

# Pennsbury School District

## School Board Policy

Effective Date	Supersedes Index No.	Index No.
<b>10/21/10</b>	<b>5617R2</b> of 9/21/06	<b>609.1</b>

**Title:** Investment of Funds

**Purpose:** This document establishes School Board policy in regard to the investment of cash assets.

**Authority:** All investments of the School District shall be made by the School Board Treasurer, or employee of the School District working under his/her direction, in accordance with the District's Investment of Funds Administrative Guidelines.

**Reference:** School Code 440.1  
Pennsbury School District Administrative Procedure 609.1, *Investment of Funds – Administrative Guidelines*

**Policy:** It shall be the policy of the Pennsbury School District to invest cash balances in such a manner that will minimize risk to principal while maximizing return on investments in accordance with applicable Pennsylvania laws and the School District's operational requirements.

### General

The primary objectives of investment activities, in priority order shall be legality, safety, liquidity and yield.

- A. LEGALITY – All investments shall be made in accordance with applicable laws of Pennsylvania.
- B. SAFETY – Safety of principal is the foremost objective of the School District's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall

portfolio. The objective will be to mitigate credit risk, concentration of credit risk, interest rate risk, custodial credit risk, and foreign currency risk.

1. Credit Risk: The risk of loss of principal due to the failure of the security issuer or backer.
2. Concentration of Credit Risk: The risk associated with the consolidation of investments in a single pool, institution, or instrument.
3. Interest Rate Risk: The risk that the market value of securities in the portfolio will fall due to changes in general interest rates.
4. Custodial Credit Risk: The risk that, in the event of a bank failure, the School District's deposits or investments may not be returned. This risk is associated with the inability to obtain clear title and access to securities or collateral.
5. Foreign Currency Risk: The risk associated with the investment in foreign currency that is subject to market fluctuation and associated currency conversion.

C. LIQUIDITY – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since future cash receipts are not always received when anticipated, the portfolio should be structured with a bias toward cash needs irrespective of projected receipts.

D. YIELD – The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. The core of investments is limited to relatively low risk securities in anticipation of a fair return relative to the risk being assumed.

Reporting:

The School Board Treasurer shall report monthly to the School Board indicating:

1. the amount of funds invested;
2. the projected interest earnings;
3. the types and amounts of each investment and the interest rate on each;

4. the names of the institutions where investments are placed;
5. other information as required by the Board

The School Board Treasurer shall provide a General Fund cash needs plan to the School Board no later than August 30<sup>th</sup> of each year.

#### Ethics

Officers and employees involved in the investment process shall refrain from 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.

#### Financial Disclosures

The officers and administrators of the School District involved with the investment process shall provide annually a “Statement of Financial Interest” as requested by the Pennsylvania State Ethics Commission. Such disclosure will be available upon request.

#### Administrative Guidelines

The School Board directs the Chief Executive Officer or Superintendent or designee and the Board Treasurer to develop written administrative guidelines for the investment of funds that will ensure compliance with this policy.

#### Audit

The School Board directs that all investment records be subject to annual audit by the School District’s independent auditors. 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. It shall be the responsibility of the investment advisor and/or bidder to maintain necessary documents to permit an independent audit of the School District’s investments.

#### Bond Proceeds

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. Investment transactions arising from bond proceeds shall be reported to the Board Treasurer on a monthly basis.

**Responsible  
Administrator:** Director of Financial Services