized unfunded cash needs of the district. Major consideration of maturity dates should be given to requirements of the payroll, debt service, and the periodic bills and claims to be paid by the district.

4. **Yield.** Yield shall be the final determining factor of the investment decision.

### III. Overall Responsibility for Cash Management and Investment

Effective cash management involves controlling cash from the time it is received until it is disbursed. It requires the availability of accurate information on a timely basis. The Chief Financial Officer shall be delegated the day-to-day responsibility of the overall financial operation to determine cash availability and needs.

1. **Authority.** Pursuant to §38.12(2) *Wis. Stats.*, and *Board Policy I.J. Treasurer's Role*, the Board Treasurer is the official custodian of all monies received by the District and is accountable for such funds. Although the Treasurer must maintain responsibility for these funds, he or she delegates their custody to the President of the College, who delegates these duties to the Chief Financial Officer.

In addition, as defined in §66.0603(2), *Wis. Stats.*, a county, city, village, town, school district, drainage district, technical college district or other *governing board* 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. As a requirement of this statute, the following conditions are required:

- A. The institution is authorized to exercise trust powers under §221.0316 or Chapter 223.
  - B. The governing board renews annually the investment agreement under which it delegates its investment authority and reviews annually the performance of the funds.
2. **Permissible Investments.** The district may purchase securities which are permissible investments from available funds which are not required for the immediate needs of the district, and may sell or exchange for other eligible securities and reinvest the proceeds of the securities so sold or exchanged. In accordance with Section 66.0603(1m), *Wis. Stats.*, funds not immediately needed by the district may be invested in any of the following:
    - A. 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 three years.
    - B. 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.
    - C. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of this state.
    - D. Any security which matures or 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 2<sup>nd</sup> 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.
    - E. 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. a. or b. above.

The Chief Financial Officer shall consult with the District Board as they may request regarding such investments.

#### **IV. Accounts and Records**

It shall be the responsibility of the designated investment officer to establish sufficient records and accounts to:

1. Detail each investment as to purchase date, quality, cost, maturity and yield.
2. Provide any necessary internal controls.
3. Provide any other records that may be required to accurately reflect all investment transactions.
4. Provide monthly summary report to the district board on investment position.

#### **V. Collateralization of Funds**

Uncollateralized or uninsured deposits in approved depository institutions shall not exceed FDIC and State of Wisconsin deposit insurance coverage limits.

- VI. Qualified Depositories.** The banking and investment services for the district shall be separately and competitively bid subject to applicable procurement regulations and the approval of the Board of Trustees. All financial institutions and investment funds that qualify as public depositories under Chapter 34, *Wis. Stats* shall be asked to bid and will be considered eligible as public depositories for all public monies coming in to the hand of the Treasurer of the Fox Valley Technical College District.

Responsibility for the administration of this policy statement rests with the District Board. Delegation of the authority for day-to-day administration of the policy to the Chief Financial Officer does not relieve the District Board of its ultimate responsibility.

*Adopted: 04/21/87*

*Reviewed: 11/16/2021*

*Revised: 10/10/18*