

Policy 704.04: Investments

Status: ADOPTED

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School District funds in excess of current needs 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 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 Board Secretary/Business Manager 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 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 the Federal Reserve Bank. At the time of the 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 user;
- 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; and,
- 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 the law for Districts.

It is the responsibility of the Business Manager to oversee the investment portfolio in compliance with this policy and the law.

It shall be the responsibility of the Business Manager to bring a contract with an outside person to invest 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 Business Manager 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 District within thirty days of any material weakness in internal or regulatory orders or sanctions against the outside person regarding the services being provided to the District and to provide the documents necessary for the performance of the investment portion of District audit. Contracts with outside persons shall not be based on the performance of the investment portfolio.

The Business Manager 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/Business Manager to obtain the information necessary to ensure that the investments and the outside persons doing business with the District meet the requirements outlined in this policy.

It shall be the responsibility of the Business Manager to communicate the requirements of this policy to the District's depositories, auditor and outside persons doing business with the District.

It shall be the responsibility of the Superintendent, in conjunction with the Business Manager, to develop a system of 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.
