

Official Depositories and Investments

I. Definitions

A. *Cash Balance* – amount equal to all monies received into institutional funds minus all expenses and withdrawals from those accounts in an Official Depository of the College as approved by the Board.

B. *Official Depository* – one or more banks, savings and loan associations or trust companies in North Carolina as approved by the Board.

II. Selection of Depository

A. Deposits

The Board shall designate one or more Official Depositories for the College's use. The College may deposit at interest all or part of the College's Cash Balance of any fund in an Official Depository. Monies may be deposited at interest in any Official Depository in the form of such deposit accounts as may be approved for county governments. In addition, monies may be deposited in the form of such deposit accounts as provided for a local government or public authority. Public monies may also be deposited in Official Depositories in Negotiable Order of Withdrawal accounts where permitted by applicable federal or state regulations.

B. Deposit Security

The amount of funds on deposit in an Official Depository or deposited at interest shall be secured by deposit insurance, surety bonds, letters of credit issued by a Federal Home Loan Bank, or investment securities of such nature, in a sufficient amount to protect the College on account of deposit of funds made therein, and by using the pooling method, as may be prescribed by the NC state Treasurer. When deposits are secured, no public officer or employee may be held liable for any losses sustained by the College because of the default or insolvency of the depository. No security is required for the protection of funds remitted to and received by a bank, savings and loan association, or trust company acting as fiscal agent for the payment of principal and interest on bonds or notes, when the funds are remitted no more than sixty (60) days prior to the maturity date.

III. Investments

The College's investment objective is to realize the highest earnings possible in consideration of the appropriate risk on invested cash. Pursuant to N.C.G.S. § 115D-58.6, the College may deposit all or a part of the Cash Balance of any fund in an Official Depository and shall manage the investments subject to the Board's restrictions. The investment program shall be so managed that investments and deposits can be converted to cash when needed. All investments shall be secured as provided in N.C.G.S. § 159-31(b). The Board shall appoint a Finance Committee ("Committee") which shall consist of a minimum of three (3) people who have sufficient financial background to review and evaluate the College's investment options. These individuals should have experience in institutional or retail investment management with knowledge

of fixed income and public equities. The Committee shall make recommendations to the Board on those investment options as well as monitor the performance of investments once made. With respect to investments, the Board shall discharge its duties with respect to management and investment of College funds as follows:

1. Investment decisions shall be solely in the interest of the College and the students, faculty and staff.
2. Investments shall be for the exclusive purpose of providing an adequate return to the College.
3. Investments shall be made with the care, skill and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose.
4. Investment decisions shall be made impartially, taking into account the College's best interest, with special attention to conflict of interest or potential conflicts of interest.
5. Investments shall incur only costs that are appropriate and reasonable.

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Legal Reference:

N.C.G.S. §§ 115D-58.6 and -58.7; 159-31(b).

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