

NONINSTRUCTIONAL OPERATIONS AND BUSINESS SERVICES

Code: 704.3

Policy Title: INVESTMENTS

School district funds in excess of current needs shall be invested in compliance with this policy. The goals of the school district's investment portfolio in order of priority are:

- To provide safety of the principle;
- To maintain the necessary liquidity to match expected liabilities; and
- To obtain a reasonable rate of return.

In making investments, the school district shall exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use to meet the goals of the investment program.

School district funds are monies of the school district, including operating funds. "Operating funds" of the school district are funds which are reasonably expected to be used during a current budget year or within fifteen months of receipt. When investing funds, the investments must mature within three hundred and ninety-seven days or less. When investing funds other than operating funds, the investments must mature according to the need for the funds.

The board authorizes the board secretary - treasurer to invest funds in excess of current needs in the following investments:

- Interest bearing savings, money market, and checking accounts at the school district's authorized depositories;
- Iowa Schools Joint Investment Trust Program (ISJIT);
- Obligations of the United States government, its agencies and instrumentalities;
- Certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions;
- Repurchase agreements in which underlying collateral consists of investments in government securities. The school district must take delivery of the collateral either directly or through an authorized custodian. Repurchase agreements do not include reverse repurchase agreements;
- Prime bankers' acceptances that mature within two hundred seventy days and that are eligible for purchase by a federal reserve bank. At the time of purchase no more than ten percent of the investment portfolio can be in these investments and no more than five percent of the investment portfolio can be invested in the securities of a single issuer;
- Commercial paper or other short-term corporate debt that matures within two hundred seventy days and that is rated within the two highest classifications, as established by at least one of the standard rating services, with no more than five percent at the time of purchase placed in the second highest classification. At the time of purchase no more than ten percent of the investment portfolio can be in these

investments and no more than five percent of the investment portfolio can be invested in the securities of a single issuer;

- An open-end management investment company registered with the federal securities exchange commission and commonly referred to as a money market mutual fund. The money market mutual fund shall use only the investments individually authorized by law for school districts; and,
- All other investments authorized or hereafter authorized by the Code of Iowa, Chapter 12B and 12C.

It shall be the responsibility of the board secretary - treasurer to oversee the investment portfolio in compliance with this policy and the law.

It shall be the responsibility of the board secretary - treasurer to bring a contract with an outside person to invest school district funds, to advise on investments, to direct investments, to act in a fiduciary capacity or to perform other services to the board for review and approval. The board secretary - treasurer shall also provide the board with information about and verification of the outside person's fiduciary bond. Contracts with outside persons shall include a clause requiring the outside person to notify the school district within thirty days of any material weakness in internal structure or regulatory orders or sanctions against the outside person regarding the services being provided to the school district and to provide the documents necessary for the performance of the investment portion of school district audit. Contracts with outside persons shall not be placed on the performance of the investment portfolio.

The board secretary - treasurer shall be responsible for reporting to and reviewing with the board at its regular meetings the investment portfolio's performance, transaction activity and current investments including the percent of the investment portfolio by type of investment and by issuer and maturities. The report shall also include trend lines by month over the last year and year to year trend lines regarding the performance of the investment portfolio. It shall also be the responsibility of the board secretary - treasurer to obtain the information necessary to ensure that the investments and the outside persons doing business with the school district meet the requirements outlined in this policy.

It shall be the responsibility of the superintendent to deliver a copy of this policy to the school district's depositories, auditor, and outside persons doing business with the school district.

It shall also be the responsibility of the superintendent, in conjunction with the board secretary-treasurer, to develop a system of investment practices and internal controls over the investment practices. The investment practices shall be designed to prevent losses, to document the officers' and employees' responsibility for elements of the investment process and address the capability of the management.

Legal Reference: Iowa Code §§ 11.2, .6; 12.62; 12B.10; 12C; 22.1, .14; 28E.2; 257; 279.29; 283A; 285; 502.701; 633.123 (1995).

Cross Reference: 206.3 Secretary - Treasurer
704 Revenue

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