

Book	Policy Manual
Section	(G) FINANCES
Title	Policy G108 - Investments
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Section: Finances

I. Purpose

The principal purpose of this policy is to ensure that the Joint Committee invests EASTERN’s funds consistent with sound business practice. It is the policy of the Joint Committee to optimize its return through investment of its unencumbered cash balances in such a way as to minimize non-invested balances and to maximize return on investments, while investing EASTERN’s funds at minimal risk in accordance with applicable law.

The primary objectives of EASTERN’s investment activities,in priority order, shall be:

Legality – All investments shall be made in accordance with applicable laws of Pennsylvania.

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.

Liquidity – Investments shall remain sufficiently liquid to meet all operating requirements that are reasonably anticipated. A fiscal year operations anticipated cashflow shall be developed so that investments can be made as early as possible,with maturities concurrent with anticipated cash demands.

Return on Investment – 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.

II. Authority

All investments made by the Director and the Business Manager of EASTERN shall require Joint Committee approval. The Director and the Business Manager shall be authorized to invest unencumbered funds in accordance with this policy and an investment program approved by the Joint Committee.

III. Delegation of Responsibility

The management responsibility for the investment program is hereby delegated to the Director and the Business Manager, who shall jointly manage, monitor and review EASTERN’s investments in accordance with this investment policy. No person may engage in an investment transaction except in accordance with this policy and any written procedures approved by the Joint Committee for operation of the investment program. EASTERN may delegate its investment decision making and execution authority to an investment advisor. The advisor shall follow this policy and such other written instructions as are provided.

Permitted Investments

The following are the only permitted investments for School funds:

United States Treasury bills.

Short-term obligations (12 months or less) of the United States of America or any of its agencies or instrumentalities.

Deposits in savings accounts or time deposits or share accounts of financial institutions, to the extent such deposits are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund.

To the extent that such deposits described in paragraph 3 above exceed amounts covered by federal deposit insurance, approved collateral as provided by Act 72 (72 P.S. §3836-4) or other applicable law shall be pledged by the depository.

Collateral Requirements

Where investments are to be secured by approved collateral, the following and any additional requirements as provided by law shall apply:

Collateral will be pledged in the name of EASTERN.

The market value of collateral will be at least 102% of such deposits in excess of FDIC insurance.

Collateral will be valued at least monthly by an independent pricing service. It is the responsibility of the financial institution to provide EASTERN with the market value of the collateral.

Collateral will be held by a third-party custodian bank on EASTERN's behalf.

Financial institutions and EASTERN will complete a collateral agreement describing Act 72 compliance and required reporting to EASTERN.

Reporting Requirements

The Director and the Business Manager shall report monthly to the Joint Committee the following:

Amount of funds invested.

Interest earned and received to date.

Types and amounts of each investment and the interest rate on each.

Names of the institutions where investments are placed.

Current market value of the funds invested.

Other information required by the Joint Committee.

The Director and the Business Manager shall present at the May meeting of the Joint Committee an annual review of the investment program, based upon the anticipated cash flow of all EASTERN funds, and a comprehensive list of acceptable institutions and vehicles for investment. These financial institutions are to be approved annually by the Joint Committee.

The Joint Committee directs the Business Manager to develop written procedures that will ensure compliance with this policy.

IV. Guidelines

The maturities of the various investments shall correspond to the cash requirements of EASTERN, but, in any event, the maturity of any investment shall not exceed one (1) year.

Only the Director and the Business Manager are authorized to invest School funds.

All securities shall be purchased in the name of EASTERN and shall be kept in safekeeping at EASTERN or at the specified financial institution or third party custodian.

All investment records shall be subject to the annual audit by the School's independent auditors in conjunction with its annual audit of EASTERN's finances.

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.

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