

Investment of Working Capital

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Purpose

Working Capital investments serve as the primary investment account(s) for all monies used to finance the annual budget of the Associated Students, Incorporated (ASI) or to be held for distribution or special projects. Periodic distributions are made from these investments to the ASI's checking accounts. The purpose of this policy is to provide guidelines for the management of all short-term investments managed by ASI staff.

Policy Statement

It is the policy of the Associated Students, Incorporated that the ASI Executive Director and Controller shall be responsible for making daily short-term investment decisions. Any changes in the investment guidelines must first be approved for acceptability and maximum investment limit by the Board of Control. ASI expects the assets to be invested with care, skill, prudence, and diligence under the circumstances prevailing from time to time that a prudent expert acting in a like capacity and familiar with such matters would use in the investment of funds of like characters with similar aims.

Objectives for the investment of working capital are as follows:

- To maintain safety of principal;
- To maintain funds adequate to meet the working capital needs of the ASI;
- To maintain a liquid position (twelve month maximum investment life)

- To diversify investments for safety purposes;
- To provide for immediate transfer of cash to meet operating needs of the ASI, either by wire or by check;
- To produce rates of return equal to or better than the average 90 day T -Bill rates.

Who Should Know This Policy

- | | | |
|--|--|---|
| <input type="checkbox"/> Budget Area Administrators | <input checked="" type="checkbox"/> Elected/Appointed Officers | <input type="checkbox"/> Grant Recipients |
| <input checked="" type="checkbox"/> Management Personnel | <input type="checkbox"/> Program Advisors | <input type="checkbox"/> Staff |
| <input type="checkbox"/> Supervisors | <input type="checkbox"/> Volunteers | |

Definitions

For purposes of this policy, the terms used are defined as follows:

Term	Definition
Working Capital	Current assets minus current liabilities. Also called net current assets or current capital.
T-Bill	A negotiable debt obligation issued by the U.S. government and backed by its full faith and credit, having a maturity of one year or less. Also called Bill or Treasury Bill or U.S. Treasury Bill.
Certificate of Deposit	CD. Short- or medium-term, interest-bearing, FDIC-insured debt instrument offered by banks and savings and loans.
Commercial Paper	An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory. Maturities typically range from 2 to 270 days.
Money market	Market for short-term debt securities, such as banker's acceptances, commercial paper, repos, negotiable certificates of deposit, and Treasury Bills with a maturity of one year or less and often 30 days or less.

Regulations

1.0 Approved or Accepted Instruments

The Executive Director and/or Controller shall only invest working capital funds in the following instruments:

- Certificates of Deposit

The maximum allowable investment in any one institution shall be \$99,000. Investments will be limited to licensed (federally chartered) financial institutions.

- Commercial Paper

Investments will generally be limited to ratings A-1 by Standard and Poor's and P-1 by Moody's.

- U.S. Government and government guaranteed securities, as well as U.S Treasury Bills;

- Other money market instruments that meet the test of high quality and liquidity;

Short-term investments that represent exceptions to the above may be used if determined, by mutual agreement of the ASI's Executive Director or Controller and the Board of Control to be acceptable and in the best interests of the ASI.

2.0 Non-Collateralization

Section 8002 of the State Administrative Manual concerns the investment of funds by a State Agency and requires that banks and savings and loan associations collateralize any funds in excess of that amount insured by federal law. It has been determined that this requirement does not extend to the funds of ASI. Accordingly, ASI and any subdivision thereof shall not deposit or invest in any one bank or savings and loan association more than the amount insured by a federal law.

3.0 Prohibited Investments

The ASI prohibits investments that would jeopardize the safety of principal or the non-profit status of the ASI. Such investments are delineated in the Policy on Long Range Investment.

4.0 Reporting

The ASI Controller shall provide investment performance and information reports to the Board of Control on a quarterly basis during their regularly scheduled meetings.

The ASI Controller shall monitor the management and performance of short-term investments. Performance is judged in accordance with the objectives as stated in the Policy Statement.

Forms

There are no forms associated with the execution of this policy.