

## **Investment of District Funds**

### **F-135-P**

The Superintendent or designee will act as the investment officer to invest school District moneys not immediately needed for the operation of the District. All District investments will comply with the requirements of law and the direction of the Board. The Superintendent or designee and/or an external professional organization, including Missouri Securities Investment Program (MOSIP), will have the authority and responsibility for management of the day-to-day operations of the District's investment program. The Superintendent or designee is responsible for establishing and maintaining an internal control structure that will be reviewed annually with the District's independent auditor. This policy will also be reviewed annually by the Superintendent or designee, and any recommended changes will be presented to the Board for consideration.

Generally, the District will consolidate cash balances to maximize investment earnings unless moneys are subject to certain restrictions or special funds. Investment income will be allocated to funds based upon their respective participation. Investments through external programs and professionals are acceptable.

#### **Objective**

The primary objective of the investment program will be safety of principal and the preservation of capital in the portfolio. The District will also diversify the portfolio to minimize potential losses on individual securities. The investment portfolio will be designed to obtain a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

#### **Standard of Care and Conflicts**

The standard of care to be used by investment officials shall be the "prudent person" standard. District officials and employees involved in the investment process will not participate in personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. Investment officials will disclose any material interests in financial institutions in which they conduct business and any personal financial/investment positions that might be associated with the performance of the investment portfolio.

#### **Qualifications**

The District will pre-qualify financial institutions and individuals with whom it will conduct business including financial institutions, advisors, intermediaries and broker/dealers. To become qualified for District investment transactions, financial institutions and brokers/dealers must provide, as deemed appropriate by the Superintendent or designee, audited financial statements, proof of Financial Industry Regulatory Authority (FINRA) certification, written agreement to comply

with the District's investment policy, and a completed broker/dealer questionnaire. An annual review of the registration of qualified financial institutions and brokers/dealers will be conducted by the Superintendent or designee and/or the designated external professional organization.

#### Delivery vs. Payment

All trades will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in eligible financial institutions prior to the release of funds. All securities shall be perfected in the name of, or for the account of, the District, MOSIP or another designated external professional organization and shall be held by a third-party custodian as evidenced by appropriate safekeeping receipts.

#### Authorized Investments

Investment types and collateralization will be in accordance with law. To provide for the safety and liquidity of the District's funds, the investment portfolio will be subject to the following additional restrictions:

- a. Derivative investments and structured notes are prohibited.
- b. Borrowing for investment purposes is prohibited.
- c. Contracting to sell securities not yet acquired to purchase other securities for the purpose of speculating on developments in the market is prohibited.
- d. No more than five percent of the total market value of the portfolio may be invested in bankers' acceptances issued by any one commercial bank, and no more than five percent of the total market value of the portfolio may be invested in commercial paper of any one issuer.

#### Investment Parameters

Investments shall be diversified to minimize the risk of loss resulting from overconcentration of assets in specific maturity, specific issuer, or specific class of securities. Diversification strategies shall be established and periodically reviewed.

Investments in bankers' acceptances and commercial paper shall mature and become payable not more than 180 days from the date of purchases. All other investments shall mature and become payable not more than five years from the date of purchase.

#### Reporting and Performance

The Superintendent or designee will provide an investment report to the Board quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter.

The portfolio should obtain a market-average rate of return during a market/economic environment of stable interest rates. The Superintendent or designee will review commercial paper and bankers' acceptances at least monthly to determine if the rating level has changed and consideration of possible sale if the securities are downgraded below the minimum acceptable rating levels.