

WILLIAMSBURG COMMUNITY
SCHOOL DISTRICT

SECTION: FINANCES

TITLE: INVESTMENT OF
DISTRICT FUNDS

Policy Guide

ADOPTED: 8/18/87

REVISED: 6/20/06

	<p>609. INVESTMENT OF DISTRICT FUNDS</p>
1. Purpose	<p>It shall be the policy of the Board to optimize its return through investment of cash balances in such a way as to minimize noninvested balances and to maximize return on investments.</p> <p>The primary objectives of investment activities, in priority order, shall be:</p> <p>Legality - All investments shall be made in accordance with applicable laws of Pennsylvania.</p> <p>Safety - Safety of principal shall be of highest priority. Preservation of capital in the portfolio of investments shall be ensured through the mitigation of credit risk and interest rate risk.</p> <p>Liquidity - Investments shall remain sufficiently liquid to meet all operating requirements that are reasonably anticipated. A fiscal year operations anticipated cash flow shall be developed so that investments can be made as early as possible, with maturities concurrent with anticipated cash demands.</p> <p>Yield - Investments shall be made with the objective of attaining a market-average rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.</p>
2. Authority SC 440.1, 621, 622, 623	<p>All investments of the school district made by an officer and/or employee of the district shall be made in accordance with this policy and a Board-approved investment program.</p>
3. Definitions	<p>Short-term - any period thirteen (13) months or less.</p> <p>Long-term - any period exceeding forty-eight (48) months' duration.</p> <p>Mid-range - any period between short-term and long-term.</p>

<p>4. Delegation of Responsibility SC 440.1</p> <p>SC 440.1</p>	<p>Concentration of credit risk - the risk associated with the consolidation of investments in a single pool, institution, or instrument.</p> <p>Credit risk - the risk of loss of principal due to the failure of the security issue or backer of the issue.</p> <p>Custodial credit risk - the risk of loss associated with consolidation of investments with a single institution where the district may rely on the institution to hold investments on behalf of the district or through collateral action when the instruments are not in the district name.</p> <p>Foreign currency risk - the risk associated with investment in foreign currency that is subject to market fluctuation and associated currency conversion.</p> <p>Interest rate risk - the risk that the market value of securities will fall due to changes in general interest rates.</p> <p>Investment program - the specifically enumerated and Board-approved investment strategy.</p> <p>The Board shall delegate to the business manager the responsibility to manage the district's investment program, in accordance with written, Board-approved procedures for operation of the investment program.</p> <p>An annual review of the investment program shall be prepared by the business manager, based upon the anticipated cash flow of all district funds, i.e. general, capital reserve, bond, etc. The investment program shall be submitted to the Board during the month of July.</p> <p>The business manager shall report monthly to the Board the following:</p> <ol style="list-style-type: none"> 1. Amount of funds invested. 2. Interest earned and received to date. 3. Types and amounts of each investment and the interest rate on each. 4. Names of the institutions where investments are placed. 5. Current market value of the funds invested. <p>The Board directs the Superintendent to have developed written procedures that will ensure compliance with this policy.</p>
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<p>5. Guidelines SC 440.1</p> <p>17 CFR 270</p> <p>SC 440.1</p> <p>65 P.S. 1101 et seq</p> <p>53 Pa. C.S.A. Sec. 8001 et seq Sec. 8224</p>	<p>Investments permitted by this policy are those defined in Section 440.1 of the School Code, as amended, which are collateralized in accordance with applicable laws.</p> <p>All securities shall be purchased in the name of the school district, and custody of the securities shall be specified within the district's investment program.</p> <p>An exception to purchases in the name of the school district is permitted for the purchase of shares of an investment company that is or conducts business voluntarily in compliance with SEC section 2a7. (Example PLGIT)</p> <p>All investment advisors or bidders shall verify in writing that they have received a copy of this policy. Such written statement shall indicate that they have read and understand this policy and all applicable statutes related to school district investments, along with their intent to comply fully with these requirements.</p> <p>The district shall require all investment advisors/bidders to submit annually audited financial statements.</p> <p><u>Disclosure</u></p> <p>Designated officers and employees involved in the district's investment process shall disclose any personal business activity that could conflict with the proper execution and management of the investment program or could impair their ability to make impartial decisions.</p> <p><u>Audit</u></p> <p>The Board directs that all investment records be subject to annual audit by the district's independent auditors.</p> <p>The audit shall include but not be limited to independent verification of amounts and records of all transactions, as deemed necessary by the independent auditors.</p> <p>It shall be the responsibility of the investment advisor and/or bidder to maintain necessary documents to permit independent audit of the district's investments.</p> <p><u>Bond Proceeds</u></p> <p>Bond proceeds shall be invested in accordance with the Local Government Unit Debt Act and applicable federal and state laws, subject to approval by the solicitor and/or bond counsel and the School Board.</p>
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<p>SC 218 GASB Stmt 40</p>	<p>Investment transactions arising from bond proceeds shall be reported monthly to the Board, in accordance with this policy.</p> <p><u>Compliance With GAAP</u></p> <p>The following is intended to guide district investments as limited by Section 440.1 of the School Code:</p> <ol style="list-style-type: none">1. District funds shall not be invested in foreign currency and shall not have any related risk that would require disclosure pursuant to GASB Statement 40.2. District will not invest in securities that are subject to loss of principal due to market changes in interest rates.3. District investments shall be limited to the instruments that are backed by The “full faith and credit” of the federal or state government.4. District funds shall be invested in only depository accounts approved by the Board of Directors.5. For purposes of interest rate disclosure in the annual financial report, the method of determining interest rate risk shall be based on weighted average maturity. <p>References:</p> <p>School Code – 24 P.S. Sec. 218, 440.1, 621, 622, 623</p> <p>Ethics Standards And Financial Disclosure – 65 P.S. 1101 et seq</p> <p>Title 17, Code of Federal Regulations – 17 CFR 270</p>
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