



Southwestern Michigan College

Board Policy – Business Services – Deposit and Investment of Funds

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11/16/2020	06/15/2015	06/15/2015

DIVISION III – BUSINESS SERVICES

III.10 DEPOSIT AND INVESTMENT OF FUNDS

The Vice President and Chief Business Officer of the College shall be responsible for the deposit and investment of College funds.

It shall be the policy of the College to invest its funds in a manner which will provide the maximum security while meeting the daily cash flow need of the College and complying with all state statutes governing the investment of such funds.

This investment policy applies to all financial assets of the College. These assets are accounted for in the various funds of the College and include the general funds, designated funds, auxiliary services funds, restricted funds, endowment funds, building and site funds and any new fund established by the College.

III.10.1 Safety

The safety of funds shall be paramount in all investment transactions. Investments shall be undertaken in a manner that seeks to insure the preservation of capital in the overall portfolio.

III.10.2 Operating Funds

It is recognized that a portion of the College funds must be kept in demand deposits to meet the cash flow needs of the College. The balance in demand deposits in excess of daily cash needs may be placed in Local Unit of Government (LUG) funds or other temporary funds, such as Repurchase agreements, that are made up of investments consisting of issues of the United States and/or State of Michigan securities or obligations. It is further recognized that this will result in some portion of the College funds not being insured by the FDIC or secured by the Federal government. Such funds must be maintained in a College Primary Depository, and together must not total more than 15% of college funds.

III.10.3 Diversification

The investments will be diversified by security type and institution in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

III.10.4 Return on Investments

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

III.10.5 Prudence

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.