POLICY

Title: Cash and Investment Account Management
Number: BP 3.02
Adopted: November 1988
Reviewed: September 2015
Revised: September 2015

The Nicolet Area Technical College District Board of Trustees (Board) delegates the President or designee to establish guidelines for deposits and investments and criteria for investment decisions. It is the intent of this policy to provide a set of basic guidelines to assure that investments are safeguarded, yet provide the appropriate flexibility in meeting the District's investment goals and objectives within the parameters of statutory responsibility and authority.

Limitations and Guidelines

The policy applies to the financial assets of all funds of the District and assures that the fundamental principles concerning an investment program involving public monies have five basic concerns:

1. Legality: All investments shall be made in conformity with Wis. Stats. § 66.04(2).
2. Safety: Investments shall be undertaken in a manner that seeks to ensure the preservation of the principal of all invested funds. Speculation is prohibited.
3. Liquidity: Investment maturities shall not extend beyond any recognized cash flow needs of the District. When considering the appropriate maturities for investments, the investment officer shall assure that funds are continuously available to meet the immediate payment requirements of the District including payroll, accounts payable and debt service.
4. Return: The investment of all funds shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and the cash flow characteristics and requirements of the District.
5. Full and timely investment of available funds.

Prudence Required

Investments shall be made with judgment and care, under prevailing circumstances, which persons of prudence, discretion and intelligence exercise in the management of their own affairs. Investments shall consider the probable safety of their principal as well as the probable return to be derived.

The “prudent person” standard shall be applied in the context of managing the overall portfolio. Investments shall be made in accordance with this policy.

Qualifying Institutions

The Board designates as public depositories all banks, savings and loan associations, and credit unions with an office in this state, plus the Local Government Pooled-Investment Fund. Additionally, investment in bonds and securities of the federal government may be made through public depositories or broker/dealers or banks reporting to the Market Reports Division of the
Federal Reserve Bank of New York, also known as “primary government securities dealers” (brokers).

All depositories and brokers shall agree to undertake reasonable efforts to preclude imprudent transactions involving the District’s funds and shall be required to familiarize themselves with the District’s investment policy.

**Investment Instruments**

The District may invest its funds not immediately needed in the following instruments:

1. Time deposits in any qualifying institution, if the time deposits mature in not more than one year.
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.
4. State of Wisconsin Local Government Pooled-Investment Fund or the Wisconsin School District Liquid Asset Fund, also referred to as Pooled Investments.
5. Wisconsin Investment Series Cooperative (WISC).
6. Fixed income securities with a minimum long-term debt rating of Aa by Moody’s or AA by Standard & Poor’s with maturities of seven years or less at the time of purchase. In the case of amortizing securities, final maturity will be measured in terms of average life.
7. Commercial paper of institutions incorporated in the United States with commercial paper ratings of P-1 from Moody’s Investor Service and/or A-1 from Standard & Poor’s Corporation. Commercial paper may be purchased by an investment manager per *Wisconsin Statutes* and as part of pooled investments.
8. Other prudent investment approved prior to purchase by the Board, conforming to applicable Wisconsin Statutes.

**Collateralization of Funds**

All deposits will either be insured or collateralized with pledged collateral secured through third-party safekeeping and custody.

Currently, the FDIC provides $250,000 for all time accounts combined and $250,000 for all demand accounts combined of the same depositor in the same institution, and the State Deposit Guarantee Fund under Wis. Stats. § 34.08(2) and Wis. Stats. § 20.144(1)(a), is limited to the sum of $400,000 per depositor per institution.

Funds in excess of $400,000 may be placed in a qualified institution if the depository provides a surety bond or collateralization of the time deposit.

**Accounts and Records**

College accounting records shall:

1. Detail each investment as to purchase date, 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.
Risk Control

Liquidity shall be assured through matching investment maturities with anticipated cash flows. Default risk will be controlled by the use of collateralization, registration and insurance. In addition, the following specific controls will be observed:

1. The District’s banking services will be competitively bid at least every five years.
2. The District's cash and investments will be included in the monthly financial report summary presented to the Board.