

Board Policy Document

BUSINESS PROCEDURE

Series 800

Policy Title: Investments

Code Number: 804.3

School District funds shall be invested in compliance with this policy. The goals of the District's investment portfolio in order of priority are:

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

In making investments, the 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 District, including operating funds. "Operating funds" of the District are funds which are reasonably expected to be used during a current budget year or within fifteen months of receipt. When investing operating 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 Treasurer to invest funds in the following investments:

- Interest bearing savings accounts, interest bearing money market accounts, and interest bearing checking accounts at any bank, savings and loan association, or credit union in the State of Iowa. Each financial institution having District funds on deposit shall be properly declared as a depository by the governing body of the District. Deposits in any financial institution shall not exceed the dollar amount approved by the governing body of the District.
- Obligations of the United States government, its agencies and instrumentalities.

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Legal Reference: Iowa Code Chapter 11.2, .6; 12.62; 12B.10; 12C; 22.1, .14; 28E.2; 257; 279.29; 283A; 285; 502.701; 633.123 (1997)

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- Certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions approved and secured pursuant to Chapter 12C.
- Iowa Schools Joint Investment Trust (ISJIT).
- Prime banker's acceptance that mature with 270 days of purchase and that are eligible for purchase by a federal reserve bank.
- Commercial paper or other short-term corporate debt that matures within 270 days of purchase and is rated within the highest classification (i.e. A-1, P-1) as established by at least one of the standard rating services approved by the superintendent of banking.
- Repurchase agreements provided that the underlying collateral consists of obligations of the United States government, its agencies and instrumentalities and the District takes delivery of the collateral through an authorized custodian.
- An open-end management investment company registered with the Securities & Exchange Commission under the federal Investment Company Act of 1940, 15 U.S.C. Section 80(a) and operated in accordance with 17 C.F.R. Section 270.2a-7 *whose portfolio investments are limited to those instruments individually authorized in Section 5 of this Investment Policy.*

Investments of the District are subject to the following diversification requirements:

Prime banker's acceptances:

1. At the time of purchase, no more than ten percent (10%) of the investment portfolio of the District shall be invested in prime banker's acceptances, and
2. At the time of purchase, no more than five percent (5%) of the investment portfolio of the District shall be invested in the securities of a single issuer.

Commercial paper or other short-term corporate debt:

1. At the time of purchase, no more than ten percent (10%) of the investment portfolio of the District shall be in commercial paper or other short-term corporate debt,
2. At the time of purchase, no more than five percent (5%) of the investment portfolio of the District shall be invested in the securities of a single issuer, and

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3. At the time of purchase, no more than five percent (5%) of all amounts invested in commercial paper and other short-term corporate debt shall be invested in paper and debt rated in the second highest classification.

It shall be the responsibility of the Treasurer to oversee the investment portfolio in compliance with this policy and the law.

The 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.

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

It shall also be the responsibility of the Superintendent, in conjunction with the 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.

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