

# Series 700 – Noninstructional and Business Services

Policy Title: INVESTMENTS

Policy Code No. 704.3

School district funds in excess of current needs shall be invested in compliance with this policy. The goals of the school 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 school 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 school district, including operating funds. "Operating funds" of the school 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. If, during the current budget year an amount of public funds will exceed operating funds by at least thirty-three percent, the amount of public funds that exceed operating funds by greater than thirty-three percent may be invested in certificates of deposit at federally insured depository institutions which mature within sixty-three months or less, in accordance with state and federal laws. When investing funds other than operating funds, the investments must mature according to the need for the funds.

The board authorizes the board secretary/treasurer 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; and,
- Certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions.

It shall be the responsibility of the board secretary/treasurer to oversee the investment portfolio in compliance with this policy and the law.

It is the responsibility of the board secretary/treasurer to bring a contract with an outside person to invest school 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 board secretary/treasurer will also provide the board with information about and verification of the outside person's fiduciary bond. Contracts with outside persons will include a clause requiring the outside person to notify the school district within thirty days of any material weakness in internal structure or regulatory orders or sanctions against the outside person regarding the services being provided to the school district and to provide the documents necessary for the performance of the investment portion of the school district audit. The compensation of the outside persons will not be based on the performance of the investment portfolio.

The board secretary/treasurer shall be responsible for reporting to and reviewing with the board at its regular meetings investment transaction activity and current investments including the percent of the investment portfolio by type of investment and by issuer and maturities. It shall also be the responsibility of the board secretary/treasurer to obtain the information necessary to ensure that the investments and the outside persons doing business with the school district meet the requirements outlined in this policy.

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It shall be the responsibility of the board secretary/treasurer to deliver a copy of this policy to the school district's depositories and auditor as well as outside persons doing business with the school district.

It shall also be the responsibility of the board secretary/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 the employees' responsibilities for elements of the investment process and to address the capability of the management.

Date of Adoption	08/28/1989
Review Date	06/08/2020
Revision Date	06/08/2020

Legal Ref.: Iowa Code §§ 11.2, .6; 12.62; 12B; 12C; 22.1, .14; 28E.2; 257; 279.29; 283A; 285; 502.701; 633.123.

Cross Ref.: 206.3 Secretary-Treasurer  
704 Revenue