

BERMUDIAN SPRINGS SCHOOL DISTRICT

SECTION: FINANCES

TITLE: INVESTMENT OF
DISTRICT FUNDS

ADOPTED: March 14, 2006

REVISED:

	609. INVESTMENT OF DISTRICT FUNDS
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 non-invested balances and to maximize return on investments. In order that the district can earn as much money as possible, it shall be the policy of the Board to maintain all school district funds in interest-bearing accounts.</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 the Superintendent or designee shall be made in accordance with this policy and a Board approved investment program.</p> <p>Funds to be invested shall include cash balances in the general fund, cafeteria fund, payroll fund, athletic fund, capital projects fund, and the various activities accounts.</p>
3. Definitions	<p>Short-term - any period twelve (12) months or less.</p> <p>Long-term - any period exceeding forty-eight (48) months' duration.</p>

<p>4. Delegation of Responsibility SC 440.1</p>	<p>Mid-range - any period between short-term and long-term.</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>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 Superintendent or designee the responsibility to manage the district's investment program, in accordance with written, Board-approved procedures for operation of the investment program.</p> <p>The Superintendent or designee shall be authorized to invest district funds in certificates of deposit for a term not to exceed one (1) fiscal year. Investments of this nature that exceed the one-year limit may be authorized by the Board.</p> <p>All investments placed without Board approval shall be invested with local banking institutions, or the Pennsylvania School District Liquid Asset Fund, including statewide pools. Other investments may be authorized only upon approval by the Board.</p> <p>The Board may choose to participate in a cash management program, including statewide pools, that utilizes repurchase agreements as an investment vehicle. Such programs shall be subject to Board approval prior to the investment of any funds.</p> <p>The assets of the various accounts may be combined for investment purposes. Proceeds from such investments shall be shared, based on the proration of the amount(s) invested.</p> <p>Proper documentation shall be maintained by the district to prove ownership of invested assets.</p> <p>An annual review of the investment program shall be prepared by the Superintendent or designee, 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 no later than sixty (60) days after adoption of the annual budget.</p> <p>The Superintendent or designee shall report monthly to the Board the following:</p> <ol style="list-style-type: none"> 1. Amount of funds invested.
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	<ol style="list-style-type: none"> 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. 6. Other information required by the Board. <p>The Board directs the Superintendent or designee to have developed written procedures that will ensure compliance with this policy. Such procedures shall include a disclosure form for designated individuals involved in the investment process and/or required written statements for advisors and bidders.</p>
5. Guidelines SC 440.1	<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>
SC 440.1	<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 any or all of the following, as appropriate:</p> <ol style="list-style-type: none"> 1. Audited financial statements. 2. Proof of National Association of Securities Dealers (NASD) certification. 3. Proof of state registration.
65 P.S. 1101 et seq	<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>53 Pa. C.S.A. Sec. 8001 et seq Sec. 8224</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> <p>Investment transactions arising from bond proceeds shall be reported monthly to the Board, in accordance with this policy.</p>
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